Correcting the Course

PUBLIC ACCOUNTS
2016/17

FOR THE YEAR ENDED MARCH 31, 2017

VOLUME 4

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

Manitoba

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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, 2017 consist of the following volumes:

Volume 1

- Volume 1 is published as part of the Government's Annual Report and contains:
  - The Economic Report.
  - The Financial Statement Discussion and Analysis Report.
  - The audited Summary Financial Statements of the Government focusing on the entire reporting entity.
  - Other audited financial reports.

Volume 2

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

Volume 3

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

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

- Report of Amounts Paid or Payable to Members of the Assembly
- the Northern Affairs Fund

Volume 4

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

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SPECIAL FUNDS

THE ABANDONMENT RESERVE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2017
(with comparative figures for the year ended March 31, 2016)

	2017	2016
	$	$
Balance, beginning of year	1,755,784	1,668,383
RECEIPTS:		
Royalties	358,817	277,075
Interest	7,023	16,725
	365,840	293,800
DISBURSEMENTS:		
Rehabilitation payments	142,266	206,399
Balance, end of year	1,979,358	1,755,784

THE COMMUNITY REVITALIZATION FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2017
(with comparative figures for the year ended March 31, 2016)

	2017	2016
	$	$
Balance, beginning of year	544,680	158,114
RECEIPTS:		
Levy Revenues	2,142,100	2,324,024
Interest	6,880	4,061
	2,148,980	2,328,085
DISBURSEMENTS:		
Payments	708,900	1,941,519
Balance, end of year	1,984,760	544,680

THE ETHANOL FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2017
(with comparative figures for the year ended March 31, 2016)

	2017 $	2016 $
Balance, beginning of period	-	-
RECEIPTS:		
Refund of Prior Year's Expense	274,916	12,697,011
DISBURSEMENTS:		
Payments	-	12,697,011
Balance, end of period	274,916	-

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

For the Year Ended March 31, 2017
(with comparative figures for the year ended March 31, 2016)

	2017	2016
	$	$
Balance, beginning of year	552,337	549,053
RECEIPTS:		
Interest Revenue	3,058	3,284
DISBURSEMENTS:		
Claims	-	-
Balance, end of year	555,395	552,337

FINANCIAL LITERACY FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2017
(with comparative figures for the year ended March 31, 2016)

	2017 $	2016 $
Balance, beginning of year	105,113	99,668
RECEIPTS:		
Department of Family Services	44,500	22,000
DISBURSEMENTS:		
Payments	3,550	16,555
Balance, end of year	146,063	105,113

THE FISH AND WILDLIFE ENHANCEMENT FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2017
(with comparative figures for the year ended March 31, 2016)

	2017 $	2016 $
Balance, beginning of year	2,362,010	1,515,121
RECEIPTS:		
Miscellaneous	2,404,788	2,224,785
Interest	1,716	-
DISBURSEMENTS:		
Payments	1,887,717	1,377,896
Balance, end of year	2,880,797	2,362,010

LAND TITLES ASSURANCE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2017
(with comparative figures for the year ended March 31, 2016)

	2017 $	2016 $
Balance, beginning of year	279,200	279,200
RECEIPTS:		
Premiums	-	-
DISBURSEMENTS:		
Claims	-	-
Balance, end of year	279,200	279,200

MANITOBA LAW REFORM COMMISSION
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2017
(with comparative figures for the year ended March 31, 2016)

	2017	2016
	$	$
Balance, beginning of year	87,116	87,475
RECEIPTS:		
Department of Justice	85,000	85,000
DISBURSEMENTS:		
Claims	23,018	34,649
Program and Operating Expenses	48,114	50,710
	71,131	85,359
Balance, end of year	100,985	87,116

MANITOBA TRUCKING PRODUCTIVITY IMPROVEMENT FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2017
(with comparative figures for the year ended March 31, 2016)

	2017 $	2016 $
Balance, beginning of year	1,485,559	1,477,739
RECEIPTS:		
Contributions	772,313	-
Interest	11,500	7,820
	783,813	7,820
DISBURSEMENTS:		
Payments	-	-
Balance, end of year	2,269,372	1,485,559

THE MINING COMMUNITY RESERVE
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2017
(with comparative figures for the year ended March 31, 2016)

	2017 $	2016 $
Balance, beginning of year	13,919,043	15,826,811
RECEIPTS:		
Transfer of Mining Tax Revenues	85,849	129,868
Interest received during the year	67,481	90,267
	153,330	220,135
DISBURSEMENTS:		
MEAP Payments	1,388,319	1,696,790
MPAP Payments	84,842	86,113
First Nations Economic Development Office	-	250,000
Lynn Lake Economic Development Office	10,000	-
Town of Lynn Lake	-	55,000
MGS - New Geoscience Initiative	356,738	40,000
	1,839,899	2,127,903
Balance, end of year	12,232,474	13,919,043

THE MINING REHABILITATION RESERVE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2017
(with comparative figures for the year ended March 31, 2016)

	2017	2016
	$	$
Balance, beginning of year	13,513,864	13,445,569
RECEIPTS:		
Royalties	-	-
Interest	66,586	91,435
	66,586	91,435
DISBURSEMENTS:		
Payments	11,028	23,140
Balance, end of year	13,569,422	13,513,864

THE QUARRY REHABILITATION RESERVE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2017
(with comparative figures for the year ended March 31, 2016)

	2017 $	2016 $
Balance, beginning of year	4,111,950	4,802,497
RECEIPTS:		
Royalties	2,953,360	2,858,980
Interest	11,456	16,508
	2,964,816	2,875,488
DISBURSEMENTS:		
Rehabilitation payments	3,439,025	3,566,035
Balance, end of year	3,637,741	4,111,950

THE VETERINARY SCIENCE SCHOLARSHIP FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2017
(with comparative figures for the year ended March 31, 2016)

	2017	2016
	$	$
Balance, beginning of year	5,600	5,600
RECEIPTS:		
Repayment of bursaries	9,000	11,250
DISBURSEMENTS:		
Payment of bursaries awarded under the Veterinary Science Scholarship Act	9,000	11,250
Balance, end of year	5,600	5,600

VICTIMS ASSISTANCE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2017
(with comparative figures for the year ended March 31, 2016)

	2017	2016
	$	$
Balance, beginning of year	6,590,230	4,605,532
RECEIPTS:		
Surcharge on Provincial Fines	8,034,329	7,825,610
Interest	22,468	17,661
	8,056,797	7,843,271
DISBURSEMENTS:		
Grants	6,374,961	5,858,573
Balance, end of year	8,272,066	6,590,230

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

For the Year Ended March 31, 2017
(with comparative figures for the year ended March 31, 2016)

	2017 $	2016 $
Balance, beginning of year	1,435,865	957,132
RECEIPTS:		
Levy Revenues	9,181,640	9,819,410
DISBURSEMENTS:		
Municipal Rebates	7,073,328	7,581,512
Program and Operating Expenses	2,589,409	1,759,166
	9,662,737	9,340,678
Balance, end of year	954,768	1,435,865

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

For the Year Ended March 31, 2017
(with comparative figures for the year ended March 31, 2016)

	2017	2016
	$	$
Balance, beginning of year	51,578	45,642
RECEIPTS:		
Transfers In - Admin. Penalty Payments of Employers	25,000	56,000
DISBURSEMENTS:		
Payments	8,868	50,064
Balance, end of year	67,710	51,578

GOVERNMENT ORGANIZATIONS

Addictions Foundation of Manitoba

Financial Statements
March 31, 2017

June 19, 2017

Independent Auditor's Report

To the Board of Governors of
Addictions Foundation of Manitoba

We have audited the accompanying financial statements of Addictions Foundation of Manitoba, which comprise the statement of financial position as at March 31, 2017 and the statements of operations, changes in net assets and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

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

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

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

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

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

PricewaterhouseCoopers LLP

Chartered Professional Accountants

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Addictions Foundation of Manitoba

Statement of Financial Position

As at March 31, 2017

	2017 $	2016 $
Assets		
Current assets		
Cash	9,932,431	9,939,302
Accounts receivable	412,282	486,743
Prepaid expenses	127,753	124,911
Vacation pay recoverable from the Province of Manitoba (note 4)	667,567	667,567
	11,140,033	11,218,523
Capital assets (note 5)	9,510,546	9,946,025
Recoverable from Manitoba Health (note 12)	242,543	277,883
Recoverable from the Province of Manitoba		
Pre-retirement pay (note 7)	1,153,316	1,153,316
Long-term pension funding (note 8)	27,054,041	26,354,406
	49,100,479	48,950,153
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	2,040,113	2,488,230
Accrued vacation pay (note 4)	1,548,048	1,416,685
Current obligations under capital lease (note 6)	72,927	44,637
	3,661,088	3,949,552
Obligations under capital lease (note 6)	119,539	55,398
Credit facility (note 12)	241,076	276,416
Accrued pre-retirement pay (note 7)	2,578,662	2,272,511
Provision for employee pension benefits (note 8)	27,054,041	26,354,406
Deferred contributions (note 9)	6,884,451	7,236,695
	40,538,857	40,144,978
Net assets		
Invested in capital assets	2,722,328	2,898,292
Internally restricted (note 10)	150,000	150,000
Unrestricted	5,689,294	5,756,883
	8,561,622	8,805,175
	49,100,479	48,950,153

Commitments (note 11)

Approved by the Board of Directors

Original Document Signed _____ Chair   Original Document Signed _____ Audit Committee Chair

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

Addictions Foundation of Manitoba

Statement of Operations

For the year ended March 31, 2017

	2017 $	2016 $
Revenue		
Government of the Province of Manitoba		
Operating	22,590,500	21,573,100
Contract funding		
Knowledge Exchange	64,548	156,212
Manitoba Justice - Drug Treatment Court	83,016	83,136
Long-term pension - net (note 8)	(318,333)	(758,991)
Capital (projects)	1,383	164,933
One-time funding	388,720	-
Family Services and Labour Funding - Youth Residential Program	255,700	255,700
Term Credit Facility Funding - interest	4,652	5,449
Manitoba Liquor & Lotteries (Social Responsibility - Gambling)	3,504,797	3,374,400
Manitoba Liquor & Lotteries (Social Responsibility - Liquor)	1,388,003	1,388,000
Manitoba Liquor & Lotteries (Marymound Inc.)	2,712,000	2,712,000
Manitoba Liquor & Lotteries (Starfish Project)	98,987	-
FASD Addictions Services Program	-	194,932
Amortization of deferred capital contributions (note 9(b))	351,946	367,580
Other (schedule A)	2,117,696	2,292,572
	33,243,615	31,809,023
Expenses		
Salaries	16,706,478	15,814,105
Wages	2,898,255	2,745,103
Employee benefits	2,110,386	1,889,226
Health and post-secondary education tax levy	417,804	378,567
Pension (note 8)	2,111,069	1,847,163
Amortization	642,483	648,465
Grants to external agencies		
Marymound Inc.	2,712,000	2,712,000
Fees	526,441	585,850
Food and household supplies	829,921	756,464
Materials, repairs and maintenance	732,163	984,767
Medical services and supplies	654,934	426,322
Rent, insurance and property taxes (note 11)	1,672,071	1,630,003
Other (schedule B)	1,473,163	1,567,828
	33,487,168	31,985,863
Deficit	(243,553)	(176,840)

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

Addictions Foundation of Manitoba

Statement of Changes in Net Assets

For the year ended March 31, 2017

	Invested in capital assets $	Internally restricted $	Unrestricted $	2017 Total $	2016 Total $
Balance - Beginning of year	2,898,292	150,000	5,756,883	8,805,175	8,982,015
Surplus (deficit)	(290,537)	-	46,984	(243,553)	(176,840)
Investment in capital assets	114,573	-	(114,573)	-	-
Balance - End of year	2,722,328	150,000	5,689,294	8,561,622	8,805,175

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

Addictions Foundation of Manitoba

Statement of Cash Flows

For the year ended March 31, 2017

	2017 $	2016 $
Cash provided by (used in)		
Operating activities		
Deficit	(243,553)	(176,840)
Items not affecting cash		
Amortization	642,483	648,465
Amortization of deferred capital contributions	(351,946)	(367,580)
	46,984	104,045
Changes in non-cash working capital items		
Accounts receivable	74,461	148,520
Prepaid expenses	(2,842)	(3,395)
Long-term pension funding commitment	(699,635)	(110,873)
Accounts payable and accrued liabilities	(448,117)	114,606
Accrued vacation pay	131,363	(20,031)
Provision for employee pension benefits	699,635	110,873
Net change in accrued pre-retirement pay	306,151	(54,684)
Net change in deferred contributions related to future expenses	(298)	604
	107,702	289,665
Investing activities		
Additions to capital assets	(207,004)	(398,196)
Financing activities		
Proceeds (payments) on capital lease obligations	92,431	(11,913)
Deferred contributions received related to capital assets	-	37,608
	92,431	25,695
Decrease in cash during the year	(6,871)	(82,836)
Cash - Beginning of year	9,939,302	10,022,138
Cash - End of year	9,932,431	9,939,302

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

1 Nature of the Foundation

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

2 Basis of presentation

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

3 Summary of significant accounting policies

Cash

Cash includes bank balances and petty cash on hand.

Capital assets

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

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

Assets under capital leases are amortized on a straight-line basis over the life of the asset. Costs incurred for construction in progress are not amortized until construction is complete.

Revenue recognition

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

Vacation pay

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

Pension costs

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

Financial instruments

Financial assets and liabilities are initially recorded at fair value and subsequently recorded at cost or amortized cost.

Amortization cost is determined using the effective interest rate method.

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

Use of estimates

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

4 Vacation pay recoverable from the Province of Manitoba

The Province of Manitoba funds a portion of the vacation pay benefits of the Foundation, limited to the amount estimated as at March 31, 1995. Accordingly, the Foundation has recorded a receivable in the amount of $667,567 (2016 - $667,567) from the Province of Manitoba which reflects the estimated liability for accumulated vacation pay benefits as at March 31, 1995. The vacation pay recoverable has no specified terms of repayment.

The Foundation is expected to fund the change in the liability from annual funding provided by the Province of Manitoba. As at March 31, 2017, the liability for accrued vacation pay is $1,548,048 (2016 - $1,416,685).

5 Capital assets

			2017	2016
	Cost $	Accumulated amortization $	Net $	Net $
Land	713,106	-	713,106	713,106
Buildings	13,316,351	5,511,039	7,805,312	8,214,446
Computer equipment	2,378,541	1,978,917	399,624	383,984
Furniture and equipment	1,005,925	664,901	341,024	358,744
Leasehold improvements	642,125	390,645	251,480	264,716
Construction in progress	-	-	-	11,029
	18,056,048	8,545,502	9,510,546	9,946,025

Included in computer equipment are assets under capital lease with an original cost of $433,767 (2016 - $273,064) and accumulated amortization of $243,028 (2016 - $171,768).

6 Obligations under capital lease

	2017 $	2016 $
2017	-	49,190
2018	81,451	36,987
2019	59,068	14,604
2020	51,182	6,719
2021	16,619	-
Net minimum lease payments	208,320	107,500
Less: Amount representing interest	(15,854)	(7,465)
Present value of net minimum capital lease payments	192,466	100,035
Less: Current portion	(72,927)	(44,637)
	119,539	55,398

7 Province of Manitoba pre-retirement pay

The Foundation maintains an employee pre-retirement benefit plan for substantially all of its employees. The plan provides benefit payments to eligible retirees based on length of service and on career earnings from initial eligibility. As at March 31, 2017, the obligation for pre-retirement pay is estimated to be approximately $2,578,662 (2016 - $2,272,511) for which the Foundation has recorded an accrued pre-retirement pay liability on the statement of financial position

The amount of funding which will be provided by the Province of Manitoba for pre-retirement pay was initially determined based on the pre-retirement pay liability as at April 1, 1998 and was recorded as a receivable from the Province of Manitoba. Since fiscal 1999, the Foundation has received funding on an annual basis from the Province of Manitoba, which includes funding for the change in the pre-retirement pay liability and retirement payments in the year, including an interest component on the pre-retirement pay receivable. The pre-retirement pay recoverable from the Province of Manitoba at March 31, 2017, aggregates $1,153,316 (2016 - $1,153,316) and has no specified terms of repayment.

8 Provision for employee pension benefits

The Foundation records the actuarial pension liability and the related pension expense including an interest component, in its financial statements. Based on the most recent actuarial valuation as of December 31, 2015, the Foundation has recorded an amount of $27,054,041 (2016 - $26,354,406) in its financial statements, representing the estimated unfunded liability for the Foundation's employees as at March 31, 2017. Total net pension expense of $2,111,069 (2016 - $1,847,163) has been recorded in the statements of operations.

The Province of Manitoba has accepted responsibility for the pension liability and the related expense including the interest component. The Foundation has therefore recorded an amount recoverable from the Province of Manitoba of $27,054,041 (2016 - $26,354,406) equal to the estimated value of its actuarially determined liability in its financial statements. The Foundation has recorded the associated revenue or expense for the change in the liability in the period offset by the contributions made to the Fund in the amount of $1,017,967 (2016 - $869,865). The Province of Manitoba makes payments on the receivable when it is determined that the funding is required to discharge the related pension obligation.

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

	2017 $	2016 $
Balance - beginning of year	26,354,406	26,243,533
Change in trust account held by Province of Manitoba	(62,217)	5,703
Benefits accrued	1,223,870	1,055,371
Interest accrued (6%; 2016 - 6%)	1,915,039	1,781,153
Benefits paid	(2,560,197)	(2,838,043)
Amortization of actuarial loss	183,140	106,689
Balance - end of year	27,054,041	26,354,406

The actuarial valuations as at December 31, 2015 and 2014 were completed in December 2016 and 2015, respectively, and the resulting adjustment recorded in the year ended March 31, 2017 and 2016, respectively. This resulted in higher (2016 - higher) pension expense and a corresponding adjustment to long-term pension revenue, net in the statement of revenue and expenses in 2017 and 2016.

There is a net unamortized actuarial loss of $3,505,309 (2016 - $2,400,586) to be amortized on a straight-line basis over the expected average remaining service life of the related employee group (14 years).

9 Deferred contributions

	2017 $	2016 $
Future expenses (a)	288,699	288,997
Capital assets (b)	6,595,752	6,947,698
	6,884,451	7,236,695

a) Future expenses

	2017 $	2016 $
Balance - beginning of year	288,997	288,392
Contributions received in the current year	255,402	309,860
Amount recognized as revenue in the current year	(255,700)	(309,255)
Balance - end of year	288,699	288,997

b) Capital assets

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

	2017 $	2016 $
Balance - beginning of year	6,947,698	7,277,670
Add: Contributions received for capital purposes	-	37,608
Less: Amortization of deferred contributions	(351,946)	(367,580)
Balance - end of year	6,595,752	6,947,698

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

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

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

	2017 $	2016 $
Thompson facility		
Opening balance	6,013,312	6,453,312
Less: Payments made by Manitoba Health	(440,000)	(440,000)
	5,573,312	6,013,312

10 Internally restricted net assets

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

Internal restrictions in the amount of $150,000 (2016 - $150,000) have been imposed relating to the potential cancellation of Ontario Health referrals.

11 Commitments

The Foundation leases buildings and equipment under long-term operating leases which expire at various dates between 2017 and 2022. Certain leases contain renewal options at rates to be negotiated. Future minimum lease payments required under operating leases that have initial lease terms in excess of one year are as follows:

	$
2018	436,472
2019	356,263
2020	184,915
2021	116,576
2022	20,436

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

12 Credit facility

The Foundation executed a credit facility with a maximum term of 20 years bearing interest at prime less 0.90%. The debt was used to repair and complete necessary upgrades to the facilities. Manitoba Health has agreed to fund the project, and will be paying the annual principal of $35,340. Total principal and interest payments for the year amounted to $43,118 (2016 - $44,179).

13 Financial instruments

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

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

Interest rate risk

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

Credit risk

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

Addictions Foundation of Manitoba

Other Revenue

Schedule A

For the year ended March 31, 2017

	2017 $	2016 $
Impaired Drivers' Program fees	917,083	949,690
School Support Program	756,546	667,549
Recovery of wages, medical and treatment services and travel expenses	238,805	467,489
Training course fees	40,303	41,447
Donations	24,080	19,371
Interest	83,347	89,693
Property and parking rentals	30,728	29,447
Manitoba Government and General Employees' Union	22,937	23,109
Miscellaneous	3,867	4,777
	2,117,696	2,292,572

Other Expenses

Schedule B

For the year ended March 31, 2017

	2017 $	2016 $
Advertising and exhibits	51,371	131,490
Audit	20,340	17,857
Board of Governors' honorarium	13,187	18,385
Books, journals and audio-visual aids	85,141	68,059
Courier, postage and telephone	357,034	385,170
Interest	13,414	11,725
Miscellaneous	1,550	1,463
Printing, stationery and office supplies	288,622	260,393
Staff development	54,860	64,089
Training	44,038	26,941
Transportation of clients	46,874	40,381
Travel and automobile	261,992	290,988
Utilities	234,740	250,887
	1,473,163	1,567,828

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148 - 10th Street
Brandon MB R7A 4E6 Canada

Independent Auditor's Report

To the Directors of
Assiniboine Community College

We have audited the financial statements of **Assiniboine Community College**, which comprise the statement of financial position as at June 30, 2016, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of **Assiniboine Community College** as at June 30, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards for not-for-profit organizations.

Unaudited Information

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

BDO Canada LLP

Chartered Professional Accountants

Brandon, Manitoba
October 18, 2016

ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2016
(in thousand $)

	June 30, 2016	June 30, 2015
ASSETS		
CURRENT		
Cash and short term investments (note 2)	12,365	9,378
Accounts receivable (note 3)	2,064	1,688
Inventories (note 4)	55	54
Prepaids	860	852
	15,344	**11,972**
NON-CURRENT		
Due from Province of Manitoba (note 5)	1,999	1,999
CAPITAL ASSETS (note 6)		
Land, buildings and equipment	12,378	11,936
Library holdings	661	661
	13,039	**12,597**
	30,382	**26,568**
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (note 7)	9,447	6,468
Deferred revenue (note 8)	2,568	3,016
Current portion of long term debt (note 9)	120	125
	12,135	**9,609**
NON-CURRENT		
Long term loan (note 9)	0	120
Accrued sick leave (note 10)	734	658
Accrued severance liability (note 11)	3,069	2,919
	3,803	**3,697**
DEFERRED CONTRIBUTIONS		
Deferred contributions related to capital assets (note 12)	7,856	6,870
NET ASSETS		
Net assets invested in capital assets	5,063	5,481
Net assets internally restricted (note 13)	595	595
Unrestricted net assets	930	316
	6,588	**6,392**
	30,382	**26,568**

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

ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 2016
(in thousand $)

	Budget (unaudited)	2016	2015
REVENUES			
Academic training fees	4,113	4,196	3,700
Grants (note 14)	29,396	29,408	28,562
Market driven training	3,298	3,130	2,734
Continuing studies	2,026	2,328	2,139
Ancillary services	192	213	196
Apprenticeship training	3,145	3,147	3,031
Other revenue	705	872	763
Amortization of deferred contributions	1,203	1,203	1,301
	44,078	**44,497**	**42,425**
EXPENDITURES			
Academic	26,026	26,064	24,625
Administration	7,634	7,958	7,885
Program support	2,338	2,372	2,270
Plant	4,860	4,664	4,536
Management information services	1,081	1,122	991
Library	340	343	334
Ancillary services	79	59	20
Amortization of capital assets	1,720	1,720	1,637
	44,078	**44,301**	**42,297**
EXCESS OF REVENUES OVER EXPENDITURES	**-**	**196**	**128**

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

ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2016
(in thousand $)

	2016	2015
Cash from operating activities		
Excess of revenues over expenditures	196	128
Amortization of capital assets	1,720	1,637
Amortization of deferred capital contributions	(1,203)	(1,301)
Change in non-cash working capital items	2,248	910
Net cash generated through operating activities	**2,961**	**1,374**
Financing and investing activities		
Purchase of capital assets	(2,132)	(2,068)
Donated capital assets	(31)	(20)
Contributions received for capital purposes	2,188	2,054
Net cash used in financing and investing activities	**26**	**(34)**
Net increase (decrease) in cash and short term investments	**2,987**	**1,340**
Cash and short term investments, beginning of year	9,378	8,038
Cash and short term investments, end of year	12,365	9,378

ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2016
(in thousand $)

	INVESTED IN CAPITAL ASSETS	INTERNALLY RESTRICTED	UNRESTRICTED	2016 TOTAL	2015 TOTAL
Balance - beginning of year	5,481	595	316	6,392	6,264
Excess of revenue over expenditures			196	196	128
Transfer to internally restricted					
Investment in capital assets	(418)		418		
Balance - end of year	5,063	595	930	6,588	6,392

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

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

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

Management's Responsibility for the Financial Statements

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

Basis of Accounting

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

Financial Instruments

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

Inventories

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

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

Land, Buildings and Equipment

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

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

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

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

Leases

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

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

Revenue Recognition

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

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

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

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

Employee Future Benefits

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

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

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

Use of Estimates

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

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

2. Cash and Short Term Investments

	2016	2015
Cash	**791**	1,230
Term deposits - Manitoba Finance	**11,574**	8,148
	12,365	9,378

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

3. Accounts Receivable

	2016	2015
Current		
Tuition and contract training	**1,802**	1,412
Goods and Services Tax rebate	**46**	23
Allowance for doubtful accounts	**(203)**	(186)
	1,645	1,249
Non-current		
Payroll advance	**419**	439
	2,064	1,688

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

4. Inventories

	2016	2015
Books and supplies	**55**	54

Inventory expensed during the fiscal year was $2,052,015 (in actual $) (2015 - $1,728,633).

5. Due from Province of Manitoba

	2016	2015
Non-current		
Severance pay	**1,124**	1,124
Vacation pay	**875**	875
	1,999	1,999

The Province of Manitoba has guaranteed the receivable for severance and vacation pay in the amount of $1,999,250 (in actual $). The amount of this deferred funding was established in 1998 and was calculated as the severance and vacation pay owing at that time to employees for pre-1998 employee service. The amount of this receivable will not change as the liability for vacation and severance pay increases or decreases on an annual basis. The receivable is non-interest bearing and no payment terms have been established. To date, the College has paid out $2,101,854 in severance pay relating to pre-1998 employee service (in actual $). No payments have been received from the Province with respect to this receivable.

6. Capital Assets

	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	**4**	**-**	4	-
Buildings	**3,340**	**627**	3,340	455
Computer systems, equipment and electronics	**12,177**	**10,243**	11,580	9,510
Furniture and equipment	**19,450**	**14,638**	17,952	13,882
Leasehold improvements	**4,418**	**1,599**	4,384	1,542
Laptop program	**202**	**107**	168	107
Vehicles	**10**	**9**	10	6
	39,601	**27,223**	37,438	25,502
Net book value		**12,378**		11,936

	2016	2015
Library holdings, at estimated value	**661**	661

7. Accounts Payable and Accrued Liabilities

	2016	2015
Trade payables	**3,927**	1,478
Accrued wages and vacation pay	**5,520**	4,990
	9,447	6,468

8. Deferred Revenue

	2016	2015
Opening tuition and commitment fees	**397**	278
Opening contract training fees	**379**	839
Opening other deferrals/revenue	**329**	418
Opening provincial grant	**1,911**	1,445
Total opening deferred revenue	**3,016**	2,980
Tuition and commitment fees received	**863**	594
Contract training fees received	**8,702**	5,693
Other deferrals/revenue received	**218**	211
Provincial grant received	**5,214**	7,284
Total received	**14,997**	13,782
Tuition and commitment fees recognized	**(564)**	(475)
Contract training fees recognized	**(8,285)**	(6,153)
Other deferrals/revenue recognized	**(219)**	(300)
Provincial grant recognized	**(6,377)**	(6,818)
Total recognized	**(15,445)**	(13,746)
Ending tuition and commitment fees	**696**	397
Ending contract training fees	**796**	379
Other deferrals/revenue	**328**	329
Ending provincial grant	**748**	1,911
	2,568	3,016

9. Long-term Debt

	2016	2015
Loan payable to Province of Manitoba at the rate of 4.75%, due in 2017, repayable in monthly installments of $11,193 (in actual $) principal and interest.	**120**	245
Less amounts due within one year included in current liabilities	**120**	125
	-	120

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

2017	120

10. Accrued Sick Leave

Assiniboine Community College provides sick days to their employees. The most recent actuarial valuation was at June 30, 2016.

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

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

	2016	2015
Accrued sick pay obligation	**734**	658

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

	2016	2015
Discount rate	**6.0**	6.0
Rate of compensation increase	**3.75**	3.75

11. Accrued Severance Liability

Assiniboine Community College provides certain severance benefits payable upon retirement. The most recent actuarial valuation was at June 30, 2016.

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

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

	2016	2015
Accrued severance liability on statement of financial position	**3,069**	2,919
Interest cost	**183**	176
Current service cost	**223**	199
Current year severance expense	**406**	375
Accumulated benefits paid	**1,969**	1,785

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

	2016	2015
Discount rate	**6.0**	6.0
Rate of compensation increase	**3.75**	3.75

12. Deferred Contributions Related to Capital Assets

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

	2016	2015
Net book value, beginning of year	**6,870**	6,117
Add: Capital contributions during the year	**2,189**	2,054
Less: Current year amortization	**(1,203)**	(1,301)
Net book value, end of year	**7,856**	6,870

13. Net Assets Internally Restricted

	2016	2015
General Reserve, opening balance	**595**	595
Appropriations	**-**	-
Withdrawals	**-**	-
General Reserve, ending balance	**595**	595

14. COPSE Grants

	2016	2015
Grants Received	**29,809**	29,809
Less:		
Deferred capital contributions	**(401)**	(1,247)
	29,408	28,562

15. Pension Costs and Obligations

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

16. Commitments

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

2016/17	2,242,836
2017/18	998,852
2018/19	668,838
2019/20	668,160
2020/21	616,640

17. Economic Dependence

The College presently receives annual funding of approximately $29,408,242 (2015 - $28,562,290) from the Province of Manitoba to finance operations and capital acquisitions (in actual $). The College is economically dependent on the Province of Manitoba for funding.

18. Cash Flows - Supplemental Information

The college paid interest on long term debt in the year of $8,960 (2015 - $14,764) (in actual $). In the year, the college received interest of $81,938 (2015 - $99,743) (in actual $).

19. Financial Risk Management

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

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

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

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

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

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

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

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

20. Income Taxes

The College is exempt from income taxes.

21. Consolidation

The activities of the Assiniboine Community College Foundation Inc. and the Assiniboine Campus-Radio Society Inc. have not been consolidated with the accounts of Assiniboine Community College. The above entities are not controlled or significantly influenced by the College and are governed by their own Board of Directors. The effect of these entities on the financial statements of the College, had these entities been consolidated, would be as follows (in actual dollars):

	Increase (Decrease)
Cash	20,769
Accounts receivable	41,978
Investments	3,137,410
Equipment	11,096
Accounts payable	8,742
Deferred revenue	2,015,266
Deferred contributions	37,943
Unrestricted net assets	(21,009)
Endowment funds	1,159,215
Invested in capital assets	11,096
Revenue	775,877
Expenditures	778,412

ASSINIBOINE COMMUNITY COLLEGE
UNAUDITED SCHEDULE OF REVENUES
YEAR ENDED JUNE 30, 2016
(in thousand $)

Schedule 1

	Budget (unaudited)	2016	2015
Academic Training Fees			
Day program tuition fees	4,113	4,196	3,700
Grants			
Provincial (note 14)	29,396	29,408	28,562
Market Driven / Contract Training (schedule 2)	3,298	3,130	2,734
Continuing Studies (schedule 3)	2,026	2,328	2,139
Ancillary Services (schedule 4)	192	213	196
Apprenticeship Training (schedule 5)	3,145	3,147	3,031
Sundry and Other Revenue			
Interest	90	82	100
Other	615	790	663
	705	872	763
Amortization of Deferred Capital Contributions	1,203	1,203	1,301
Total Revenue	44,078	44,497	42,425

ASSINIBOINE COMMUNITY COLLEGE
UNAUDITED SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2016
(in thousand $)

Schedule 1
Continued

	Budget (unaudited)	2016	2015
Academic			
Salaries			
Instructional	15,120	15,307	14,770
Administrative	3,443	3,434	3,224
Program Support	378	408	269
Fringe Benefits	2,640	2,582	2,438
Operating	4,445	4,334	3,924
	26,026	26,064	24,625
Administration			
Salaries	4,366	4,641	4,696
Fringe Benefits	1,200	1,287	1,249
Operating	2,067	2,030	1,940
	7,634	7,957	7,885
Program Support			
Salaries	1,847	1,844	1,790
Fringe Benefits	281	281	261
Operating	210	246	219
	2,338	2,372	2,270
Plant			
Salaries	757	769	708
Fringe Benefits	124	116	110
Operating	3,980	3,779	3,717
	4,860	4,664	4,536
Management Information Services			
Salaries	530	540	533
Fringe Benefits	81	77	76
Operating	469	505	382
	1,081	1,122	991
Library			
Salaries	232	235	226
Fringe Benefits	38	36	34
Operating	71	72	74
	340	343	334
Ancillary Services (schedule 4)	79	59	20
Amortization of Capital Assets	1,720	1,720	1,637
Total Expenditures	44,078	44,301	42,297

ASSINIBOINE COMMUNITY COLLEGE Schedule 2
MARKET DRIVEN TRAINING
UNAUDITED SCHEDULE OF REVENUE AND EXPENDITURES
YEAR ENDED JUNE 30, 2016
(in thousand $)

	Budget (unaudited)	2016	2015
Revenue			
Tuition fee contracts	723	823	512
Contract training	1,103	540	397
Grants	1,472	1,651	1,678
Other revenue	0	117	147
Total Revenue	3,298	3,130	2,734
Expenditures			
Direct Expenditures			
Instructional salaries	1,641	1,618	1,403
Fringe benefits	194	197	169
Operating	801	711	569
	2,636	2,526	2,141
Indirect Expenditures			
Administrative salaries	159	211	144
Fringe benefits	23	29	21
Operating	55	36	46
	238	277	211
Total Expenditures	2,874	2,803	2,352
Excess of Revenue over Expenditures	424	328	382

ASSINIBOINE COMMUNITY COLLEGE Schedule 3
CONTINUING STUDIES
UNAUDITED SCHEDULE OF REVENUE AND EXPENDITURES
YEAR ENDED JUNE 30, 2016
(in thousand $)

	Budget (unaudited)	**2016**	**2015**
Revenue			
Brandon campus	736	815	669
Dauphin campus	43	66	182
Winnipeg campus	205	187	187
Regional centres	1,042	1,260	1,101
Total Revenue	2,026	2,328	2,139
Expenditures			
Direct Expenditures			
Instructional salaries	569	676	656
Fringe benefits	62	63	68
Operating	464	567	345
	1,095	1,306	1,069
Indirect Expenditures			
Administrative salaries	569	560	446
Fringe benefits	88	84	68
Operating	126	84	81
	783	728	595
Total Expenditures	1,878	2,034	1,664
Excess of Revenue over Expenditures	148	294	475

ASSINIBOINE COMMUNITY COLLEGE Schedule 4
ANCILLARY SERVICES
UNAUDITED SCHEDULE OF REVENUE AND EXPENDITURES
YEAR ENDED JUNE 30, 2016
(in thousand $)

	Budget (unaudited)	2016	2015
Revenue	192	213	196
Expenditures			
Salaries & benefits	10	1	1
Operating	68	58	18
Total Expenditures	79	59	20
Excess of Revenue over Expenditures	113	154	176

ASSINIBOINE COMMUNITY COLLEGE Schedule 5
APPRENTICESHIP
UNAUDITED SCHEDULE OF REVENUE AND EXPENDITURES
YEAR ENDED JUNE 30, 2016
(in thousand $)

	Budget (unaudited)	2016	2015
Revenue			
Tuition Revenue	3,145	3,147	3,031
Expenditures			
Direct Expenditures			
Instructional salaries	2,185	2,118	1,993
Fringe benefits	330	313	279
Operating	465	479	493
Total Expenditures	2,980	2,909	2,766
Deficiency of Revenue Over Expenditures	165	238	265

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

Assiniboine Community College
Schedule 6 - Schedule of Board Member Compensation
(Unaudited)

For the year ended June 30		2016
Alexander Murray	$	1,800
Bonnie Proven		750
Heather Dodds		1,800
James Robinson		1,800
Jenna Wade		300
John Andrew		1,800
Laura Kempthorne		1,800
Lillian Houle		900
Martijn Van Luijn		1,500
Michael Cox		2,400
Randolph Brown		1,800
Tamara Studer		1,800
Thomas MacNeill		1,800
Terry Parlow		1,800
	$	22,050

(In actual dollars)

BRANDON UNIVERSITY

ANNUAL FINANCIAL REPORT

For the year ended March 31, 2017

BRANDON
UNIVERSITY

BRANDON UNIVERSITY

Responsibility for Financial Statements

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

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

Original Document Signed

William Schaffer
Treasurer, Board of Governors

Original Document Signed

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

June 24, 2017

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Brandon University, which comprise the statement of financial position as at March 31, 2017, and the statements of operations, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Original document signed by
Norm Ricard

June 24, 2017
Winnipeg, Manitoba

Norm Ricard, CPA, CA
Auditor General

Brandon University

Statement of Financial Position
as at March 31, 2017

	2017	2016
ASSETS		
Current Assets		
Cash and cash equivalents	$ 5,682,435	$ 5,469,719
Short-term investments	1,602,092	1,500,000
Accounts receivable (note 3)	1,252,482	1,479,345
Inventories (note 4)	87,481	127,025
Prepaid expenses	295,685	325,992
	8,920,175	8,902,081
Capital Assets and Collections (notes 2(I) and 5)	61,068,334	61,582,426
	$ 69,988,509	$ 70,484,507
LIABILITIES & NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	$ 3,481,237	$ 3,618,273
Unearned revenue	236,760	190,834
Deferred contributions (note 8)	2,715,321	3,097,858
Current portion of long-term debt (note 9)	105,646	98,363
	6,538,964	7,005,328
Long-Term Liabilities		
Pension liability (note 10)	16,037,431	18,342,000
Post-employment benefits (note 11)	1,599,972	1,630,122
Mortgages payable (note 9)	1,195,163	1,300,810
	18,832,566	21,272,932
Unamortized Deferred Capital Contributions (note 8)	48,195,443	48,879,967
Net Assets		
Unrestricted net assets		
Operating	3,519,145	3,193,298
Post-employment benefits and compensated absences	(1,626,976)	(1,712,895)
Pension liability	(16,037,431)	(18,342,000)
Vacation pay	(982,225)	(925,930)
	(15,127,487)	(17,787,527)
Internally restricted net assets (note 12)	1,247,240	1,106,693
Investment in capital assets and collections	10,301,783	10,007,114
	(3,578,464)	(6,673,720)
	$ 69,988,509	$ 70,484,507

Approved by the Brandon University
Board of Governors on June 24, 2017

Original Document Signed
Treasurer

Original Document Signed
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, 2017

	Unrestricted Net Assets	Internally Restricted Net Assets	Investment in Capital Assets and Collections	Total 2017	Total 2016
Balance, beginning of year	$ (17,787,527)	$ 1,106,693	$ 10,007,114	$ (6,673,720)	$ (10,490,225)
Excess of revenues over expenses	2,970,256			2,970,256	3,814,670
Direct increases to net assets					
Donations of capital assets			125,000	125,000	1,835
Transfers					
Internally funded					
Capital asset additions	(1,190,387)		1,190,387		
Capital disposals (net)	5,609		(5,609)		
Amortization	1,113,473		(1,113,473)		
Repayment of long-term debt	(98,364)		98,364		
Allocation to internally restricted net assets	(152,447)	152,447			
Internally restricted net asset purchases	11,900	(11,900)			
Balance, end of year	$ (15,127,487)	$ 1,247,240	$ 10,301,783	$ (3,578,464)	$ (6,673,720)

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

Brandon University

Statement of Operations

for the year ended March 31, 2017

	2017	2016
Revenues		
Tuition fees and other student fees	$ 10,008,437	$ 9,448,229
Grants		
Education & Training Division	40,225,266	39,344,910
Province of Manitoba	367,044	376,468
Government of Canada	1,549,379	1,340,397
Sales of goods and services	6,092,635	7,182,457
Brandon University Foundation	2,582,946	2,370,250
Amortization of deferred capital contributions	2,107,281	2,155,703
Gain on contribution of capital assets	186,000	
Interest income	167,727	134,095
Miscellaneous	1,177,455	1,459,161
	64,464,170	63,811,670
Expenses		
Salaries - academic	24,287,279	23,760,580
Salaries - support	14,952,217	14,233,381
Benefits	5,660,200	4,673,298
Travel	1,723,526	1,856,970
Supplies and consumable expenses	7,679,924	7,106,221
Major renovations	56,763	197,649
Property taxes	109,202	114,381
Utilities	958,985	937,848
Cost of goods sold (note 4)	657,864	1,806,051
Scholarships and bursaries	2,098,722	1,896,758
Interest on long-term debt	82,870	82,725
Amortization expense	3,220,753	3,320,607
Loss on disposal of capital assets	5,609	10,531
	61,493,914	59,997,000
Excess of revenues over expenses	$ 2,970,256	$ 3,814,670

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

Brandon University

Statement of Cash Flow

for the year ended March 31, 2017

	2017	2016
Cash Provided By (Used In) Operating Activities		
Net excess of revenues over expense before interest	$ 2,885,399	$ 3,763,300
Interest received	167,727	134,095
Interest paid	(82,870)	(82,725)
Excess of revenues over expenses	2,970,256	3,814,670
Items not affecting cash flow		
Amortization of deferred capital contributions	(2,107,281)	(2,155,703)
Amortization of capital assets	3,220,753	3,320,607
Loss on disposal of capital assets	(5,609)	(10,531)
Net change in non-cash operating working capital		
Accounts receivable	226,863	505,434
Accounts payable and accrued liabilities	(137,036)	(330,499)
Deferred contributions	(382,537)	49,231
Unfunded post-employment benefits and compensated absences	(30,150)	117,393
Unfunded pension liability	(2,304,569)	(3,217,000)
Other non-cash working capital	115,777	548,982
	1,566,467	2,642,584
Cash Provided By (Used In) Capital Activities		
Capital asset additions	(2,712,270)	(2,743,281)
Proceeds on disposal of capital assets		56,039
	(2,712,270)	(2,687,242)
Cash Used In Investing Activities		
Purchase of short-term investments	(102,092)	(500,000)
Sale/(Purchase) of long-term investments		1,000,000
	(102,092)	500,000
Cash Provided By (Used In) Financing Activities		
Long-term debt repayments	(98,364)	(85,217)
Mortgage on 1718 Princess Avenue		289,000
Capital contributions	1,558,975	774,246
	1,460,611	978,029
Increase in cash and cash equivalents	212,716	1,433,371
Cash and cash equivalents, beginning of year	5,469,719	4,036,348
Cash and cash equivalents, end of year	$ 5,682,435	$ 5,469,719

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

1. Authority and Purpose

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

2. Summary of Significant Accounting Policies and Reporting Practices

A. General

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

B. Fund Accounting

The University uses fund accounting to segregate accounts to be used for specific purposes.

Restricted funds include the research and special project fund, special program fund, and capital fund. The purpose of the research and special project fund is to report the restricted revenues and expenses for these activities. The special program fund reports revenues and expenses for the education programs of PENT, CBE and BUGDEP. The capital fund reports revenues and expenses for major renovation projects and for the acquisition of capital assets.

Unrestricted funds include the general operating fund and Ancillary Services. The purpose of the general operating fund is to report revenues and expenses for operating, research and special projects, and capital activities funded from unrestricted revenues. The purpose of the Ancillary Services fund is to report the revenues and expenses of the residences, food services, bookstore and parking. Ancillary Service funds include a grant for payment of mortgages and sales of goods and services.

C. Revenue Recognition

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

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

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

D. Capital Grants

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

E. Cash & Cash Equivalents

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

F. Short-Term Investments

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

G. Long-Term Investments

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

H. Brandon University Foundation

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

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

I. Capital Assets and Collections

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

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

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

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

J. Inventories

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

K. Pension Plan

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

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

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

L. Other Post-Employment Benefits and Compensated Absences

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

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

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

M. Use of Estimates

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

N. Financial Instruments

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

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

3. Accounts Receivable

	2017	2016
Student receivables	$ 302,046	$ 606,348
Brandon University Foundation	460,617	440,095
Province of Manitoba	85,209	163,577
Miscellaneous	431,610	296,325
Less: allowance for doubtful accounts	(27,000)	(27,000)
	$ 1,252,482	$ 1,479,345

4. Inventories

Inventories are measured at the lower of cost and net realizable value. The year end carrying values and the amounts recognized as expense during the year were as follows:

	2017	2016	2017	2016
	Cost of Sales		Carrying Values	
Athletics	$ 58,817	$ 50,608	$ 20,138	$ 19,557
Bookstore	(43,387)	1,125,077	-	36,068
Food Services	602,162	588,654	42,590	42,513
Print Shop	40,272	41,712	24,753	28,887
	$ 657,864	$ 1,806,051	$ 87,481	$ 127,025

5. Capital Assets and Collections

	Cost	Accumulated Amortization	2017 Net Book Value	Cost	Accumulated Amortization	2016 Net Book Value
Land	$ 1,768,081	$	$ 1,768,081	$ 1,582,081	$	$ 1,582,081
Buildings	96,275,105	(46,123,602)	50,151,503	94,665,979	(44,304,114)	50,361,865
Furniture & equipment	23,608,887	(17,740,929)	5,867,958	23,096,860	(16,869,061)	6,227,799
Library collections	12,463,898	(10,518,813)	1,945,085	12,250,585	(10,050,611)	2,199,974
Collections	1,335,707		1,335,707	1,210,707		1,210,707
	$135,451,678	$(74,383,344)	$ 61,068,334	$132,806,212	$(71,223,786)	$ 61,582,426

Furniture & equipment includes computer equipment and vehicles.
Capital asset additions during the year included donations in kind in the amount of $ 125,000 (2016 - $ 1,835).

Buildings include assets under construction of $449,847 (2016 - $ 370,173).

6. Financial Risk Management

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

i) Market Risk

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

Interest rate risk is the risk fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The University is exposed to this risk through its interest bearing investments. The University's short-term investments are guaranteed investment certificates. Interest rates range from 1.35% to 1.82%. $534,612 matures on July 6, 2017 and $1,020,075 matures on October 3, 2017.

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

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

ii) Liquidity Risk

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

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

iii) Credit Risk

Credit risk arises from the possibility a loss may occur from the failure of another party to perform according to the terms of a contract.

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

	Carrying Amount	
	2017	**2016**
Cash, cash equivalents and short-term investments	$ 7,284,527	$ 6,969,719
Long-term investments		
Accounts receivable	1,252,482	1,479,345
Totals	$ 8,537,009	$ 8,449,064

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

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

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

7. Brandon University Foundation

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

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

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

Statement of Financial Position

	2016	2015
Assets	$ 66,597,189	$ 61,255,775
Liabilities	$ 1,315,564	$ 1,303,521
Deferred contributions	5,904,824	4,451,333
Net Assets		
Unrestricted and internally restricted net assets	14,437,086	11,694,254
Endowment funds	44,939,715	43,806,667
	59,376,801	55,500,921
Total Liabilities and Net Assets	$ 66,597,189	$ 61,255,775

Statement of Operations

	2016	2015
Revenue		
Realized income	$ 771,304	$ 1,875,409
Unrealized gain/(loss)	2,827,957	(2,426,048)
Net investment income/(loss)	3,599,261	(550,639)
Donations	1,524,213	887,521
Other contributions	247,244	97,431
	5,370,718	434,313
Expense		
Grants to Brandon University	1,151,206	1,445,769
Scholarships and bursaries	1,418,428	1,315,881
Campaign expenses		62,761
Other expenses	48,252	33,430
	2,617,886	2,857,841
Net income/(loss) for the year	$ 2,752,832	$(2,423,528)

The net result of the transactions from January 1, 2017 to March 31, 2017 was a gain of $ 3,405,257 (2016 - $ 708,080 loss) which includes a unrealized investment gain of $ 2,878,217 (2016 - $ 1,409,850 loss).

The value of outstanding pledges to the Foundation as at March 31, 2017 is $ 89,755 (2016 - $ 191,943). These will be recorded as revenue in the Foundation when received.

8. Deferred Contributions and Unamortized Deferred Capital Contributions

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

	2017 Deferred Contributions	2017 Unamortized Deferred Capital Contributions	2016 Deferred Contributions	2016 Unamortized Deferred Capital Contributions
Balance, beginning of year	$ 3,097,858	$ 48,879,967	$ 3,048,627	$ 50,263,259
Contributions received and receivable				
Tuition and miscellaneous	1,510,274		1,642,698	
Education & Training Division	2,315,000		1,863,631	
Province of Manitoba	222,494		518,299	
Government of Canada	1,522,538		1,409,111	
Brandon University Foundation	371,159		467,043	
	5,941,465		5,900,782	
Transfers to revenue				
Tuition, grants and contributions	(4,901,245)		(5,079,140)	
Amortization of deferred capital contributions		(2,107,281)		(2,155,703)
Transferred to acquire capital assets	(1,422,757)	1,422,757	(772,411)	772,411
Balance, end of year	$ 2,715,321	$ 48,195,443	$ 3,097,858	$ 48,879,967
Balance consists of:				
Research	$ 2,209,036		$ 2,639,419	
Special programs	506,285		458,439	
Deferred contributions	$ 2,715,321		$ 3,097,858	

9. Long-term Liabilities

Mortgages Payable

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

	2017	2016
McMaster Hall, Canada Mortgage and Housing Corporation 8 1/4% mortgage, $66,686 combined principal and interest payable semi-annually April 1 and October 1 to 2021	$ 537,724	$ 621,514
215 & 223 18th Street, Province of Manitoba 4.5% mortgage, $2,248 combined principal and interest payable monthly to June 20, 2054	486,930	491,870
1718 Princess Avenue, Province of Manitoba 4.0% mortgage, principal of $802.78 plus interest, payable monthly to November 30, 2045	276,156	285,789
	1,300,810	1,399,173
Current portion of long-term debt	105,646	98,364
Mortgage payable	$ 1,195,163	$ 1,300,810
Interest expense	$ 82,870	$ 82,725

Principal payments in the next five years are as follows:

2018	$ 105,646
2019	$ 113,533
2020	$ 122,334
2021	$ 131,598
2022	$ 162,423
Thereafter	$ 665,276

10. Pension Plan

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

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

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

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

Plan assets are comprised of:

	(in thousands of dollars) December 31 2016	December 31 2015
Accounts receivable and other	$ 215	$ 60
Cash and short-term investments	592	8,396
Bonds and debentures	67,999	52,901
Canadian equities	41,975	53,347
Foreign equities	59,172	44,504
Total Assets	$ 169,953	$ 159,208

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

	(in thousands of dollars) December 31 2016	December 31 2015
Reconciliation of Plan Assets		
Fair value, beginning of year	$ 159,208	$ 155,728
Employer contributions	4,293	3,999
Employee contributions	2,313	2,225
Transfers from other plans	34	9
Benefit payments	(8,435)	(9,047)
Actual return on plan assets (net of expenses)	12,540	6,294
Fair value, end of year	$ 169,953	$ 159,208

	(in thousands of dollars) December 31 2016	December 31 2015
Reconciliation of Accrued Benefit Obligation		
Accrued benefit obligation, beginning of year	$ 166,128	$ 160,422
Employer service cost	5,369	5,052
Interest cost	9,136	8,951
Benefit payments	(8,435)	(9,047)
Transfers from other plans	34	9
Actuarial losses	349	741
Accrued benefit obligation, end of year	$ 172,581	$ 166,128

	(in thousands of dollars)	
	December 31 2016	**December 31 2015**
Reconciliation of Unamortized Actuarial (Gains)/Losses		
Net unamortized actuarial gains, beginning of year	$ (12,583)	$ (17,849)
Net actuarial loss/(gain)	(3,405)	3,166
Amortization of actuarial loss	1,446	2,100
Net unamortized actuarial gains, end of year	$ (14,542)	$ (12,583)

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

	(in thousands of dollars)	
	March 31 2017	**March 31 2016**
Accrued Pension Liability		
Accrued pension liability, beginning of year	$ (18,342)	$ (21,559)
Employer contributions	4,265	4,176
Net pension plan expense	(1,960)	(959)
Accrued pension liability, end of year	$ (16,037)	$ (18,342)

	(in thousands of dollars)	
	March 31 2017	**March 31 2016**
Reconciliation of Deficit to Accrued Liability		
Deficit	$ (2,628)	$ (6,920)
Net unamortized actuarial gains	(14,542)	(12,583)
Employer contribution after measurement date	1,133	1,161
Accrued pension liability, end of year	$ (16,037)	$ (18,342)

	(in thousands of dollars)	
	March 31 2017	**March 31 2016**
Net Pension Plan Expense		
Current service cost, net of employee contributions	$ 3,056	$ 2,827
Interest accrued on benefits	9,136	8,951
Expected return on plan assets	(8,786)	(8,719)
Amortization of actuarial gain	(1,446)	(2,100)
Net pension plan expense	$ 1,960	$ 959

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

	2017	2016
Discount rate	5.55 %	5.65 %
Rate of salary increase	3.00 %	3.00 %
Mortality rate	CPM2014 Public Sector Table projected with Scale CPM-B	

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

	2017	2016
Discount rate	5.55 %	5.55 %
Rate of salary increase	3.00 %	3.00 %
Mortality rate	CPM2014 Publice Sector Table projected with Scale CPM-B	

The unamortized net actuarial gains will be amortized over the expected average remaining service life (EARSL) which is 2017 - 8.6 years (2016 - 8.7 years).

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

Funding of Going-Concern Deficiencies
With the exemption, the Plan will continue to be subject to the going-concern funding provisions of the Act. The University will be required to fund the matching contributions, as well as the actuarial cost of the defined benefits in excess of the matching costs. The funding deficit of $5,217,000 is required to be funded over a maximum of 15 years. The existing funding deficit will be funded over 10 years. Special payments totaling $678,000 will be made in 2017 (2016 - $1,291,000). The next going-concern valuation will be performed as at December 31, 2017 and will be completed in 2018.

11. Other Post-employment Benefits and Compensated Absences

Other Post-employment Benefits

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

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

	2017	2016
Accrued Benefit Obligation		
Accrued benefit obligation, beginning of year	$ 1,180,000	$ 1,173,000
Employer service cost	53,000	52,000
Interest cost	66,000	67,000
Benefit payments	(100,000)	(86,000)
Actuarial (gains)/losses	(5,000)	(26,000)
Accrued benefit obligation, end of year	$ 1,194,000	$ 1,180,000

	2017	2016
Accrued Benefit Liability		
Accrued benefit liability, beginning of year	$ 1,296,000	$ 1,275,000
Employer contributions	(100,000)	(86,000)
Benefit expense	105,000	107,000
Accrued benefit liability, end of year	$ 1,301,000	$ 1,296,000

	2017	2016
Benefit Plan Expense		
Employer service cost	$ 53,000	$ 52,000
Interest cost	66,000	67,000
Amortization of net actuarial loss	(14,000)	(12,000)
Total benefit plan expense	$ 105,000	$ 107,000

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

	2017	2016
Discount rate (accrued benefit obligation)	5.55%	5.55%
Rate of compensation increase (weighted average)	4.59%	4.00%

The unamortized net actuarial gains of $ 107,000 (2016 - $116,000) will be amortized over the expected average remaining service life (EARSL) which is 9.1 years (2016 - 8.5 years).

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

Compensated Absences

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

	2017	2016
Accrued benefit liability	$ 298,972	$ 334,122
Net benefit cost	$ 8,954	$ 96,393
Discount rate	5.55%	5.55%

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

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

	2017	2016
Accrued benefit liability and benefit cost	$ 27,004	$ 82,773

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

12. Internally Restricted Net Assets

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

	2016 Opening Balance	Current Provision	Purchases	2017 Closing Balance
Ancillary Services	$ 596,757	$ 72,121	$	$ 668,878
Cello Repair		3,500		3,500
Healthy Living Centre	8,001			8,001
Healthy Living Centre Screen	(44,995)	11,311		(33,684)
Kiln Replacement	24,000			24,000
Mail & Print Services	11,900		(11,900)	
Telephone replacement	486,642	65,515		552,157
Vehicle replacement	24,388			24,388
	$ 1,106,693	$ 152,447	$ (11,900)	$ 1,247,240

13. Brandon Centennial Auditorium Corporation Inc.

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

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

14. Knowles-Douglas Student Union Centre

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

15. Contractual Obligations

An agreement between the University and the Brandon University Students' Union Inc. provides for the equal sharing of profits of the University's bookstore operations. The Students' Union share of profits amounted to $15,500 for the year ended March 31, 2017 (2016 - $0).

16. Related Party Transactions

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

17. Comparative Figures

Comparative figures for the year ended March 31, 2016 have been reclassified where necessary to conform with the presentation adopted for the year ended March 31, 2017.

Brandon University

Additional Financial Information
for the year ended March 31, 2017

The foregoing consolidated financial statements and accompanying notes to the financial statements have been audited by the Auditor General for Manitoba and are the subject of the audit report dated July XX, 2017.

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

Schedule 1
(unaudited)

Brandon University

Detailed Schedule of Operations - Unrestricted
for the Year Ended March 31, 2017

	General Operating	Ancillary Services	Total 2017	Total 2016
REVENUES				
Tuition and other student fees	$ 9,413,785	$	$ 9,413,785	$ 8,667,047
Grants - Education & Training Division	38,687,028	133,372	38,820,400	37,894,383
Sales of goods and services		3,467,410	3,467,410	4,934,914
Brandon University Foundation	2,266,320		2,266,320	2,028,817
Amortization of deferred capital contributions	2,107,281		2,107,281	2,155,703
External cost recoveries	2,625,225		2,625,225	2,247,543
Gain on contribution of capital assets	186,000		186,000	
Interest income	167,727		167,727	134,095
Miscellaneous	213,137		213,137	433,208
	55,294,503	3,600,782	58,895,285	58,495,710
EXPENSES				
Salaries - academic	23,192,563		23,192,563	22,329,176
Salaries - support	12,317,880	1,195,781	13,513,661	12,961,363
Benefits	5,130,118	165,583	5,295,701	4,304,610
Travel	1,259,054	4,349	1,263,403	1,313,116
Supplies and consumable expenses	5,134,554	717,596	5,852,150	5,529,324
Major renovations	42,671	2,875	45,546	74,550
Property taxes	100,511	8,691	109,202	114,381
Utilities	657,981	301,004	958,985	937,848
Cost of goods sold	99,089	558,775	657,864	1,806,051
Scholarships and bursaries	2,038,935	59,787	2,098,722	1,896,758
Interest on long-term liabilities		82,870	82,870	82,725
Amortization	3,220,753		3,220,753	3,320,607
Loss on disposal of capital assets	5,609		5,609	10,531
	53,199,718	3,097,311	56,297,029	54,681,040
Excess of revenues over expenses	$ 2,094,785	$ 503,471	$ 2,598,256	$ 3,814,670

Schedule 2
(unaudited)

Brandon University

Detailed Schedule of Operations - Restricted
for the Year Ended March 31, 2017

	Research & Special Projects	Special Programs	Restricted Capital	Total 2017	Total 2016	Deferred Contributions 2017	Deferred Contributions 2016	Transfer To Statement of Operations 2017	Transfer To Statement of Operations 2016
Revenues									
Tuition fees	$	$ 644,813	$	$ 644,813	$ 695,410	$ (50,161)	$ 85,772	$ 594,652	$ 781,182
Grants									
Education & Training Division	1,087,000		1,228,000	2,315,000	1,863,631	(910,134)	(413,104)	1,404,866	1,450,527
Province of Manitoba	222,494			222,494	518,299	144,550	(141,831)	367,044	376,468
Government of Canada	1,522,538			1,522,538	1,409,111	26,841	(68,714)	1,549,379	1,340,397
Brandon University Foundation	304,109	12,517	54,533	371,159	467,043	(54,533)	(125,610)	316,626	341,433
Miscellaneous	821,614		43,847	865,461	947,288	98,857	78,665	964,318	1,025,953
	3,957,755	657,330	1,326,380	5,941,465	5,900,782	(744,580)	(584,822)	5,196,885	5,315,960
Expenses									
Salaries - academic	728,883	365,833		1,094,716	1,431,404			1,094,716	1,431,404
Salaries - support	1,367,946	70,610		1,438,556	1,272,018			1,438,556	1,272,018
Benefits	307,916	56,583		364,499	368,688			364,499	368,688
Travel	445,294	14,829		460,123	543,854			460,123	543,854
Supplies and other expenses	1,726,145	101,629		1,827,774	1,576,897			1,827,774	1,576,897
Major renovations			11,217	11,217	123,099			11,217	123,099
	4,576,184	609,484	11,217	5,196,885	5,315,960			5,196,885	5,315,960
Excess/(deficiency) of revenues over expenses	$ (618,429)	$ 47,846	$ 1,315,163	$ 744,580	$ 584,822	$ (744,580)	$ (584,822)	$ -	$ -

Schedule 3
(unaudited)

Brandon University

Deferred Contributions and Unamortized Deferred Capital Contributions
for the Year Ended March 31, 2017

	Research & Special Projects	Special Programs	Restricted Capital	Total 2017	Total 2016	Unamortized Deferred Capital Contributions 2017	Unamortized Deferred Capital Contributions 2016
Contributions received							
Tuition and related fees	$	$ 644,813	$	$ 644,813	$ 695,410	$	$
Grants	2,832,032		1,228,000	4,060,032	3,791,041		
Brandon University Foundation	304,109	12,517	54,533	371,159	467,043		
Miscellaneous	821,614		43,847	865,461	947,288		
Expenses	(4,576,184)	(609,484)	(11,217)	(5,196,885)	(5,315,960)		
Transfers from/to:							
Unrestricted accounts	295,640			295,640	236,820		
Capital aquisitions/disposal gains	(107,594)		(1,315,163)	(1,422,757)	(772,411)	1,422,757	772,411
Amortization of deferred capital contributions						(2,107,281)	(2,155,703)
	(430,383)	47,846		(382,537)	49,231	(684,524)	(1,383,292)
Deferred balance, beginning of year	2,639,419	458,439		3,097,858	3,048,627	48,879,967	50,263,259
Deferred balance, end of year	$ 2,209,036	$ 506,285	$ -	$ 2,715,321	$ 3,097,858	$ 48,195,443	$ 48,879,967

Schedule 4
(unaudited)

Brandon University

Schedule of Investment in Capital Assets and Collections
for the Year Ended March 31, 2017

	Total 2017	Total 2016
Balance, beginning of year	$ 10,007,114	$ 10,307,251
Internally funded capital asset additions		
General operating funds		
Land and buildings	625,847	275,000
Furniture and equipment	317,568	447,262
Library acquisitions	213,313	341,375
Ancillary services		
Furniture and equipment	33,659	17,188
	1,190,387	1,080,825
Non-amortizable capital asset donations	125,000	1,835
Disposals (net book value) - internally funded capital assets	(5,609)	(14,110)
Amortization of internally funded capital assets	(1,113,473)	(1,164,904)
Mortgage on 215 & 223 18th Street		(289,000)
Repayment of long-term debt	98,364	85,217
Balance, end of year	$ 10,301,783	$ 10,007,114

Schedule 5
(unaudited)

Brandon University

Schedule of Operating Revenues
for the Year Ended March 31, 2017

	Total 2017	Total 2016
Grants		
Education & Training Division		
Operating	$ 38,357,028	$ 37,431,028
Renovations and equipment	330,000	330,000
	38,687,028	37,761,028
Tuition		
Faculty of Arts	2,295,040	2,076,080
Faculty of Education	1,150,541	1,122,735
Faculty of Science	2,539,148	2,304,689
Faculty of Health Studies	1,702,865	1,630,420
School of Music	407,223	383,548
Visa Premium	538,477	421,745
	8,633,294	7,939,217
Music Conservatory	394,888	374,988
Other student fees	385,603	352,842
Brandon University Foundation	850,386	742,773
Interest income	167,727	134,095
Miscellaneous	213,026	32,009
Total Operating Revenues	$ 49,331,952	$ 47,336,952

Schedule 6
(unaudited)

BRANDON UNIVERSITY

Detailed Schedule of Operating Expenses
for the Year Ended March 31, 2017

	Academic	Support	Benefits	Travel	Supplies & Other Expenses	Deduct: Cost Recoveries	Total March 31, 2017	Total March 31, 2016
Faculty of Arts								
Office of the Dean	$ 666,944	$ 190,562	$ 122,831	$ 43,972	$ 86,926	$ 1,843	$ 1,109,392	$ 1,071,027
Drama	147,038		23,013	2,495	144		172,690	174,464
Economics	346,018		57,010	410	5,036		408,474	397,842
English	646,891		112,790	9,694	7,968	860	776,483	764,434
History	711,620		119,254	9,738	3,177		843,789	822,960
Languages	261,412		47,336	2,083	1,878		312,709	360,113
Gender & Women's Studies	30,479		5,276		1,707		37,462	44,804
Philosophy	338,854		62,124	7,921	767		409,666	380,323
Political Science	416,401	100	66,367	5,411	2,088		490,367	431,532
Religion	340,662		58,492	1,502	1,724		402,380	388,336
Sociology	553,103		98,420	6,253	3,481		661,257	597,976
Native Studies	481,645		80,516	12,970	12,442		587,573	651,721
Business Administration	319,080		68,006	12,857	4,249		404,192	392,724
Fine Arts	437,038	17,026	81,725	5,965	46,655	16,877	571,532	577,759
Anthropology	301,896		52,767	4,638	5,410		364,711	345,612
Rural Development	348,001		67,494	3,139	2,767		421,401	414,535
Archeology Field School								(3,241)
	6,347,082	207,688	1,123,421	129,048	186,419	19,580	7,974,078	7,812,921
Faculty of Science								
Office of the Dean	209,735	157,884	65,353	26,220	58,689	150	517,731	550,447
Applied Disaster & Emergency Studies	332,647	130	56,589	8,079	7,227		404,672	379,479
Biology	1,196,956	15,810	204,246	8,425	88,688	12,310	1,501,815	1,359,939
Chemistry	531,953	9,629	92,896	4,734	39,091	25,230	653,073	649,138
Geography	570,006	5,209	97,080	11,038	14,713	740	697,306	692,929
Geology	675,915	1,985	112,957	13,621	37,277	17,580	824,175	747,553
Mathematics/Computer Science	1,201,858	36,021	186,255	8,496	29,153	260	1,461,523	1,371,276
Environmental & Life Sciences	177,472	78,424	40,805	3,965	20,282		320,948	238,846
Physics/Astronomy	564,327	7,484	99,445	698	39,453	555	710,852	772,343
Psychology	913,577	18,201	152,706	7,223	11,629		1,103,336	1,077,972
	6,374,446	330,777	1,108,332	92,499	346,202	56,825	8,195,431	7,839,922
Faculty of Health Studies								
Office of the Dean	185,833	62,446	36,453	42,775	92,805	212	420,100	537,195
Psychiatric Nursing	2,592,270	84,747	462,704	19,055	187,158	2,100	3,343,834	3,242,593
Bachelor of Nursing	1,602,411	89,327	315,360	2,451	24,542	966	2,033,125	1,950,675
Indigenous Health Studies Transition	74,906		14,544		1,454		90,904	
Health Studies Research Office	44,150	642	8,241	198	10,148		63,379	
Masters Psychiatric Nursing	61,827		3,611	333	2,407	2,000	66,178	52,774
	4,561,397	237,162	840,913	64,812	318,514	5,278	6,017,520	5,783,237

Schedule 6
(unaudited)

BRANDON UNIVERSITY

Detailed Schedule of Operating Expenses
for the Year Ended March 31, 2017

	Academic	Support	Benefits	Travel	Supplies & Other Expenses	Deduct: Cost Recoveries	Total March 31, 2017	Total March 31, 2016
Faculty of Education								
Office of the Dean	299,077	174,589	68,916	39,550	137,961	11,470	708,623	636,103
Field Experience	247,141	47,347	38,496	10,771	7,307	3,330	347,732	330,326
Leadership & Ed Administration	504,697		66,576		1,561	2,360	570,474	513,105
Curriculum & Pedagogy	780,890		122,361		8,025	10,360	900,916	930,551
Ed Psychology & Student Services	501,209		51,868		2,853	2,375	553,555	727,349
Physical Education	553,029		70,983	9,539	21,455	21,970	633,036	614,176
Graduate Studies	33,972		1,918	341	2,740	17,760	21,211	49,397
	2,920,015	221,936	421,118	60,201	181,902	69,625	3,735,547	3,801,007
School of Music	2,299,356	184,573	410,705	79,283	187,943	123,992	3,037,868	2,981,797
Music Conservatory	346,707	30,000	4,650	177	19,082	298	400,318	390,786
Total Academic	22,849,003	1,212,136	3,909,139	426,020	1,240,062	275,598	29,360,762	28,609,670
Library Services		1,234,153	242,681	12,296	787,880	127,686	2,149,324	1,967,356
Student Services								
Student Services		1,180,583	213,677	43,589	54,447	6,000	1,486,296	1,397,001
Registrar		548,839	110,236	2,552	30,342	3,236	688,733	669,630
Office of International Activities		169,523	30,552	116,993	20,697	200	337,565	334,374
English for Academic Purposes		233,690	16,248	6,040	11,416	310,794	(43,400)	(30,751)
Recruitment & Retention		346,735	59,436	32,483	95,993	5,300	529,347	529,522
Indigenous Peoples' Centre		96,508	17,799	1,489	36,156	500	151,452	112,915
		2,575,878	447,948	203,146	249,051	326,030	3,149,993	3,012,691
Administration								
Board of Governors				3,673	6,115		9,788	19,402
President		451,818	67,125	45,033	193,251		757,227	787,486
Vice-President (Administration & Finance)		303,097	46,986	17,578	5,658		373,319	357,596
Vice-President (Academic & Provost)		349,839	71,828	55,569	131,023	6,759	601,500	658,447
		1,104,754	185,939	121,853	336,047	6,759	1,741,834	1,822,931
General Support								
Convocation		1,435	58	2,395	33,080	756	36,212	37,681
Information Technology Services		842,625	166,077	10,315	292,162	492,363	818,816	911,869
Advancement & External Relations		662,002	128,271	7,941	186,929	8,209	976,934	919,038
Financial & Registration Services		681,371	144,017	11,103	50,567	89,051	798,007	722,202
Human Resources		799,822	218,527	16,688	184,629		1,219,666	1,066,143
Institutional Data & Analysis		136,443	28,521	2,252	10,774	1,500	176,490	100,860
Centre for Teaching, Learning & Technology		153,523	26,058	2,621	4,153		186,355	
Institutional Membership Fees					110,190		110,190	115,560
Print/Mail Services		69,467	15,988		55,562	84,884	56,133	50,345
Professional Fees					104,423		104,423	79,845
		3,346,688	727,517	53,315	1,032,469	676,763	4,483,226	4,003,543

Schedule 6
(unaudited)

BRANDON UNIVERSITY

Detailed Schedule of Operating Expenses for the Year Ended March 31, 2017

	Academic	Support	Benefits	Travel	Supplies & Other Expenses	Deduct: Cost Recoveries	Total March 31, 2017	Total March 31, 2016
Athletic Programs								
Athletics		549,462	93,336	378,542	436,850	433,339	1,024,851	986,047
Campus Recreation		49,493	6,038	478	14,832	18,992	51,849	48,122
Healthy Living Centre		477,974	54,744	4,393	189,203	525,916	200,398	117,837
		1,076,929	154,118	383,413	640,885	978,247	1,277,098	1,152,006
Miscellaneous Initiatives								
Bran-U-Day Care Subsidy					5,100		5,100	5,023
Research Development					166,710		166,710	122,998
Other	160,610	13,554			49,736		223,900	181,886
Pension Liability Payments			1,260,500				1,260,500	1,455,049
Junior Kindergarten		48,523	10,948		922	38,777	21,616	18,712
Dauphin Site	90,147		10,419	8,631	6,587	44,988	70,796	
Rural Development	148,572	15,520	26,415	3,350	14,269		208,126	216,595
International Student Scholarships					73,707		73,707	81,303
University Scholarships					549,294		549,294	454,701
	399,329	77,597	1,308,282	11,981	866,325	83,765	2,579,749	2,536,267
Physical Plant								
Plant Maintenance		973,819	208,574	22,270	214,085	70,991	1,347,757	1,350,491
Buildings & Grounds		671,523	249,369		104,869		1,025,761	1,010,729
Insurance					252,526		252,526	255,093
Security					71,557		71,557	74,474
Service Contracts					67,452		67,452	56,154
Property Taxes					103,845		103,845	106,894
Utilities					657,981	79,386	578,595	597,240
		1,645,342	457,943	22,270	1,472,315	150,377	3,447,493	3,451,075
Total Operating Expenses	$ 23,248,332	$ 12,273,477	$ 7,433,567	$ 1,234,294	$ 6,625,034	$ 2,625,225	$ 48,189,479	$ 46,555,539

Schedule 7
(unaudited)

Brandon University

Detailed Schedule of Ancillary Services
for the year ended March 31, 2017

	Bookstore	Food Services	Parking	Residence	Rental Property	Total 2017	Total 2016
Revenues							
Room and board fees	$	$ 1,091,214	$	$ 1,381,242		$ 2,472,456	$ 2,651,791
Conventions		59,348		59,281		118,629	129,147
Cash sales and vending machines		191,002				191,002	149,127
Internal functions		122,862				122,862	113,606
Other	71,354	10,641	294,359	142,463	43,644	562,461	639,040
Book sales							1,252,203
Total Revenues	71,354	1,475,067	294,359	1,582,986	43,644	3,467,410	4,934,914
Expenses							
Salaries	26,233	568,408		601,140		1,195,781	1,355,227
Staff benefits	2,247	116,393		46,943		165,583	184,842
Cost of goods sold	(43,387)	602,162				558,775	1,713,731
Supplies and other expenses	4,092	135,450	71,705	438,777	8,127	658,151	700,649
Scholarships				59,787		59,787	80,624
Rent	51,169					51,169	50,186
Property taxes					8,691	8,691	
Utilities		72,188	7,480	221,336		301,004	265,244
Total Expenses	40,354	1,494,601	79,185	1,367,983	16,818	2,998,941	4,350,503
Net Gain before specific provisions, capital acquisitions and transfers	31,000	(19,534)	215,174	215,003	26,826	468,469	584,411
Appropriated specific provision		(4,120)	(27,295)	(40,706)		(72,121)	(70,751)
Capital purchases				(33,659)		(33,659)	(17,188)
Students' Union share of Bookstore profit	(15,500)					(15,500)	
Net Gain	$ 15,500	$ (23,654)	$ 187,879	$ 140,638	$ 26,826	$ 347,189	$ 496,472

Financial Statements of

CANCERCARE MANITOBA

Year ended March 31, 2017

KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Members of CancerCare Manitoba

We have audited the accompanying financial statements of CancerCare Manitoba, which comprise the statement of financial position as at March 31, 2017, the statements of operations and changes in fund balances, remeasurement gains and losses and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of CancerCare Manitoba as at March 31, 2017, its results of operations, its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants

June 22, 2017
Winnipeg, Canada

CANCERCARE MANITOBA

Statement of Financial Position

As at March 31, 2017, with comparative information for 2016

	General Fund	Capital Fund	Clinical, Basic Research and Special Projects Fund	2017 Total	2016 Total
Assets					
Current assets					
Cash	$ 6,222,581	$ –	$ 18,934	$ 6,241,515	$ 1,332,089
Short-term investments (schedule 1)	4,941,129	–	831,924	5,773,053	5,704,744
Due from Manitoba Health [note 4(b)]	3,504,205	–	–	3,504,205	4,072,623
Accounts receivable (note 5)	5,116,966	–	10,688,434	15,805,400	14,451,281
Inter-fund accounts	2,663,504	777,340	(3,440,844)	–	–
Inventory	5,173,498	–	–	5,173,498	4,540,342
Prepaid expenses	247,783	–	–	247,783	1,113,476
Vacation entitlements receivable [note 15(c)]	1,730,141	–	–	1,730,141	1,730,141
	29,599,807	777,340	8,098,448	38,475,595	32,944,696
Restricted cash (note 3)	1,445,995	–	–	1,445,995	1,432,357
Retirement entitlement obligation receivable (note 6)	1,419,400	–	–	1,419,400	1,419,400
Investments (schedule 2)	19,218,715	–	3,303,948	22,522,663	22,137,188
Capital assets (note 7)	–	49,529,957	1,373,888	50,903,845	51,930,400
	$ 51,683,917	$ 50,307,297	$ 12,776,284	$ 114,767,498	$ 109,864,041
Liabilities, Deferred Contributions and Fund Balances					
Current liabilities					
Accounts payable and accrued liabilities (note 8)	$ 17,904,385	$ –	$ 6,411	$ 17,910,796	$ 19,492,685
Due to Manitoba Health [note 4(b)]	15,692,218	–	–	15,692,218	6,234,416
Deferred contributions - expenses of future periods [note 9(a)]	668,431	–	–	668,431	2,420,529
	34,265,034	–	6,411	34,271,445	28,147,630
Deferred contributions - capital assets [note 9(b)]	–	50,146,852	247,329	50,394,181	51,494,981
Employee future benefits (notes 6 and 15)	9,072,030	–	–	9,072,030	8,549,000
	43,337,064	50,146,852	253,740	93,737,656	88,191,611
Fund balances					
Invested in capital assets (note 10)	–	160,445	1,126,559	1,287,004	1,326,860
Externally restricted (note 11)	–	–	10,513,581	10,513,581	10,718,173
Internally restricted	7,310,341	–	1,055,121	8,365,462	7,657,351
Unrestricted	1,225,067	–	–	1,225,067	1,914,941
	8,535,408	160,445	12,695,261	21,391,114	21,617,325
Accumulated remeasurement gains (losses)	(188,555)	–	(172,717)	(361,272)	55,105
	8,346,853	160,445	12,522,544	21,029,842	21,672,430
Commitments (note 12)					
Contingencies (note 13)					
	$ 51,683,917	$ 50,307,297	$ 12,776,284	$ 114,767,498	$ 109,864,041

See accompanying notes to financial statements.

Approved by the Members:

Original Document Signed Member

Original Document Signed Member

CANCERCARE MANITOBA

Statement of Operations and Changes in Fund Balances

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

	General Fund	Capital Fund	Clinical, Basic Research and Special Projects Fund	2017 Total	2016 Total
Revenue					
Manitoba Health (note 14)	$ 133,412,987	$ 107,266	$ –	$ 133,520,253	$ 136,975,371
Government of Canada	87,977		1,000	88,977	325,880
Other recoveries	1,885,263	–	–	1,885,263	1,873,665
Grants	–	–	14,681,437	14,681,437	15,899,507
Amortization of deferred contributions (note 9)	1,002,005	4,923,710	247,327	6,173,042	5,078,452
	136,388,232	5,030,976	14,929,764	156,348,972	160,152,875
Expenses					
Compensation	57,953,863	–	9,537,810	67,491,673	65,470,050
Medical remuneration	16,611,157	–	–	16,611,157	17,097,640
Building occupancy	2,799,406	–	3,510	2,802,916	2,746,526
Amortization of capital assets	–	4,923,710	483,710	5,407,420	4,599,577
General administration	3,098,190	–	1,490,431	4,588,621	4,517,971
Equipment rentals and maintenance	3,073,967	–	116,446	3,190,413	2,955,567
Supplies and other departmental expenses	4,093,913	–	3,335,552	7,429,465	7,103,029
Drugs					
Provincial oncology drug program	42,103,951	–	–	42,103,951	46,464,532
Neupogen	2,568,537	–	–	2,568,537	2,944,278
Other	45,681	–	–	45,681	41,552
Referred-out services	4,781,830	–	261,893	5,043,723	4,663,182
Interest expense	–	107,270	–	107,270	63,008
	137,130,495	5,030,980	15,229,352	157,390,827	158,666,912
Excess (deficiency) of revenue over expenses before the undernoted	(742,263)	(4)	(299,588)	(1,041,855)	1,485,963
Investment income	703,346	–	112,298	815,644	731,230
Excess (deficiency) of revenue over expenses	(38,917)	(4)	(187,290)	(226,211)	2,217,193
Fund balances, beginning of year	8,574,325	160,449	12,882,551	21,617,325	19,400,132
Fund balances, end of year	$ 8,535,408	$ 160,445	$ 12,695,261	$ 21,391,114	$ 21,617,325

See accompanying notes to financial statements.

CANCERCARE MANITOBA

Statement of Remeasurement Gains and Losses

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

	2017	2016
Accumulated remeasurement gains, beginning of year	$ 55,105	$ 205,727
Unrealized losses attributable to investments	(202,048)	(305,069)
Realized losses, reclassified to statement of operations and changes in fund balances, attributable to investments	(26,579)	(21,142)
Unrealized foreign exchange gains (losses) on foreign currency balances	(187,750)	175,589
Net remeasurement losses for the year	(416,377)	(150,622)
Accumulated remeasurement gains (losses), end of year	$ (361,272)	$ 55,105

See accompanying notes to financial statements.

CANCERCARE MANITOBA

Statement of Cash Flows

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

	General Fund	Capital Fund	Clinical, Basic Research and Special Projects Fund	2017 Total	2016 Total
Cash provided by (used in):					
Operating activities					
Excess (deficiency) of revenue over expenses	$ (38,917)	$ (4)	$ (187,290)	$ (226,211)	$ 2,217,193
Amortization of capital assets	–	4,923,710	483,710	5,407,420	4,599,577
Amortization of deferred contributions related to capital assets	–	(4,923,710)	(247,327)	(5,171,037)	(4,399,962)
Amortization of deferred contributions related to expenses of future periods	(1,002,005)	–	–	(1,002,005)	(678,490)
Unrealized loss on investments	168,104	–	33,940	202,044	305,069
Realized loss on investments	16,641	–	9,938	26,579	21,142
Unrealized gain (loss) on foreign exchange	(187,750)	–	–	(187,750)	175,589
Change in non-cash operating working capital (note 17)	7,619,444	–	(296,695)	7,322,749	(7,468,463)
Increase in employee future benefits	523,030	–	–	523,030	545,000
	7,098,547	(4)	(203,724)	6,894,819	(4,683,345)
Capital activities					
Additions to capital assets	–	(4,184,334)	(196,531)	(4,380,865)	(4,092,830)
Deferred contributions related to capital assets	–	3,281,002	–	3,281,002	1,307,491
Transfer to deferred contributions related to capital assets	(789,235)	789,235	–	–	–
	(789,235)	(114,097)	(196,531)	(1,099,863)	(2,785,339)
Investing activities					
Inter-fund accounts	(672,630)	114,101	558,529	–	–
Purchase of investments	(2,558,266)	–	(753,145)	(3,311,411)	(2,027,695)
Proceeds on disposal of investments	1,984,000	–	645,000	2,629,000	1,415,000
Change in investment classification	(293,422)	–	133,108	(160,314)	1,068,247
	(1,540,318)	114,101	583,492	(842,725)	455,552
Financing activities					
Increase in restricted cash	(13,638)	–	–	(13,638)	(14,067)
Deferred contributions related to expenses of future periods	39,142	–	–	39,142	1,069,708
	25,504	–	–	25,504	1,055,641
Increase (decrease) in cash and short-term investments	4,794,498	–	183,237	4,977,735	(5,957,491)
Cash and short-term investments, beginning of year	6,369,212	–	667,621	7,036,833	12,994,324
Cash and short-term investments, end of year	$ 11,163,710	$ –	$ 850,858	$ 12,014,568	$ 7,036,833
Cash and short-term investments are comprised of:					
Cash	$ 6,222,581	$ –	$ 18,934	$ 6,241,515	$ 1,332,089
Short-term investments	4,941,129	–	831,924	5,773,053	5,704,744
	$ 11,163,710	$ –	$ 850,858	$ 12,014,568	$ 7,036,833

See accompanying notes to financial statements.

1. Purpose of the Organization

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

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

2. Significant accounting policies

(a) Basis of presentation

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

The Organization follows the deferral method of accounting for contributions.

(b) Fund accounting

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

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

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

(c) Revenue recognition

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

2. Significant accounting policies (continued)

(c) Revenue recognition (continued)

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

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

(d) Financial instruments

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

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

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

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

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

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

2. Significant accounting policies (continued)

(d) Financial instruments (continued)

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

The Organization’s investments are classified as level 2. There were no transfers between level 1 and level 2 for the years ended March 31, 2017 and 2016, and there were no transfers in or out of level 3.

(e) Capital assets

Purchased capital assets are recorded at cost. Incremental interest incurred during the construction of capital assets is included in cost. Contributed capital assets are recorded at fair value at the date of contribution. When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

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

(f) Contributed services

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

(g) Employee future benefits

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

2. Significant accounting policies (continued)

(g) Employee future benefits (continued)

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

The Organization measures the retirement entitlement obligations and accumulated sick leave entitlement using the most recently completed actuarial valuations. In years between valuations, the Organization utilizes extrapolations prepared by the actuary to estimate the employee future benefit obligations. The most recent actuarial valuations for retirement entitlement obligations and accumulated sick leave entitlement were as of December 31, 2014, and the next required valuations will be as of December 31, 2017.

(h) Deferred contributions

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

(i) Inventory

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

(j) Use of estimates

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

3. Restricted cash

As at March 31, 2017, the Organization has restricted cash of $1,445,995 (2016 - $1,432,357) for future payment of retirement entitlement obligations.

4. Manitoba Health funding

(a) In-globe funding

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

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

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

(b) Out-of-globe funding

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

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

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

4. Manitoba Health funding (continued)

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

At March 31, 2017, the Organization had a balance of $15,692,218 (2016 - $6,234,416) payable to Manitoba Health as follows:

	2017	2016
Provincial Oncology Drug Program	$ 8,650,399	$ 289,918
Medical remuneration	6,674,804	5,495,583
Other	367,015	448,915
	$ 15,692,218	$ 6,234,416

At March 31, 2017, the Organization had a balance of $3,504,205 (2016 - $4,072,623) receivable from Manitoba Health as follows:

	2017	2016
Employee salary and benefits	$ 1,826,685	$ 2,575,461
Neupogen drug program	1,451,724	884,301
Other	120,126	471,852
Approved capital funding	105,670	79,509
Medical remuneration	-	61,500
	$ 3,504,205	$ 4,072,623

5. Accounts receivable

	General Fund	Clinical, Basic Research and Special Projects Fund	2017 Total	2016 Total
CancerCare Manitoba Foundation	$ –	$ 5,873,572	$ 5,873,572	$ 6,814,775
University Medical Group	4,809,819	–	4,809,819	3,535,074
Other	74,127	4,072,688	4,146,815	3,215,891
Winnipeg Regional Health Authority	–	543,489	543,489	469,935
Accrued interest receivable	235,845	24,157	260,002	215,786
University of Manitoba	–	125,484	125,484	143,194
Government of Canada	–	27,769	27,769	57,342
Province of Manitoba	–	21,275	21,275	600
Allowance for doubtful accounts	(2,825)	–	(2,825)	(1,316)
	$ 5,116,966	$ 10,688,434	$ 15,805,400	$ 14,451,281

6. Retirement entitlement obligation receivable

The Organization has a contractual commitment to pay out to employees four days per year of service upon retirement. At March 31, 2017, based on an actuarial estimate, the retirement entitlement obligations are estimated to be $7,775,040 (2016 - $7,253,000) for which the Organization has recorded retirement entitlement obligations on the statement of financial position (note 15).

The amount of funding which will be provided by Manitoba Health for these retirement entitlement benefits was initially determined based on the retirement entitlement obligations at March 31, 2004, and was recorded as retirement entitlement obligation receivable from Manitoba Health. Since fiscal 2004, the Organization receives in-globe funding on an annual basis from Manitoba Health, which includes funding for the change in retirement entitlement obligations and retirement entitlement payments in the year, including an interest component on the retirement entitlement obligation receivable. The retirement entitlement obligation receivable from Manitoba Health aggregates $1,419,400 (2016 - $1,419,400) and has no specific terms of repayment.

7. Capital assets

			2017	2016
	Cost	Accumulated amortization	Net book value	Net book value
Capital Fund:				
Building	$ 62,492,298	$ 24,427,912	$ 38,064,386	$ 39,626,781
Equipment	52,196,481	41,402,256	10,794,225	10,296,420
Projects in progress	671,346	-	671,346	346,132
	115,360,125	65,830,168	49,529,957	50,269,333
Clinical, Basic Research and Special Projects Fund:				
Equipment	3,778,585	2,582,628	1,195,957	1,483,136
Projects in progress	177,931	–	177,931	177,931
	3,956,516	2,582,628	1,373,888	1,661,067
	$ 119,316,641	$ 68,412,796	$ 50,903,845	$ 51,930,400

8. Accounts payable and accrued liabilities

	2017	2016
General Fund:		
Trade accounts payable and accrued liabilities	$ 8,382,192	$ 9,218,610
Accrued vacation benefits payable	4,575,992	4,441,643
Accrued salaries	2,318,012	2,871,795
Employee remittances payable	2,628,189	2,724,364
	17,904,385	19,256,412
Clinical, Basic Research and Special Projects Fund:		
Trade accounts payable and accrued liabilities	6,411	236,273
	$ 17,910,796	$ 19,492,685

9. Deferred contributions

(a) Expenses of future periods

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

	2017	2016
Balance, beginning of year	$ 2,420,529	$ 2,224,374
Add amount received related to future periods	39,142	1,069,708
Less amounts amortized to revenue	(1,002,005)	(678,490)
Transfer to deferred contributions, capital assets	(789,235)	(195,063)
Balance, end of year	$ 668,431	$ 2,420,529

9. Deferred contributions (continued)

(b) Capital assets

Deferred contributions related to capital assets represent the unamortized amount and unspent amount of contributions and grants received for the purchase of capital assets. The amortization of deferred contributions is recorded as revenue in the statement of operations and changes in fund balances.

	2017	2016
Capital Fund:		
Balance, beginning of year	$ 51,000,325	$ 53,650,404
Additional contributions received	3,281,002	1,307,491
Transfer from deferred contributions, expenses of future periods	789,235	195,063
Less amounts amortized to revenue	(4,923,710)	(4,152,633)
Balance, end of year	$ 50,146,852	$ 51,000,325

	2017	2016
Clinical, Basic Research and Special Projects Fund:		
Balance, beginning of year	$ 494,656	$ 741,985
Less amounts amortized to revenue	(247,327)	(247,329)
Balance, end of year	$ 247,329	$ 494,656

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

	2017	2016
Unamortized capital asset contributions used to purchase capital assets	$ 48,479,046	$ 49,802,756
Unspent contributions	1,915,135	1,692,225
	$ 50,394,181	$ 51,494,981

9. Deferred contributions (continued)

(b) Capital assets (continued)

Unamortized capital contributions of $50,394,181 (2016 - $51,494,981) 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:

	2017	2016
Bearing interest at prime:		
Less 0.50%, repayment terms to be established	$ 5,900,968	$ 3,399,862

The Organization has established arrangements for a bridge facility of non-revolving demand loans to a maximum of $25,000,000 (2016 - $25,000,000) to assist with the construction or expansion costs of approved projects or the acquisition of equipment and specialized equipment as approved by Manitoba Health. Interest is charged at prime rate less 0.50 percent, repayment terms are established for each individual demand loan and the facility is secured by letters of authorization and comfort from Manitoba Health. The Organization has utilized $5,900,968 of this facility as of March 31, 2017 (2016 - $3,399,862).

The Organization has established arrangements for credit facilities for foreign exchange forward contracts, to a maximum of $1,000,000 (2016 - $1,000,000), and for overdraft and/or letters of credit for operating purposes to a maximum of $5,200,000 (2016 - $5,200,000). The latter facility is charged interest at prime less 0.50 percent, with both facilities secured by a general security agreement. The Organization has not utilized these facilities as of March 31, 2017 or March 31, 2016.

9. Deferred contributions (continued)

(b) Capital assets (continued)

Unamortized capital contributions of $50,394,181 (2016 - $51,494,981) also include contributions received from the Province of Manitoba to pay down third party borrowings that were utilized for the purchase of capital assets. The Organization has executed promissory notes for these contributions. The promissory notes are payable to the Department of Finance of the Province of Manitoba, and the payment of these liabilities is funded by Manitoba Health. The balances of the promissory notes are as follows:

	2017	2016
6.25% maturing March 31, 2020, repayable in monthly installments of $76,754, plus interest	$ 2,763,166	$ 3,684,210
Variable rate (30-day bankers' acceptance plus 25 basis points), maturing February 28, 2022, repayable in monthly installments of $50,439, plus interest	2,975,867	3,581,140
3.95% maturing November 30, 2025, repayable in monthly installments of $77,778, plus interest	8,088,883	9,022,222
3.35% maturing February 28, 2028, repayable in monthly installments of $38,889, plus interest	5,094,442	5,561,111
4.80% matured November 30, 2016, repaid in year	–	400,000
	$ 18,922,358	$ 22,248,683

10. Invested in capital assets

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

	2017	2016
Capital assets	$ 50,903,845	$ 51,930,400
Amounts financed by:		
Unamortized deferred contributions	(50,394,181)	(51,494,981)
Inter-fund accounts	777,340	891,441
	$ 1,287,004	$ 1,326,860

10. Invested in capital assets (continued)

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

	2017	2016
Surplus (deficit) for the year:		
Amortization of deferred contributions related to capital assets	$ 5,171,037	$ 4,399,962
Amortization of capital assets	(5,407,420)	(4,599,577)
	(236,383)	(199,615)
Invested in capital assets:		
Purchase of capital assets	4,380,865	4,092,830
Amounts funded by:		
Deferred contributions	(3,281,002)	(1,307,491)
Transfers from deferred contributions, expenses of future periods	(789,235)	(195,063)
Inter-fund balances	(114,101)	(1,795,537)
	196,527	794,739
	$ (39,856)	$ 595,124

11. Externally restricted fund balances

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

	2017	2016
Restricted for research projects, education purposes and other specific purposes	$ 10,513,581	$ 10,718,173

12. Commitments

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

2018	$ 970,000
2019	630,000
2020	20,000
2021	9,000
	$ 1,629,000

13. Contingencies - HIROC

On July 1, 1987, a group of health care organizations (subscribers) formed Healthcare Insurance Reciprocal of Canada (HIROC). HIROC is registered as a reciprocal under provincial insurance acts, which permit persons to exchange with other persons reciprocal contracts of indemnity insurance. HIROC facilitates the provision of liability insurance coverage to health care organizations in the provinces of Ontario, Manitoba, Saskatchewan and Newfoundland. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, if any, experienced by the group of subscribers for the years in which they were a subscriber. No such assessments have been made to March 31, 2017.

14. Economic dependence

The Organization received approximately 85 percent (2016 - 86 percent) of its total revenue from Manitoba Health and is economically dependent on Manitoba Health for continued operations.

15. Employee future benefits

	2017	2016
Retirement entitlement obligations	$ 7,775,040	$ 7,253,000
Accumulated sick leave entitlement	1,296,990	1,296,000
	$ 9,072,030	$ 8,549,000

(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.

15. Employee future benefits (continued)

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

	2017	2016
Accrued benefit obligation		
Balance, beginning of year	$ 7,253,000	$ 6,706,000
Current service cost	547,000	554,000
Interest cost	221,000	178,000
Benefits paid	(248,960)	(211,000)
	7,772,040	7,227,000
Amortized actuarial loss	3,000	26,000
Balance, end of year	$ 7,775,040	$ 7,253,000

The significant actuarial assumptions adopted in measuring the Organization's retirement entitlement obligations include mortality, disability and withdrawal rates, a discount rate of 3.1 percent (2016 - 3.0 percent) and a rate of salary increase of 3.5 percent plus age-related merit/promotion scale (2016 - rate of salary increase of 3.5 percent plus age-related merit/promotion scale).

(b) Accumulated sick leave entitlement

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

	2017	2016
Accrued benefit obligation		
Balance, beginning of year	$ 1,296,000	$ 1,298,000
Current service cost	149,000	151,000
Interest cost	51,000	46,000
Benefits paid	(254,010)	(260,000)
	1,241,990	1,235,000
Amortized actuarial loss	55,000	61,000
Balance, end of year	$ 1,296,990	$ 1,296,000

The significant assumptions adopted in measuring the Organization's accumulated sick leave entitlement include a discount rate of 3.1 percent (2016 - 3.0 percent) and a rate of salary increase of 3.5 percent (2016 - 3.5 percent).

15. Employee future benefits (continued)

(c) Employee entitlements

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

(d) 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 Chartered Professional Accountants of Canada's Handbook, Public Sector Accounting Standards, Section 3250, *Retirement Benefits*.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by 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.

15. Employee future benefits (continued)

(d) Pension plans (continued)

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members or through a reduction of benefits. The most recent funding actuarial valuation of the Plan as at December 31, 2015 reported the Plan had a deficiency of actuarial value of net assets over actuarial value of pension obligations as well as a solvency deficiency. Based on the solvency exemption granted to the Plan, the Plan is not required to fund on a solvency basis but is required to fund on a going concern basis. The going concern deficiency will be funded by special payments out of current contributions. Any contribution deficiencies in the Plan would be addressed through pension benefit reductions or contribution rate increases from the participating members.

Actual contributions to the Plan made during the year by the Organization on behalf of its employees amounted to $4,822,340 (2016 - $4,773,999) and are included in the statement of operations and changes in fund balances. Employer contribution rates remained unchanged on April 1, 2016 at 8.9 percent (April 1, 2015 - 8.9 percent) of pensionable earnings up to the yearly maximum pensionable earnings limit (YMPE) and 10.5 percent (April 1, 2015 - 10.5 percent) on earnings in excess of the YMPE.

16. CancerCare Manitoba Foundation Inc.

The Organization has an economic interest in CancerCare Manitoba Foundation Inc. (CCMF Inc.). At March 31, 2017, net resources of CCMF Inc. amounted to $56,120,392 (2016 - $52,438,354), of which $21,646,746 (2016 - $19,742,485) are restricted contributions. CCMF Inc.'s purpose is to support the Organization in its provision of a program of diagnosis of, treatment of, and research in respect of cancer. CCMF Inc. will solicit, receive, maintain and accumulate funds for distribution on a periodic basis to the Organization, to support principally research activities that are supplementary to those funded by Manitoba Health. During the year, CCMF Inc. awarded funds in the amount of $6,044,110 (2016 - $6,982,759) to the Organization which are recorded in grant revenue in the statement of operations and changes in fund balances. Accounts receivable from CCMF amount to $5,873,572 at March 31, 2017 (2016 - $6,814,775).

17. Change in non-cash operating working capital

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

	2017	2016
General Fund		
Due from Manitoba Health	$ 568,418	$ (639,081)
Accounts receivable	(1,287,286)	(151,067)
Inventory	(633,156)	1,110,045
Prepaid expenses	865,693	(635,250)
Accounts payable and accrued liabilities	(1,352,027)	4,021,018
Due to Manitoba Health	9,457,802	(7,620,234)
	7,619,444	(3,914,569)
Clinical, Basic Research and Special Projects Fund		
Accounts receivable	(66,833)	(3,771,011)
Accounts payable and accrued liabilities	(229,862)	217,117
	(296,695)	(3,553,894)
	$ 7,322,749	$ (7,468,463)

18. Financial risks

(a) Credit risk

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

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

The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the statement of operations and changes in fund balances. Subsequent recoveries of impairment losses related to accounts receivable are credited to the statement of operations and changes in fund balances. The balance of the allowance for doubtful accounts at March 31, 2017 is $2,825 (2016 - $1,316).

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

18. Financial risks (continued)

(b) Liquidity risk

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

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

(c) Market risk

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

(d) Interest rate risk

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

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

As at March 31, 2017, had prevailing interest rates increased or decreased by 1 percent, assuming a parallel shift in the yield curve, with all other variables held constant, there would be no material impact on the market value of bonds.

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

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

There has been no change to the interest rate risk exposure from 2016.

19. Comparative information

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

CANCERCARE MANITOBA

Short-Term Investments

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

March 31, 2017

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

March 31, 2016

Description	Interest rate %	Maturity date		Cost		Fair value
General Fund:						
Restricted investment:						
Corporate	1.50% to 1.65%	12-18-2016	$	1,048,888	$	1,048,888
Bonds:						
Municipal	2.75%	06-29-2016		290,016		284,966
Corporate	1.15% to 2.68%	10-21-2016 to 01-02-2017		2,412,077		2,404,333
				2,702,093		2,689,299
Deposit Notes:						
Corporate	2.65% to 2.948%	08-02-2016 to 12-15-2016		1,330,712		1,311,619
Total short-term investments - General Fund			$	5,081,693	$	5,049,806
Special Projects Fund:						
Bonds:						
Municipal	2.50% to 4.55%	11-14-2016 to 12-01-2016	$	360,120	$	349,825
Corporate	4.90%	02-23-2017		161,550		154,204
				521,670		504,029
Deposit Notes:						
Corporate	2.281%	10-17-2016		151,834		150,909
Total short-term investments - Special Projects Fund			$	673,504	$	654,938
Total short-term investments			$	5,755,197	$	5,704,744

CANCERCARE MANITOBA

Investments

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

March 31, 2017

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

March 31, 2016

Description	Interest rate %	Maturity date		Cost		Fair value
General Fund:						
Restricted investment:						
Corporate	–	01-12-2017	$	1,049,463	$	1,049,463
Bonds:						
Provincial	1.60% to 2.45%	09-08-2017 to 12-01-2019		5,244,260		5,357,072
Municipal	2.05% to 4.60%	06-01-2017 to 10-15-2019		1,187,909		1,159,054
Corporate	2.19% to 4.55%	10-21-2016 to 12-08-2021		5,878,037		5,906,277
				12,310,206		12,422,403
Deposit Notes:						
Corporate	2.24% to 2.944%	12-11-2017 to 07-25-2019		5,230,120		5,248,652
Total investments - General Fund			$	18,589,789	$	18,720,518
Special Projects Fund:						
Bonds:						
Provincial	1.85% to 2.45%	09-08-2017 to 12-01-2019	$	607,727	$	618,020
Municipal	3.75%	08-13-2017		105,600		103,062
Corporate	1.62% to 3.90%	02-01-2018 to 03-04-2021		2,198,816		2,205,108
				2,912,143		2,926,190
Deposit Notes:						
Corporate	2.35% to 4.10%	06-08-2017 to 07-25-2019		498,879		490,480
Total investments – Special Projects Fund			$	3,411,022	$	3,416,670
Total investments			$	22,000,811	$	22,137,188

COMMUNITIES ECONOMIC DEVELOPMENT FUND

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2017

KENDALL & PANDYA

Chartered Professional Accountants

Partners.... David Kendall, FCA *
Manisha Pandya, CA *

300-31 Main St., P.O. Box 175, Flin Flon, MB R8A 1M7 (204) 687-8211 Fax 687-2957
118 Cree Road, Thompson, MB R8N 0C1 (204) 778-7312 Fax 778-7919

* Operating as professional corporations

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Communities Economic Development Fund

Report on the Financial Statements

We have audited the statement of financial position of COMMUNITIES ECONOMIC DEVELOPMENT FUND as at March 31, 2017 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Communities Economic Development Fund, as at March 31, 2017 and its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Kendall & Pandya
Chartered Professional Accountants

Thompson, Manitoba
May 30, 2017

COMMUNITIES ECONOMIC DEVELOPMENT FUND
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2017

ASSETS

CURRENT ASSETS	2017	2016
Cash	$ 952,010	$ 1,138,600
Trust Deposits - Province of Manitoba	507,925	612,094
Due from the Province of Manitoba (Note 2)	4,638,438	4,083,036
Accounts Receivable	23,651	198,584
Property Held for Resale	4,419	4,419
Prepaid Expenses	12,126	11,010
	6,138,569	6,047,743
Loans Receivable (Note 3)	26,480,875	26,791,512
Capital Assets (Note 4)	905,442	923,821
	27,386,317	27,715,333
	$ 33,524,886	$ 33,763,076

LIABILITIES

CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 1,128,673	$ 1,382,740
Deferred Contributions (Note 5)	124,107	145,784
Interest Payable to the Province of Manitoba	219,461	232,857
	1,472,241	1,761,381
Accrued Pension Liability (Note 6)	2,668,080	2,569,697
Advances by the Province of Manitoba (Note 7)	29,384,565	29,431,998
	33,524,886	33,763,076
NET ASSETS	-	-
	$ 33,524,886	$ 33,763,076

Commitments (Note 8)

APPROVED BY THE BOARD OF DIRECTORS:

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COMMUNITIES ECONOMIC DEVELOPMENT FUND
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2017

	2017	2016
REVENUE		
Loan Interest		
Business Program	$ 973,312	$ 1,125,751
Fisheries Program	646,954	677,752
Investment Income	26,567	26,856
	1,646,833	1,830,359
COST OF FUNDS		
Interest Paid to the Province of Manitoba		
Business Program	495,956	476,231
Fisheries Program	271,665	288,907
Life Insurance	112,959	112,895
	880,580	878,033
GROSS MARGIN	766,253	952,326
OPERATING EXPENDITURES (Note 12)	(2,051,233)	(2,108,260)
	(1,284,980)	(1,155,934)
OTHER REVENUE		
Administration fees	179,806	180,158
Program Revenues	-	254,700
	179,806	434,858
Deficiency of Revenue Over Expenditures		
Before Provision for Doubtful Loans	(1,105,174)	(721,076)
Provisions for Doubtful Loans		
Regular Operations	324,810	708,880
Deficiency of Revenue Over Expenditures before		
Subsidy due from Province of Manitoba	(1,429,984)	(1,429,956)
Subsidy due from Province of Manitoba	1,429,984	1,429,956
Excess of Revenue Over Expenditures	-	-
Net Assets, Beginning of Year	-	-
Net Assets, End of Year	$ -	$ -

COMMUNITIES ECONOMIC DEVELOPMENT FUND
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2017

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of Revenue over Expenditures for the year	$ -	$ -
Amortization of Capital Assets	26,299	44,467
Provision for Doubtful Loans	324,810	708,880
	351,109	753,347
Net Changes in Working Capital Balances		
Accounts Receivable	174,933	(187,771)
Prepaid Expenses	(1,116)	(6,566)
Accounts Payable and Accrued Liabilities	(254,067)	202,288
Deferred Contributions	(21,677)	(11,449)
Interest Payable to the Province of Manitoba	(13,396)	(34,643)
Accrued Pension Liability	98,383	150,087
	(16,940)	111,946
	334,169	865,293
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Increase (Decrease) in Amounts Due from Province of Manitoba	(555,402)	(903,243)
Net Increase (Decrease) in Advance by the Province of Manitoba	(47,433)	(834,475)
	(602,835)	(1,737,718)
CASH FLOWS FROM CAPITAL ACTIVITY		
Acquisition of Capital Assets	(7,920)	(9,010)
CASH FLOWS FROM INVESTING ACTIVITY		
Change in Loans Receivable Net of Repayments	(14,173)	384,908
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(290,759)	(496,527)
CASH AND CASH EQUIVALENTS, Beginning of Year	1,750,694	2,247,221
CASH AND CASH EQUIVALENTS, End of Year	$ 1,459,935	$ 1,750,694
REPRESENTED BY:		
Cash and Bank	$ 952,010	$ 1,138,600
Term Deposits - Province of Manitoba	507,925	612,094
	$ 1,459,935	$ 1,750,694

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Nature of Organization

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

b) Basis of Accounting

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

c) Management's Responsibility for the Financial Statements

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

d) Cash and Cash Equivalents

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

e) Revenue Recognition

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

f) Allowance for Doubtful Loans

Business Loans Program

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

Fisheries Loans Program

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

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

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

g) Financial Instruments

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

h) Capital Assets

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

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

i) Employment and Post-Employment Benefits

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

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

j) Use of Estimates and Measurement Uncertainty

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

2 DUE FROM THE PROVINCE OF MANITOBA

Annually, the Province of Manitoba provides a grant for the Fund's anticipated subsidy requirements for the year. The amount of $4,638,438 ($4,083,036 in 2016) represents additional funds needed to fund the actual requirements for the year including the pension liability. The balance is comprised of the following:

	2017	2016
Department of Aboriginal and Northern Affairs		
- Subsidy Refundable	$ 1,170,575	$ 579,132
Order in Council Pending	592,029	700,390
Pension, Unfunded	2,637,206	2,540,447
Pension, Funded	31,636	30,012
Severance Accrued, Unfunded	206,992	233,055
	$ 4,638,438	$ 4,083,036

3 LOANS RECEIVABLE

Loans receivable by program are as follows:

	2017	2016
Business Loans Program		
Interest rates applied range from 4.16% to 8.77%		
Principal	$ 19,357,502	$ 19,367,358
Accrued interest	498,461	845,356
	19,855,963	20,212,714
Allowance for doubtful loans	(2,475,308)	(2,264,499)
Total Business Loans Program	$ 17,380,655	$ 17,948,215
Fisheries Loans Program		
Interest rates applied range from 3.95% to 5.95%		
Principal	$ 11,408,969	$ 11,146,648
Accrued interest	513,045	560,998
	11,922,014	11,707,646
Allowance for doubtful loans	(2,821,794)	(2,853,606)
Unallocated payments	-	(10,743)
Total Fisheries Loans Programs	9,100,220	8,843,297
Total Business and Fisheries Loan Programs	$ 26,480,875	$ 26,791,512

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

	2017		2016	
	Gross Loan Balances	Total Allowance	Gross Loan Balances	Total Allowance
Business Loans Program				
Impaired	$ 1,761,279	$ 930,226	$ 3,539,014	$ 1,029,082
Performing	18,094,684	1,545,082	16,673,700	1,235,417
	19,855,963	2,475,308	20,212,714	2,264,499
Fisheries Loans Program				
Impaired	$ 2,821,794	$ 2,821,794	$ 2,853,607	$ 2,853,606
Performing	9,100,221	-	8,854,039	-
	$ 11,922,015	$ 2,821,794	$ 11,707,646	$ 2,853,606

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

Business Loans Program	Specific	Non-Specific	Total 2017	Total 2016
Balance, beginning of year	$ 1,029,082	$ 1,235,417	$ 2,264,499	$ 3,250,287
Provision for the year	328,051	-	328,051	(663,798)
	$ 1,357,133	$ 1,235,417	$ 2,592,550	$ 2,586,489
Loans written off	(93,456)	(23,786)	(117,242)	(321,990)
Balance, end of year	$ 1,263,677	$ 1,211,631	$ 2,475,308	$ 2,264,499

Fisheries Loan Program	2017	2016
Balance, beginning of year	$ 2,853,606	$ 2,986,162
(Recovery) provision for the year	250,934	599,117
	$ 3,104,540	$ 3,585,279
Loans written off	(282,746)	(731,673)
Balance, end of year	$ 2,821,794	$ 2,853,606

The provision for fisheries loans losses recorded by the Fund exceeds the value derived by the net present value formula as at March 31, 2017 by NIL (Nil in 2016).

Loan Loss Provision		
Per accounts	$ 2,821,794	$ 2,853,606
Per net present value calculation	(2,821,794)	(2,853,606)
	$ -	$ -

4 CAPITAL ASSETS

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

	Costs	Accumulated Amortization	2016 Net Book Value
Land	$ 92,482	$ -	$ 92,482
Building	931,236	135,029	796,207
Office Furniture and Equipment	222,140	187,008	35,132
Parking Lot	73,000	73,000	-
Total	$ 1,318,858	$ 395,037	$ 923,821

5. DEFERRED CONTRIBUTIONS

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

	2017	2016
Balance, beginning of year	$ 145,784	$ 157,233
Recognized during the year	(1,804)	(11,449)
Transfer to the Northern Economic Diversity Strategy	(125,000)	
	$ 18,980	$ 145,784

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

	2017	2016
Balance, beginning of year	$ -	$ -
Transfer from the Non-Timber Forest Products Program	125,000	-
Recognized during the year	(19,873)	
	$ 105,127	$ -
Total Deferred Contributions	$ 124,107	$ 145,784

6. EMPLOYMENT AND POST-EMPLOYMENT BENEFITS PAYABLE

Pension Benefits

The employees of the Fund are not members of the Civil Service of the Province of Manitoba but they contribute to and are pensionable under, The Civil Service Superannuation Fund. In accordance with the provisions of The Civil Service Superannuation Act, the Fund is a "non-matching employer" and contributes 50% of the pension payments made to retired employees. The current pension expense consists of the Fund's share of pension benefits paid to retired employees, as well as the increase in the unfunded pension liability during the fiscal year. The liability is determined every year. The most recent actuarial valuation available is as at March 31, 2017.

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

	2017	2016
Benefit costs for the year ended March 31		
Discount Rate	6.00%	6.00%
Rate of Compensation Increase	3.75%	3.75%

In fiscal years prior to 1989, the Fund charged to operations the contributions made to the Manitoba Civil Service Superannuation Fund which amounted to 50% of the pension payments made to retired employees. Beginning in the 1989 fiscal year the Fund has recorded a provision to fund current service obligations. In fiscal years prior to 2015, the pension liability was calculated using the solvency method. Beginning in the 2015 fiscal year the pension liability is calculated using the going concern method in order to comply with Canadian Public Sector Accounting standards.

Pre-Retirement Benefits

Employees may be eligible for a pre-retirement benefit provided specific criteria are met. The pre-retirement liability is estimated, based on a first time commissioned actuarial report dated March 31, 2017, to be $ 206,992 ($233,055 in 2016) and is included in accounts payable and accrued liabilities.

Sick Leave Benefits

Employees of the Fund are entitled to sick leave benefits during employment. Sick leave benefits, which accumulate but do not vest are estimated to be a liability as at March 31, 2017 of $29,895 ($11,914 in 2016). The amount is not considered to be significant by management and, as such, has not been recorded as a liability in the financial statements of the Fund.

7 ADVANCES BY THE PROVINCE OF MANITOBA

The Communities Economic Development Fund is included under the Province of Manitoba's Loan Act Authority. Advances from the Province of Manitoba bear interest at rates established by the Minister of Finance pursuant to The Loan Act 2016. The advances are repayable at any time in whole or in part at the option of the Lieutenant Governor in Council.

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

Business Loan Program	**2017**	2016
Advances, beginning of year	$ 22,342,500	$ 22,477,817
Loan Advances	6,550,000	6,700,000
Loan Advances Repayments	(7,214,058)	(6,835,317)
Advances, end of year	$ 21,678,442	$ 22,342,500
Unfunded allowance for doubtful loans, beginning of year	$ 2,083,512	$ 2,990,833
Provision for doubtful loans	210,810	109,763
Loans written off as approved by Order in Council	-	(243,522)
Loans written off as approved by Board of Directors	(117,241)	(773,562)
Unfunded allowance for doubtful loans, end of year	2,177,081	2,083,512
Net advances balance, end of year	$ 19,501,361	$ 20,258,988

Fisheries Loans Program		
Advances, beginning of year	$ 12,073,869	$ 13,757,375
Loan Advances	5,200,000	3,000,000
Loan Advances Repayments	(4,483,781)	(4,683,506)
Advances, end of year	$ 12,790,088	$ 12,073,869
Unfunded allowance for doubtful loans, beginning of year	3,734,801	3,839,340
(Recovery) Provision for doubtful loans	250,934	599,117
Loans written off as approved by Order in Council	(273,868)	(703,656)
Unfunded allowance for doubtful loans, end of year	3,711,867	3,734,801
Net advances balance, end of year	$ 9,078,221	$ 8,339,068

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

	2017	2016
Business Loans Program	$ 19,501,361	$ 20,258,988
Fisheries Loans Program	9,078,221	8,339,068
Building Mortgage	804,983	833,942
	$ 29,384,565	$ 29,431,998

The Fund obtains capital, through its Loan Act, for the purpose of carrying out its mandate of providing financial assistance in the form of loans and guarantees through loans provided by the Department of Finance. Term loans bear interest at the rates posted by the Department of Finance at time of issue. The Fund has the option to draw annually approved Loan Act funds on floating rates periodically at the Royal Bank prime rate minus 0.75%. At year end, the advances bore rates ranging from 1.625% to 2.875% with a weighted cost of capital of 2.12%.

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

2018	$ 10,580,343
2019	7,191,971
2020	5,531,974
2021	3,068,647
2022	2,367,743

8 COMMITMENTS

Total undisbursed balances of approved loans are $1,202,315 as at March 31, 2017 ($3,033,361 at March 31, 2016).

9 LOAN ACT AUTHORITY

Amounts authorized for advances under The Loan Act 2016 are as follows:

	2017	2016
The Loan Act, 2016	$ 21,700,000	$ 18,000,000
Authority used	11,750,000	5,000,000
Unused Loan Act Capital Available	$ 9,950,000	$ 13,000,000

10 ECONOMIC DEPENDENCE

The ongoing operations of the Fund depends on obtaining adequate financing and funding from the Province of Manitoba.

11 FINANCIAL INSTRUMENT RISK MANAGEMENT AND EXPOSURES

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

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

Credit Risk

Credit risk is the risk of loss to the Fund if a counterparty to a financial instrument fails to meet its contractual obligations. The Fund has significant outstanding loans and is mainly exposed to credit risk through the credit quality of the individuals and businesses to whom the Fund has loaned funds. Credit risk rating systems are designed to assess and quantify the risk inherent in credit activities in an accurate and consistent manner. To assess credit risk, the Fund takes into consideration the individual's and business' ability to pay, and the value of collateral available to secure the loan. The Fund's maximum exposure to risk, without taking into account any collateral or other credit enhancements is $26,504,526 ($27,000,839 in 2016) which consists of loans and accounts receivable.

Interest Rate Risk

Interest rate risk is the impact that changes in market interest rates will have on the operations of the Fund. The Fund holds $26,988,806 ($27,414,349 in 2016) in interest bearing deposits and loans receivable at March 31, 2017. The Fund has mitigated this risk by adjusting interest rates for fish loans on a quarterly basis and interest rates for business loans on a monthly basis on its weighed average cost of capital.

Liquidity Risk

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

12 SCHEDULE OF OPERATING EXPENDITURES FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016
Amortization of Capital Assets	$ 26,299	$ 44,467
Collection Costs	172,264	39,639
Communications	43,871	47,566
Credit Reports	4,918	4,164
Directors' Fees and Expenses	62,144	69,055
Government Vehicle	35,985	39,927
Insurance	7,769	6,518
Legal Costs	28,713	24,790
MAFRI	88,447	86,719
Mortgage Interest	43,083	44,699
Office Supplies and Expenses	59,168	48,164
Pension	306,742	233,109
Professional Fees	38,234	50,982
Program Expenses	2,466	225,118
Rent and Utilities	34,476	29,039
Repair and Maintenance	13,280	21,616
Salaries and Benefits	1,020,606	1,029,876
Sundry	20,558	17,690
Travel	42,210	45,122
	$ 2,051,233	$ 2,108,260

13. OPERATING LEASE

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

March 31, 2018	$ 8,152
2019	$ 6,114
2020	$ -
2021	$ -
2022	$ -

Aggregate future minimum operating lease payments total $14,266

Manitoba

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

October 27, 2017

The Co-operative Loans and Loans Guarantee Board

Responsibility for Financial Reporting

The accompanying Schedule of Loans and Loan Guarantee Transactions and other financial information in the Annual Report for the year ended March 31, 2017 are the responsibility of management and have been approved by the Board. This Schedule was prepared by management in accordance with the accounting policies set out in Note 2 to the Schedule. Any financial information contained elsewhere in the Annual Report conforms to the Schedule.

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

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

Original Document Signed

Dave Dyson
Chairperson

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying schedule of loans and loan guarantee transactions of the Co-operative Loans and Loans Guarantee Board for the year ended March 31, 2017 and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the schedule presents fairly, in all material respects, the loans and loan guarantee transactions of the Co-operative Loans and Loans Guarantee Board for the year ended March 31, 2017 in accordance with Canadian public sector accounting standards.

Office of the Auditor General

Office of the Auditor General
October 11, 2017
Winnipeg, Manitoba

The Co-operative Loans and Loans Guarantee Board

Schedule of Loans and Loan Guarantee Transactions

Year ended March 31, 2017

Loans (note 3)	March 31, 2016	Additions	Repayment	March 31, 2017
Neechi Foods Co-op Ltd.	$ 1,609,482	$ 47,181	$ -	$ 1,656,663
	$ 1,609,482	$ 47,181	$ -	$ 1,656,663

Loan Guarantees (note 4)	March 31, 2016	Additions	Repayment	March 31, 2017
Springfield Seniors Non-Profit Housing Cooperative	$ 272,688		$ (272,688)	$ -
	$ 272,688	$ -	$ (272,688)	$ -

On behalf of the Board:

Original Document Signed
Director

Original Document Signed
Director

The Co-operative Loans and Loans Guarantee Board

Notes to the Schedule

Year ended March 31, 2017

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1. General

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

2. Significant Accounting Policies

a) Basis of presentation

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

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

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

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

3. Loans

Neechi Foods Co-op Ltd.

On March 31, 2017, the balance of the loan to Neechi Foods Co-op Ltd (Neechi) was $1,656,663 with accrued interest of $67,152. An initial loan of $1,140,000 was approved on November 14, 2012, Order in Council 00442/2012. On December 2, 2014, Treasury Board approved a two-year principal deferral for the outstanding balance and the capitalization of accrued interest owing up to November 22, 2014 ($16,663). On December 21, 2015, an additional loan of $500,000 was approved by Order in Council of which $452,819 was advanced prior to 2016/17. During fiscal 2016/17 the remaining $47,281 of the loan was advanced as outstanding interest was capitalized. Repayment of the entire loan was due November 22, 2016 with interest calculated at 1.95% and due quarterly; however, no principal or interest payments were received during 2016/17. The CLLGB loan to Neechi is subordinated to a mortgage from a Manitoba credit union. Neechi is in default with their primary lender and subsequent to year end the credit union has taken steps to sell the property.

4. Loan guarantees

Springfield Seniors Non-Profit Housing Co-operative Ltd.

During 2016/17, no new loan guarantees were approved. The balance on the loan guarantee to Springfield Seniors Non-Profit Housing Cooperative through the Oak Bank Credit Union of $272,688 was repaid during 2016/17. As of March 31, 2017, the CLLGB had approved a new loan guarantee request of $928,000. Subsequent to March 31, 2017, the CLLGB approved a second loan guarantee request of $1,000,000. These guarantees, however, require Provincial approval. As of the date of these financial statements, formal approval had not been granted.

5. Loan Act Authority

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

		2017
The Loan Act, 2016	$	4,548,000
Outstanding loans:		
Loans - advanced in prior years		(1,609,482)
Loans - advanced in 2016/17		(47,181)
		(1,656,663)
Guarantees		-
	$	2,891,337

6. Compensation disclosure

The Public Sector Compensation Disclosure Act requires disclosure of the aggregate compensation paid CLLGB board members and of individual compensation paid to board members or staff where such compensation is $50,000 or more per year. For the period from April 1, 2016 to March 31, 2017, CLLGB board members were paid an aggregate of $161 (2016 - $691). This amount is included in note 7. No individuals received compensation of $50,000 or more.

7. Contributed services

The Province of Manitoba provides the services of support staff, other administrative support services, office space and utilities. The cost of support staff services for 2017 is estimated at $3,723 (2016 - $7,739) with an additional $3,990 (2016 - $5,500) for identified provincially paid expenses. The costs of other administrative support services, office space and utilities are deemed too difficult to estimate and, as such, no amount has been determined.

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

October 27, 2017

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, 2017 are the responsibility of management and have been approved by the Board.

The financial statements were prepared by management in accordance with Canadian public sector accounting standards. Any financial information contained elsewhere in the Annual Report conforms to these financial statements.

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

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

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

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Cooperative Promotion Board, which comprise the statement of financial position as at March 31, 2017, and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

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

Office of the Auditor General

Office of the Auditor General
October 11, 2017
Winnipeg, Manitoba

The Cooperative Promotion Board

Statement of Financial Position

As at March 31, 2017, with comparative figures for 2016

	General Account 2017	Commercial Fishing Account 2017	Total 2017	General Account 2016	Commercial Fishing Account 2016	Total 2016
Assets						
Current assets:						
Cash (note 3)	$ 36,784	$ 28,739	**$ 65,523**	$ 42,134	$ 28,581	**$ 70,715**
Accounts receivable	344	43	**387**	419	43	**462**
Prepaid expenses	365	-	**365**	294	-	**294**
Current investments (note 4)	65,978	46,102	**112,080**	64,400	-	**64,400**
	103,471	74,884	**178,355**	107,247	28,624	**135,871**
Investments (note 4)	64,400	594	**64,994**	64,400	45,587	**109,987**
	$ 167,871	$ 75,478	**$ 243,349**	$ 171,647	$ 74,211	**$ 245,858**
Liabilities, Deferred Revenue and Fund Balances						
Current liabilities:						
Accounts payable and accrued liabilities	$ 499	$ -	**$ 499**	$ -	$ -	**$ -**
Fund balances:						
Contributed capital (note 7)	128,800	-	**128,800**	128,800	-	**128,800**
General account	38,572	-	**38,572**	42,847	-	**42,847**
Commercial Fishing account	-	75,478	**75,478**	-	74,211	**74,211**
	167,372	75,478	**242,850**	171,647	74,211	**245,858**
	$ 167,871	$ 75,478	**$ 243,349**	$ 171,647	$ 74,211	**$ 245,858**

See accompanying notes to financial statements

On behalf of the Board:

Original Document Signed

Director

Original Document Signed

Director

The Cooperative Promotion Board

Statement of Operations

Year ended March 31, 2017, with comparative figures for 2016

	General Account 2017	Commercial Fishing Account 2017	Total 2017	General Account 2016	Commercial Fishing Account 2016	Total 2016
Revenue:						
Interest	$ 3,307	$ 1,260	**$ 4,567**	$ 3,575	$ 1,276	**$ 4,851**
Dividend	-	7	**7**	-	7	**7**
Contributed services (note 6)	16,811	-	**16,811**	13,321	-	**13,321**
Grants from the Province of Manitoba	-	-	**-**	26,950	-	**26,950**
Total revenue	20,118	1,267	**21,385**	43,846	1,283	**45,129**
Expenses:						
Grants (schedule 1)	6,000	-	**6,000**	22,535	5,000	**27,535**
Administrative services (note 6)	11,038	-	**11,038**	8,412	-	**8,412**
Annual report	161	-	**161**	225	-	**225**
Board members' meals and travel	112	-	**112**	82	-	**82**
Board members' remuneration	1,230	-	**1,230**	888	-	**888**
Liability insurance	611	-	**611**	791	-	**791**
Membership fees	-	-	**-**	984	-	**984**
Miscellaneous	330	-	**330**	(124)	1	**(123)**
Professional services	4,430	-	**4,430**	3,672	-	**3,672**
Promotional campaign	-	-	**-**	26,950	-	**26,950**
Seminars and workshops	481	-	**481**	1,012	-	**1,012**
	24,393	-	**24,393**	65,427	5,001	**70,428**
Excess (deficiency) of revenue over expenses	$ (4,275)	$ 1,267	**$ (3,008)**	$ (21,581)	$ (3,718)	**$ (25,299)**

See accompanying notes to financial statements

The Cooperative Promotion Board

Statement of Changes in Fund Balances

Year ended March 31, 2017, with comparative figures for 2016

	General Account 2017	Commercial Fishing Account 2017	Total 2017	General Account 2016	Commercial Fishing Account 2016	Total 2016
Fund balances, beginning of year						
Contributed capital	$ 128,800	$ -	**$ 128,800**	$ 128,800	$ -	**$ 128,800**
General account	42,847	-	**42,847**	64,428	-	**64,428**
Commercial Fishing account	-	74,211	**74,211**	-	77,929	**77,929**
	171,647	74,211	**245,858**	193,228	77,929	**271,157**
Excess (deficiency) of revenue over expenses	(4,275)	1,267	**(3,008)**	(21,581)	(3,718)	**(25,299)**
Fund balances, end of year	$ 167,372	$ 75,478	**$ 242,850**	$ 171,647	$ 74,211	**$ 245,858**

See accompanying notes to financial statements

The Cooperative Promotion Board

Statement of Cash Flows

Year ended March 31, 2017, with comparative figures for 2016

	General Account 2017	Commercial Fishing Account 2017	Total 2017	General Account 2016	Commercial Fishing Account 2016	Total 2016
Excess (deficiency) of revenue over expenses	$ (4,275)	$ 1,267	$ (3,008)	$ (21,581)	$ (3,718)	$ (25,299)
Operating activities:						
Changes in the following:						
Accounts receivable	75	-	75	(1)	2	1
Prepaid expenses	(71)	-	(71)	167	-	167
Accounts payable	499	-	499	(1,079)	-	(1,079)
Net increase/(decrease) in deferred revenue	-	-	-	(27,300)	-	(27,300)
	(3,772)	1,267	(2,505)	(49,794)	(3,716)	(53,510)
Financing activities:						
Purchase of investments	(65,978)	(1,102)	(67,080)	-		-
Proceeds from matured investments	64,400	-	64,400	-		-
Dividends	-	(7)	(7)	-	(7)	(7)
	(1,578)	(1,109)	(2,687)	-	(7)	(7)
Net increase/(decrease) in cash	(5,350)	158	(5,192)	(49,794)	(3,723)	(53,517)
Cash, beginning of year	42,134	28,581	70,715	91,928	32,304	124,232
Cash, end of year	$ 36,784	$ 28,739	$ 65,523	$ 42,134	$ 28,581	$ 70,715
Supplementary cash flow information:						
Interest received	$ 3,305	$ 1,262	$ 4,567	$ 3,574	$ 1,278	$ 4,852

See accompanying notes to financial statements

1. **General**

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

General Account

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

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

Commercial Fishing Account

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

2. **Significant accounting policies**

a) **Basis of presentation**

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

b) **Fund accounting**

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

c) **Revenue recognition**

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

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

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

2. **Significant accounting policies continued**

   d) **Contributed services**

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

   e) **Financial instruments**

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

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

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

   The CPB did not incur any remeasurement gains or losses during the year (2016 - nil).

   f) **Measurement uncertainty**

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

3. **Cash**

   General account

   The cash balance for the General Account includes $36,784 (2016 - $42,134) held in a high yielding savings account at Assiniboine Credit Union at a fixed rate of 0.55% effective March 31, 2017. Interest is paid monthly.

   Commercial Fishing account

   The cash balance for the Commercial Fishing Account includes $28,739 (2016 - $28,581) held in a high yield savings account at Assiniboine Credit Union at a fixed rate of 0.55% effective March 31, 2017. Interest is paid monthly.

4. Investments

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

Current investments

	2017	2016
General Account		
2.45% GIC - term March 17, 2015 to September 17, 2017	$ 65,978	
2.50% GIC - term January 10, 2014 to January 9, 2017		64,400
Commercial Fishing Account		
2.45% GIC - term March 17, 2015 to September 17, 2017	46,102	
	$ 112,080	$ 64,400

Long-term investments

	2017	2016
General Account		
1.95% GIC - term January 9, 2017 to January 9, 2020	$ 64,400	
2.45% GIC - term March 17, 2015 to September 17, 2017		$ 64,400
	64,400	64,400
Commercial Fishing Account		
ACU - surplus shares	594	587
2.45% GIC - term March 17, 2015 to September 17, 2017		45,000
	594	45,587
	$ 64,994	$ 109,987

5. Commercial Fishing Account

During 1993 and 1994, Northern Cooperative Services Ltd. donated $41,724 to the CPB subject to the condition that the funds be used exclusively for the promotion and development of commercial fishing in Manitoba. These funds have earned interest and the balance as of March 31, 2017 was $75,478 (2016 - $74,211). During 2016/17, no grants were issued (2015/16 - $5,000) from the Commercial Fishing Account.

6. Contributed services

The Province of Manitoba provides the services of support staff, other administrative support services, office space and utilities. The cost of support staff for 2017 is estimated at $11,038 (2016 - $8,412) with another $5,773 (2016 - $4,909) for provincially paid identified expenses. The costs of other administrative support services, office space and utilities are deemed too difficult to estimate and, as such, no amount has been determined.

7. Contributed capital

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

8. Compensation disclosure

The Public Sector Compensation Disclosure Act requires disclosure of the aggregate compensation paid to the Cooperative Promotion Board members and of individual compensation paid to board members or staff where such compensation is $50,000 or more per year. For the period of April 1, 2016 to March 31, 2017, the Cooperative Promotion Board paid board members an aggregate of $1,230 (2016-$888) and held three board meetings. No individuals received compensation of $50,000 or more.

9. Financial instruments and financial risk management

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

a) Credit risk

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

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

	2017	2016
Cash (note 3)	$ 65,523	$ 70,715
Accounts receivable	387	462
Investments (note 4)	177,074	174,387
	$ 242,984	$ 245,564

As at March 31, 2017, $387 (2016 - $462) of accounts receivable were not past due or impaired.

Cash

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

Account receivable

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

Investments

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

9. Financial instruments and financial risk management (continued)

b) Interest rate risk

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

Cash

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

Investments

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

c) Liquidity risk

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

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

d) Foreign currency risk

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

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

10. Related party transactions

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

The Cooperative Promotion Board

Schedule of Grants

Year ended March 31, 2017, with comparative figures for 2016

Schedule 1

	2017	2016
I - General Acccount		
Canadian Ced Network - Manitoba	1,000	1,500
Canadian Worker Co-op Federation	1,500	-
Canadian Worker Co-operative Federation (CWCF)		1,500
Co-op Housing Development Group Inc.		635
Manitoba Cooperative Association Inc. - Aboriginal Student Cooperative		5,000
Manitoba Cooperative Association Inc. - Cooperative Youth Leadership Retreat		1,700
Mondragon Case Study		2,200
NorWest Co-op Community Health		5,000
Sustainable South Osbourne Community Coop	3,500	-
Teen Stop Jeunesse Inc.		5,000
Total	**6,000**	**22,535**
II - Commercial Fishing Acccount		
Island Lake Wabung Fisheries Producers Co-op	$ -	$ 5,000
Total	$ -	$ 5,000
Total of Grants	**$ 6,000**	**$ 27,535**

CROWN CORPORATIONS COUNCIL

FINANCIAL STATEMENTS

DECEMBER 31, 2016

Management's Responsibility for Financial Reporting

The accompanying financial statements and note disclosures are the responsibility of management of Crown Corporations Council and have been prepared by management in accordance with Canadian public sector accounting standards. The financial statements have been reviewed by the Audit Committee of the Board of Directors and approved by the Board of Directors on April 5th, 2017.

In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgments regarding all necessary estimates and other data available as at the date of approval by the Board of Directors.

Management maintains internal controls to properly safeguard the assets of Crown Corporations Council and to ensure that transactions and events are accurately recorded and properly approved on a timely basis in order to provide financial information that is free from material misstatement and in accordance with the underlying legislation and regulations applicable to Crown Corporations Council.

The financial statements have been audited by Magnus LLP, Chartered Professional Accountants, independent external auditors. The responsibility of the auditor is to express an independent opinion on whether the financial statements of Crown Corporations Council are fairly presented, in all material respects, in accordance with Canadian public sector accounting standards. The Independent Auditor's Report outlines the scope of the audit and provides the audit opinion on the financial statements.

On behalf of Management of
Crown Corporations Council

Original Document Signed

Fred Meier
Board Chair

Original Document Signed

Donna Frame
Senior Corporate Analyst &
Manager of Corporate Operations

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Crown Corporations Council

Report on the Financial Statements

We have audited the accompanying financial statements of Crown Corporations Council, which comprise the statement of financial position as at December 31, 2016 and the statements of operations, change in net financial assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Crown Corporations Council as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Magnus

April 5, 2017
Winnipeg, Canada

Chartered Professional Accountants

Statement of Financial Position
(in thousands)
December 31, 2016

	2016 Actual	2015 Actual
Financial assets		
Cash and cash equivalents	$ 508	$ 559
Accounts receivable (Note 4)	1	3
	509	562
Liabilities		
Accounts payable and accrued liabilities	96	118
Levies received in advance	64	154
Due to Crown corporations (Note 5)	175	117
Employee future benefits (Note 6)	159	151
	494	540
Net financial assets	15	22
Non-financial assets		
Tangible capital assets (Note 7)	6	11
Prepaid expenses	5	6
	11	17
Accumulated surplus (Note 8)	$ 26	$ 39

Designated assets (Note 9)

Commitments (Note 10)

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors:

Original Document Signed
Council Chair

Original Document Signed
Council Member

Statement of Operations
(in thousands)
Year ended December 31, 2016

	2016 Budget	2016 Actual	2015 Actual
Revenue:			
Recoveries from Crown corporations through levies (Note 13)	$ 900	$ 778	$ 809
Board Performance Training:			
Province of Manitoba	80	80	80
Recoveries from participants	10	7	10
Interest income	2	1	2
	992	866	901
Expenses:			
Amortization of tangible capital assets	7	5	8
Board remuneration and expenses	95	49	86
Board Performance Training expenses	94	95	103
Computer, equipment and maintenance	18	11	13
Crown director training	54	45	46
Industry conferences	8	7	5
Insurance and miscellaneous	2	2	3
Office supplies and printing	13	10	12
Professional development	22	21	18
Professional fees	21	17	24
Rent	103	99	96
Salaries and benefits	549	505	494
Telephone, internet and courier	8	9	7
Travel and automobile	2	4	2
	996	879	917
Operating (deficit) for the year	(4)	(13)	(16)
Accumulated surplus, beginning of year	39	39	55
Accumulated surplus, end of year	$ 35	$ 26	$ 39

See accompanying notes to financial statements.

Statement of Change in Net Financial Assets
(in thousands)
Year ended December 31, 2016

	2016 Budget	2016 Actual	2015 Actual
Operating (deficit) for the year	$ (4)	$ (13)	$ (16)
Tangible capital assets:			
Acquisition of tangible capital assets	(8)	-	(5)
Amortization of tangible capital assets	7	5	8
Net acquisition of tangible capital assets	(1)	5	3
Other non-financial assets			
Decrease (increase) in prepaid expenses	-	1	(1)
Net acquisition of other non-financial assets	-	1	(1)
(Decrease) in net financial assets	-	(7)	(14)
Net financial assets, beginning of year	-	22	36
Net financial assets, end of year	$ -	$ 15	$ 22

See accompanying notes to financial statements.

Statement of Cash Flow
(in thousands)
Year ended December 31, 2016

	2016 Actual	2015 Actual
Cash provided by (applied to)		
Operating activities:		
Operating (deficit) for the year	$ (13)	$ (16)
Adjustment for:		
Amortization of tangible capital assets	5	8
	(8)	(8)
Changes in the following:		
Accounts receivable	2	81
Accounts payable and accrued liabilities	(22)	17
Levies received in advance	(90)	38
Due to Crown corporations	58	(197)
Employee future benefits	8	2
Prepaid expenses	1	(1)
Cash (applied to) operating activities	(51)	(68)
Capital activities:		
Acquisition of tangible capital assets	-	(5)
Cash (applied to) capital activities	-	(5)
Change in cash and cash equivalents	(51)	(73)
Cash and cash equivalents, beginning of year	559	632
Cash and cash equivalents, end of year	$ 508	$ 559

See accompanying notes to financial statements.

1. Nature of organization

Crown Corporations Council (the "Council") is a body corporate established on June 5, 1989 pursuant to *The Crown Corporations Public Review and Accountability Act*. The role of the Council is to facilitate the development of clear mandates, effective performance measures and consistent practices where appropriate for the Crown corporations under its purview. Pursuant to the underlying legislation and applicable regulations, the Council recovers its general operating expenses and direct costs from the Crown corporations under its purview therefore essentially operates on a cost recovery basis.

Commencing in 2010, the Council has also been responsible for providing Board Performance Training for Manitoba Agencies, Boards and Commissions. Revenues and expenses relating to Board Performance Training are tracked separately by the Council and are excluded from the cost recoveries from the Crown corporations under its purview.

As at December 31, 2016, the newly elected government has announced that, in keeping with its priorities, *The Crown Corporations Public Review and Accountability Act* is under review.

2. Basis of accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards using the significant accounting policies described in Note 3. Canadian public sector accounting standards are generally accepted accounting principles for other government organizations as recommended by the Public Sector Accounting Board.

3. Summary of significant accounting policies

(a) Revenue

<u>Recoveries from Crown corporations through levies</u>

In accordance with Regulation 84/90 "Levies on Corporations Regulation" pursuant to *The Crown Corporations Public Review and Accountability Act*, the Council's general operating expenses are recovered from the Crown corporations under its purview through the assessment of levies, and any direct costs incurred on behalf of particular Crown corporations are recovered directly from the respective Crown corporations. These amounts are recognized at the time the general operating expenses and direct costs are incurred. Amounts received in advance are deferred on the statement of financial position.

<u>Board Performance Training</u>

Board Performance Training for Manitoba Agencies, Boards and Commissions is funded by Government contributions for these services and program related recoveries. The Council receives annual funding from the Province of Manitoba for the provision of Board Performance Training to Manitoba Agencies, Boards and Commissions that is recognized on the accrual basis. Recoveries from participants are recognized when the related services are provided and when collection is reasonably assured.

<u>Interest income</u>

Interest income is recognized on the accrual basis.

3. Summary of significant accounting policies (continued)

(b) Expenses

All expenses incurred are recognized on the accrual basis when the related goods or services are received.

(c) Financial assets

Cash and cash equivalents
Cash and cash equivalents include cash on hand and short term deposits and investments with original maturities of three months or less.

Accounts receivable
Accounts receivable are recorded at the lower of cost and net realizable value. An allowance for doubtful accounts is recorded when there is uncertainty whether the amounts will be collected.

(d) Liabilities

Liabilities are present obligations as a result of transactions and events occurring at or prior to the end of the fiscal year the settlement of which will result in the future transfer or use of assets or other form of settlement. Liabilities are recognized when there is an appropriate basis of measurement and a reasonable estimate can be made of the amount involved.

(e) Non-financial assets

Non-financial assets do not normally provide resources to discharge existing liabilities of the Council. These assets are normally employed to provide future services.

Tangible capital assets

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

Office furniture and equipment	5 years straight-line
Computer equipment	3 years straight-line

Prepaid expenses

Prepaid expenses are payments for goods or services which will provide economic benefit in future periods. The prepaid amount is recognized as an expense in the year the goods or services are consumed.

3. Summary of significant accounting policies (continued)

(f) Financial instruments - measurement

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

The Council records its financial assets at cost, which include cash and cash equivalents and accounts receivable. The Council also records its financial liabilities at cost, which include accounts payable and accrued liabilities, levies received in advance and amounts due to Crown corporations.

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

(g) Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically and adjustments are recognized in the period they become known. Actual results may differ from these estimates.

4. Accounts receivable

	2016	2015
Other receivables	$ 1	$ 3

5. Due to Crown corporations

Amounts due to the Crown corporations under its purview are non-interest bearing with no specified repayment terms and represent a retroactive adjustment to levies based on the Council's actual expenses.

(in thousands)

6. Employee future benefits

		2016		2015
Enhanced pension benefits	$	93	$	92
Severance benefits		66		59
	$	159	$	151

Certain qualifying employees of the Council are eligible for pension benefits and severance benefits pursuant to the provisions of *The Civil Service Superannuation Act* ("*CSSA*") administered by the Civil Service Superannuation Board through the Civil Service Superannuation Fund (the "Fund").

Pension benefits

Employees of the Council are provided regular pension benefits as a result of the participation of its eligible employees in the *CSSA*. Pursuant to the *CSSA*, the Council is described as a matching employer for regular pension benefits, therefore the Council's contributions to regular pension benefits is limited to matching employee contributions. The total amount paid for regular pension benefits for the year ended December 31, 2016 was $28 (2015 - $28). As at December 31, 2016, the Council has no further liability for regular pension benefits (2015 - $nil).

In addition to regular pension benefits, a former employee of the Council is entitled to enhanced pension benefits in excess of the maximum amount provided by the *CSSA*. The enhanced pension benefits are provided under a final pay plan which is indexed. The amount of the enhanced pension benefit obligation is based on actuarial calculations using the accrued benefit method. The periodic actuarial valuation of this obligation may determine that adjustments are needed to the accrued obligation when actual experience is different from expected and/or because of changes in the actuarial assumptions used. The resulting actuarial gains or losses are recognized in income immediately as there is no remaining service life of the employee.

The most recent actuarial valuation for the enhanced pension obligation was completed as at December 31, 2015. The actuarial report provides a formula to update the obligation on an annual basis. In accordance with the formula, the Council's actuarially determined obligation for accounting purposes as at December 31, 2016 is $93 (2015 - $92).

Enhanced Pension Benefits

		2016		2015
Enhanced pension obligation, beginning of year	$	92	$	92
Actuarial gains/losses		2		1
Current service cost		-		-
Interest cost		6		6
Benefits paid		(7)		(7)
Enhanced pension obligation, end of year	$	93	$	92

Significant long-term actuarial assumptions used in the December 31, 2015 valuation, and in the determination of the December 31, 2016 enhanced pension benefit obligation are as follows:

Discount rate	6.00% (2015 - 6.00%)
Rate of compensation increase	3.75% (2015 - 3.75%)
Indexing	1.33% (2015 - 1.33%)
Annual employee contributions interest credit	4.00% (2015 - 4.00%)
Annual rate of increase in CPP earnings maximum	2.75% (2015 - 2.75%)
Rate of CRA maximum pension increase	$2,890 (2015 - $2,819)

(in thousands)

6. Employee future benefits (continued)

Severance benefits

Employees of the Council are also provided severance benefits as a result of the participation of its eligible employees in the *CSSA*. Severance benefits include benefits payable to eligible employees resulting from retirement, death or other termination in accordance with the *CSSA*. Severance 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 accrued benefit method and reflect management's best estimates of the length of service, salary increases and ages at which employees are expected to retire.

The amount of the severance benefit obligation is based on actuarial calculations. The periodic actuarial valuations of these obligations may determine that adjustments are needed to the accrued obligation when actual experience is different from expected and/or because of changes in the actuarial assumptions used. The resulting actuarial gains or losses are amortized over the 4 year expected average remaining service life (EARSL) of the related employee group if material (2015 - 4 year EARSL).

The most recent actuarial valuation for the severance benefit obligation was completed as at December 31, 2015. Based on the actuarial report, the Council's actuarially determined severance obligation for accounting purposes as at December 31, 2016 is $66 (2015 - $59).

Severance Benefits

	2016	2015
Severance benefit obligation, beginning of year	$ 59	$ 57
Actuarial gains/losses	-	(5)
Current service cost	4	4
Interest cost	3	3
Benefits paid	-	-
Severance benefit obligation, end of year	$ 66	$ 59
Unamortized actuarial gains/losses	-	-
Severance benefit obligation, end of year	$ 66	$ 59

Significant long-term actuarial assumptions used in the December 31, 2015 valuation and in the determination of the December 31, 2016 severance obligation are as follows:

Discount rate	6.00% (2015 - 6.00%)
Rate of compensation increase	3.75% (2015 - 3.75%)

Sick pay benefits

The Council provides sick leave benefits for employees that accumulate but do not vest. No amounts for sick pay benefits are included in these financial statements as the amounts are not significant to warrant an accrual in the financial statements.

(in thousands)

7. Tangible capital assets

	2016			
	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Office furniture and equipment	$ 67	$ -	$ -	$ 67
Computer equipment	32	-	-	32
Total cost	$ 99	$ -	$ -	$ 99
Accumulated amortization				
Office furniture and equipment	$ (60)	$ (2)	$ -	$ (62)
Computer equipment	(28)	(3)	-	(31)
Total accumulated amortization	$ (88)	$ (5)	$ -	$ (93)
Net book value	$ 11	$ (5)	$ -	$ 6

	2015			
	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Office furniture and equipment	$ 65	$ 5	$ (3)	$ 67
Computer equipment	32	-	-	32
Total cost	$ 97	$ 5	$ (3)	$ 99
Accumulated amortization				
Office furniture and equipment	$ (60)	$ (3)	$ 3	$ (60)
Computer equipment	(23)	(5)	-	(28)
Total accumulated amortization	$ (83)	$ (8)	$ 3	$ (88)
Net book value	$ 14	$ (3)	$ -	$ 11

8. Accumulated surplus

The Council has allocated a portion of its accumulated surplus for amounts internally restricted for Board Performance Training. As at year end, the total accumulated surplus from revenues and expenses directly relating to Board Performance Training is $20 (2015 - $28).

9. Designated assets

The Council has allocated $150 (2015 - $149) of its cash and cash equivalents as designated assets for employee future benefit obligations. This amount is held in a short term interest bearing trust account with the Province of Manitoba to ensure adequate cash is maintained to discharge employee benefit obligations as they arise. Any unused amounts are re-invested at each maturity date.

10. Commitments

The Council is committed under a premise lease agreement and subsequent amendment agreements for space at 1130 - 444 St. Mary Avenue in Winnipeg, Manitoba for annual basic rental payments of approximately $47 and annual common area and operating costs of approximately $46 for a total annual commitment of approximately $93 plus applicable taxes. The original lease agreement was entered into in 2004 for a five year term expiring April 30, 2011, with an option to renew exercised by the Council for an additional five year term ending April 30, 2016. A new lease amendment agreement was signed during the year a for a five year term expiring April 30, 2021 with an option to renew for an additional five year term.

11. Recoveries from Crown corporations through levies

During the year, the Council incurred $nil (2015 - $nil) of direct costs recovered directly from the Crown corporations under its purview. Total recoveries for the year ended December 31, 2016 of $778 (2015 - $809) represent recoveries of general operating expenses.

12. Financial risk management - overview

The Council does not have any significant financial instruments subsequently measured at fair value or denominated in a foreign currency therefore did not incur any remeasurement gains or losses during the year (2015 - $nil).

Financial risk management

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

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Council to credit risk consist principally of cash and cash equivalents and accounts receivable.

(in thousands)

12. Financial risk management - overview (continued)

The maximum exposure of the Council to credit risk at December 31 is:

	2016	2015
Cash and cash equivalents	$ 508	$ 559
Accounts receivable	1	3
	$ 509	$ 562

Cash and cash equivalents - the Council is not exposed to significant credit risk as these amounts are held by a reputable Canadian financial institution and the Minister of Finance.

Accounts receivable - the Council is not exposed to significant credit risk as any balances are due from the Crown corporations under its purview, the Province of Manitoba and other Provincial Agencies, Boards and Commissions. The Council manages this credit risk through close monitoring of any overdue amounts.

If necessary, the Council establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts as at December 31, 2016 was $nil (2015 - $nil). As at December 31, 2016 and 2015, the aging of accounts receivable is all current.

Liquidity risk

Liquidity risk is the risk that the Council will not be able to meet its financial obligations as they come due. The Council manages liquidity risk by maintaining adequate cash balances to meet its obligations.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Council's results of operations or the fair values of its financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to cash and cash equivalents. The interest rate risk on cash and cash equivalents is considered to be low because of their short-term nature.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Council is not exposed to foreign currency risk as it does not have any significant financial instruments denominated in a foreign currency.

13. Subsequent event

On March 9, 2017, the government introduced *The Crown Corporations Governance and Accountability Act* in the legislature. When enacted, this new Act will result in the dissolution of Crown Corporations Council. It is anticipated that the legislation will come into effect in 2017. There may be additional costs as a result of the dissolution and these costs will be accounted for as they are incurred as any additional costs are unknown as at the date of these financial statements.

Financial statements
[Expressed in thousands of dollars]

Diagnostic Services of Manitoba Inc.

March 31, 2017

Building a better working world

Independent auditors' report

To the Member of
Diagnostic Services of Manitoba Inc.

We have audited the accompanying financial statements of **Diagnostic Services of Manitoba Inc.**, which comprise the statement of financial position as at March 31, 2017 and the statements of operations, changes in net assets (liabilities) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

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

Ernst & Young LLP
Chartered Professional Accountants

Winnipeg Canada
June 9, 2017

Diagnostic Services of Manitoba Inc.
Incorporated under the laws of Manitoba

Statement of financial position

[Expressed in thousands of dollars]

As at March 31

	2017	2016
	$	$
Assets		
Current		
Cash and cash equivalents	**8,379**	11,485
Accounts receivable *[note 3]*	**18,768**	10,022
Prepaid expenses	**1,312**	1,428
Vacation pay recoverable from		
Manitoba Health, Seniors and Active Living	**598**	598
Regional Health Authorities of Manitoba	**1,544**	909
Total current assets	**30,601**	24,442
Capital assets, net *[note 4]*	**58,787**	67,131
Pre-retirement leave benefits recoverable *[note 5]*	**12,721**	12,642
Future sick leave benefits recoverable *[note 11[c]]*	**1,970**	2,042
	104,079	106,257
Liabilities and net assets (liabilities)		
Current		
Accounts payable and accrued liabilities *[note 7]*	**16,513**	13,404
Current portion of obligations under capital lease	**—**	8
Accrued vacation and overtime payable	**10,467**	9,514
Total current liabilities	**26,980**	22,926
Accrued pre-retirement leave benefits *[note 11[b]]*	**13,964**	13,701
Future sick benefits payable *[note 11[c]]*	**2,405**	2,456
Deferred contributions *[note 8]*	**61,706**	66,682
Total liabilities	**105,055**	105,765
Commitments *[note 9]*		
Net assets (liabilities)	**(976)**	492
	104,079	106,257

See accompanying notes

On behalf of the Board:

Original Document Signed
Arlene Wilgosh
Board Chair

Original Document Signed
Glenn McLennan
Chair of the Finance and
Audit Committee

Diagnostic Services of Manitoba Inc.

Statement of operations

[Expressed in thousands of dollars]

Year ended March 31

	2017	**2016**
	$	$
Revenue		
Manitoba Health, Seniors and Active Living operating income	**181,659**	31,499
Government of Canada revenue	**408**	289
Recoveries from Regional Health Authorities	**16,669**	121,458
Revenue from non-resident out-patient services	**7**	5
Interest income	**3**	7
Other recoveries	**3,678**	2,152
Loss on disposal of capital assets	**(38)**	(107)
Recognition of deferred contributions *[note 8]*		
Capital – amortization	**9,209**	8,261
Expenses	**647**	990
	212,242	164,554
Expenses		
Direct operating *[notes 10]*	**204,675**	155,767
Amortization of capital assets	**9,035**	8,323
	213,710	164,090
Excess (deficiency) of revenue over expenses for the year	**(1,468)**	464

See accompanying notes

Diagnostic Services of Manitoba Inc.

Statement of changes in net assets (liabilities)

[Expressed in thousands of dollars]

Year ended March 31

	2017			2016
	Internally restricted for capital assets	**Unrestricted**	**Total**	**Total**
	$	$	$	$
	[note 12]			
Net assets, beginning of year	**380**	**112**	**492**	28
Excess (deficiency) of revenue over expenses for the year	**174**	**(1,642)**	**(1,468)**	464
Net assets (liabilities), end of year	**554**	**(1,530)**	**(976)**	492

See accompanying notes

Diagnostic Services of Manitoba Inc.

Statement of cash flows

[Expressed in thousands of dollars]

Year ended March 31

	2017	2016
	$	$
Operating activities		
Excess (deficiency) of revenue over expenses for the year	**(1,468)**	464
Add (deduct) items not involving cash		
Amortization of capital assets	**9,035**	8,323
Amortization of deferred contributions related to capital assets	**(9,209)**	(8,261)
Loss on disposal of capital assets	**38**	107
Recognition of deferred contributions related to expenses	**(647)**	(990)
	(2,251)	(357)
Net change in non-cash working capital balances related to operations	**(4,089)**	6,660
Deferred contributions received (distributed) – future expenses	**617**	646
Cash provided by (used in) operating activities	**(5,723)**	6,949
Investing activities		
Increase (decrease) in accounts payable related to capital assets	**17**	405
Increase in accounts receivable related to capital assets	**(926)**	—
Acquisition of capital assets	**(16,711)**	(17,841)
Cash used in investing activities	**(17,620)**	(17,436)
Financing activities		
Deferred contributions received – capital assets	**20,932**	15,416
Repayment of deferred contributions	**(687)**	—
Repayment of obligations under capital lease	**(8)**	(249)
Cash provided by financing activities	**20,237**	15,167
Net increase (decrease) in cash and cash equivalents during the year	**(3,106)**	4,680
Cash and cash equivalents, beginning of year	**11,485**	6,805
Cash and cash equivalents, end of year	**8,379**	11,485

See accompanying notes

Notes to financial statements

[Expressed in thousands of dollars]

March 31, 2017

1. Nature of business

Background

Diagnostic Services of Manitoba Inc. [“DSM”] is a not-for-profit organization incorporated under the laws of Manitoba on December 20, 2002. The Minister of Health is the sole member of the corporation. DSM was created with the intention of providing laboratory services throughout the Province of Manitoba, and imaging services within the rural environment.

Effective April 1, 2005, agreements were signed with 11 regional health authorities of Manitoba [“RHAs”] and seven non-devolved facilities [the “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 the Facilities to commence the transition of all unionized staff, existing laboratory assets and contracts of the Facilities to DSM. The agreement also outlined the services to be provided by DSM and that related costs are to be recovered from the RHAs and the Facilities.

Effective November 1, 2007, DSM entered into an agreement with 10 RHAs to transfer all unionized staff, existing assets and contracts of the laboratory facilities in the rural regions. Similar to the Winnipeg transition agreements, the services to be provided by DSM will be recovered from the RHAs. The staff transfers from Assiniboine and Churchill in April 2009 completed Stage IV transition.

Effective April 1, 2009, DSM entered into an agreement with Westman Regional Laboratory Services Inc. [“WRL”] and Brandon Regional Health Authority to assign the responsibilities to DSM with respect to the management and operation of laboratory services for the City of Brandon. As part of this transaction, DSM assumed net assets of $(7) from WRL’s operations. Capital assets with a net book value of $484 and other net assets of $1,275 were acquired, as well as bank indebtedness of $1,766 assumed. Specialized equipment funding for WRL new capital purchases was provided directly to DSM starting in 2008 by way of approved loan facilities through Manitoba Health, Seniors and Active Living [“MHSAL”].

In November 2009, the dissolution of the WRL board was executed followed by a formal dissolution of the WRL entity. It now operates under the name of Westman Lab as a division of DSM. The ongoing redevelopment of Westman Lab is expected to meet the growing demand for testing outside of Winnipeg using modern facilities and methodologies.

Provincial funding model change

Effective April 1, 2017, DSM moved to a provincial funding model whereby funding is provided directly to DSM from MHSAL rather than DSM receiving funding from the regions on a cost recovery basis. The fiscal year 2016-17 was a transition year. While funding remained with the regions, DSM recognized all funding received and costs incurred by the regions, along with the related deficit or surplus that was payable to or receivable from the regions. The net impact on the financial statements in 2016-17 is an additional deficit of $1,665 resulting from an increase in MHSAL funding of $35,646, additional recoveries of $2,174, and regional expenses of $39,485.

[Expressed in thousands of dollars]

Medical Remuneration funding for DSM pathologists located at the WRHA remains on a cost recovery basis from the WRHA, with no date set for a transition to a provincial funding model for these costs.

DSM is a not-for-profit organization under the *Income Tax Act* (Canada) and, accordingly, is exempt from income taxes, provided certain requirements of the *Income Tax Act* are met.

2. Significant accounting policies

These financial statements were prepared in accordance with the *CPA Canada Public Sector Accounting Handbook*, which sets out generally accepted accounting principles for government not-for-profit organizations in Canada. DSM has chosen to use the standards for government not-for-profit organizations [“GNFPO”] that include sections PS 4200 to PS 4270. The significant accounting policies are described hereafter.

[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 are 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.

Certain expenses related to University of Manitoba pathologists are incurred and paid directly by the WRHA. Since the legal obligation for these expenses lies with the WRHA, these compensation costs totaling $6,014 are not reflected in the financial statements for DSM.

[b] Revenue recognition

DSM follows the deferral method of accounting for contributions. Unrestricted contributions are recorded as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized and are recorded as deferred contributions until that time. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

[c] Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and short-term deposits with maturities [at time of purchase] of less than 90 days.

[d] Capital assets

Purchased capital assets are recorded at cost less accumulated amortization. Capital assets are amortized on a straight-line basis using an annual rate of:

Computer hardware/intangibles	10%–20%
Furniture and equipment	10%–15%
Equipment under capital lease	10%–20%

System software-in-progress is recorded at cost. When the specific project is completed, all capitalized costs are transferred to the appropriate category of capital asset. No amortization is taken on system software-in-progress.

[e] Sick leave benefits

Non-vesting sick leave benefits are recorded as an expense and liability in the period in which services are rendered and benefits accumulate. The costs are actuarially determined using management's best estimate of the length of service, salary increases, rates of sick leave accumulation and utilization and ages at which employees will retire. In fiscal year 2014, the sick leave liability was determined by management using their best estimate of salary escalation, accumulated sick days at retirement, long term inflation rates and discount rates. The change in valuation arising from the change in valuation methods is being amortized over the average service life. Actuarial valuations of the liabilities are performed once every three years, with an extrapolation using updated assumptions in the interim years to support financial reporting in those years.

[f] Pre-retirement leave benefits

The costs of pre-retirement leave 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 estimate of the length of service, salary increases, and ages at which employees will retire. Actuarial valuations of the liabilities are performed once every three years with an extrapolation using updated assumptions in the interim years to support financial reporting in those years.

[g] Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting periods presented. Actual results could differ from these estimates. The amounts estimated include amortization of capital assets, employee future benefits payable and sick leave benefits.

[h] Financial instruments

Financial instruments are classified in one of the following categories: [i] fair value, or [ii] cost or amortized cost. DSM determines the classification of its financial interest at initial recognition.

Financial instruments including cash and cash equivalents, accounts receivable, vacation pay recoverable, pre-retirement leave benefits recoverable, future sick leave benefits recoverable, accounts payable and accrued liabilities, obligations under capital lease, and accrued vacation and overtime payable are initially recorded at their fair value and are subsequently measured at amortized cost, net any provisions for impairment.

[Expressed in thousands of dollars]

3. Accounts receivable

	2017	2016
	$	$
Due from MHSAL	**9,211**	424
Due from RHAs	**8,204**	8,553
Other	**1,353**	1,045
	18,768	10,022

There are no significant amounts that are past due or impaired. As part of the transition to provincial funding, DSM assumed the funding receivable at year-end from MHSAL for the regions totaling $9,004.

4. Capital assets

	2017		
	Cost	Accumulated amortization	Net book value
	$	$	$
Computer hardware/intangibles	**14,509**	**7,346**	**7,163**
Furniture and equipment	**93,335**	**56,628**	**36,707**
System software-in-progress	**14,611**	**—**	**14,611**
Equipment under capital lease	**2,823**	**2,517**	**306**
	125,278	**66,491**	**58,787**

	2016		
	Cost	Accumulated amortization	Net book value
	$	$	$
Computer hardware/intangibles	6,131	5,168	963
Furniture and equipment	95,677	50,167	45,510
System software-in-progress	20,164	—	20,164
Equipment under capital lease	2,975	2,481	494
	124,947	57,816	67,131

System software-in-progress is not amortized until such time as it becomes available for use.

[Expressed in thousands of dollars]

5. Pre-retirement leave benefits recoverable

	2017	2016
	$	$
Pre-retirement leave benefits recoverable from		
MHSAL	**628**	735
RHAs	**12,093**	11,907
	12,721	12,642

Pre-retirement leave benefits recoverable from MHSAL represent the amount guaranteed by the Province of Manitoba.

The amount recorded as a receivable for pre-retirement leave costs was initially determined based on the value of the corresponding actuarial liability for pre-retirement leave costs as at March 31, 2004. Subsequent to March 31, 2004, the Province of Manitoba [through MHSAL] has included in its ongoing annual funding to DSM an amount equivalent to the change in the pre-retirement leave liability, which includes annual interest accretion related to the receivable. The receivable will be paid by the Province of Manitoba when it is determined that the funding is required to discharge the related pre-retirement leave liabilities.

Pre-retirement leave benefits recoverable from the RHAs will be repaid as benefits are provided and represent their proportionate share of the actuarial determined liabilities *[note 11[b]]*.

The pre-retirement leave benefits recoverable represent a financial instrument and have been classified as loans and receivables, and are valued at amortized cost using the effective interest rate method. The carrying value of the pre-retirement leave benefits recoverable approximates their fair value because the annual interest accretion is funded.

6. Bank indebtedness

DSM has a $7,800 [2016 – $7,000] credit facility that was not utilized at year-end. Interest is payable at bank prime less 0.90%.

[Expressed in thousands of dollars]

7. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

	2017	2016
	$	$
Trade accounts payable	**1,933**	4,726
Payroll remittances payable	**5,373**	7,353
Due to RHAs	**9,207**	1,325
	16,513	13,404

As part of the transition to provincial funding, DSM recorded as a receivable/payable to the region the surplus/deficit for that region as well as the funding receivable from MHSAL at year-end, of $9,004.

8. Deferred contributions

Deferred contributions consist of the following:

	2017	2016
	$	$
Deferred contributions		
Future expenses	**1,487**	1,479
Capital	**60,219**	65,203
	61,706	66,682

[a] Deferred contributions, future expenses

Deferred contributions related to future expenses represent the unspent amount of funding received for DSM's externally restricted operating expenses. The deferred contributions for these expenses are recognized as revenue in the statement of operations at the time the related specifically restricted expenses are incurred.

Deferred contributions, future expenses consist of the following:

	2017	2016
	$	$
Balance, beginning of year	**1,479**	1,823
Funding received from MHSAL	**143**	364
Funding received from other sources	**474**	282
Amounts amortized to revenue	**(647)**	(990)
Transferred from capital deferred contribution	**38**	—
Balance, end of year	**1,487**	1,479

[Expressed in thousands of dollars]

[b] Deferred contributions, capital

Deferred 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.

	2017	2016
	$	$
Balance, beginning of year	**65,203**	58,048
Funding received from MHSAL	**19,909**	15,416
Funding received from other sources	**1,023**	—
Deferred contributions disposed	**(16,669)**	—
Transferred from capital deferred contribution	**(38)**	—
Amounts amortized to revenue	**(9,209)**	(8,261)
Balance, end of year	**60,219**	65,203

9. Commitments

[a] Lease payments

Future aggregate minimum lease payments under the terms of the operating lease agreements for office facilities are as follows:

	$
2018	200
2019	200
2020	100
	500

The lease with the landlord was amended in October 2014, increasing the annual lease payment by $44. The lease expires September 2019.

In addition to the minimum lease payments, DSM is also required to pay for various operating costs related to the leased space. In the year ended March 31, 2017, common area costs and property taxes expensed amounted to $215 [2016 – $203].

[b] Radiology Information System and Picture Archiving and Communication System [“RIS/PACS”]

In the year ended March 31, 2011, MHSAL approved an additional $8,700 to continue with the next phase of the project implementation plus $2,225 of Infoway funding received in 2014. As at March 31, 2017, $9,243 [2016 – $7,947] of the amount has been incurred. In January 2017, DSM transferred RIS/PACS capital expenditure of $7,580 to eHealth and capitalized $29 of RIS/PACS expenditure as DSM capital assets. DSM will continue its role as funds custodian for the project.

[c] Provincial (Pathology) Laboratory Information System

MHSAL approved $24,700 overall for this capital project implementation. As of March 31, 2017, $12,400 [2016 – $9,405] of the amount has been incurred, and $2,750 [2016 – $4,061] of amount was incurred from April 1, 2016 to March 31, 2017.

In the fiscal year ending 2017, MHSAL approved $917 [2016 – $604] for project operating costs.

[d] Digital Telepathology

MHSAL approved $2,760 and Infoway approved $1,643 for this capital project implementation. As of March 31, 2017, $3,369 [2016 – $2,959] of the amount had been incurred, and $410 [2016 – $980] of the amount was incurred from April 1, 2016 to March 31, 2017.

In the fiscal year ending 2017, MHSAL approved $64 [2016 – $122] for project operating costs.

[e] Digital Mammography

In 2016, MHSAL approved capital expenditures of $11,094 for the ICT solution of Stage II of the Digital Mammography initiative. As project sponsor, DSM established the Digital Mammography Steering Committee, which is responsible for the procurement, implementation and overall direction of the project. As of March 31, 2017, $9,809 [2016 – $3,744] of the costs have been incurred. In March 2017, DSM transferred Digital Mammography capital expenditures of $7,733 to eHealth and $601 to WRHA and capitalized $157 of expenditures as DSM capital assets. DSM will continue its role as funds custodian for the project.

[Expressed in thousands of dollars]

10. Direct operating expenses

Direct operating expenses consist of the following:

	2017	2016
	$	$
Salaries and benefits *[note 11]*	**150,165**	139,431
Communications	**16**	14
Equipment	**8,208**	8,039
External consulting	**314**	296
Grants	**85**	105
Insurance	**140**	138
Interest	**—**	7
Laboratory and diagnostic supplies	**32,710**	3,717
Legal and audit	**212**	172
Meetings	**17**	170
Miscellaneous	**894**	375
Printer, paper and office supplies	**843**	847
Recruitment	**99**	158
Referred Out Services	**8,251**	228
Rent and utilities	**667**	605
Staff training and development	**833**	774
Telephone	**208**	157
Travel	**1,013**	534
	204,675	155,767

As part of the transition to provincial funding in 2016-17, DSM recognized for the first time costs incurred in the regions totaling $39,485, consisting primarily of laboratory and diagnostic supplies, referred out services and other varied costs incurred to provide DSM lab and diagnostic imaging services.

11. Employee future benefits

[a] Multi-employer 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”]. DSM’s liability is limited to the contributions required during the year under the respective agreements.

HEPP is a specified multi-employer, defined benefit pension plan. HEPP is accounted for as a defined contribution plan since DSM has insufficient information to apply defined benefit plan accounting. Employee and employer contributions were made at a rate of 8.9% [2016 – 8.9%] each on the first $55,300 [2016 – $54,900] of earnings, and at a rate of 10.5% [2016 – 10.5%] on earnings in excess of this amount. Employer contributions made to the Plan during the year by DSM and expensed amounted to $8,109 [2016 – $7,447]. The most recent actuarial valuation of the Plan was as of December 31, 2015, which disclosed an actuarial value of assets of

[Expressed in thousands of dollars]

$6,154,817 [2016 – $5,607,907] compared with an actuarial obligation of $6,246,002 [2016 – $5,802,455] resulting in a going concern deficit of $91,185 [2016 – $194,548]. DSM is considered a “non-matching employer” in the CSSP under the *Civil Service Superannuation Act*. Employers with this status are not required to make contributions towards the pension benefits.

[b] Accrued pre-retirement leave benefits

DSM has a commitment to provide pre-retirement leave benefits for employees who meet certain eligibility criteria. If eligibility criteria are met, pre-retirement leave of four days per year of service is earned and paid out in a lump sum at retirement or at any time due to permanent disability. The earned amounts, at the option of the employee, may also be taken as a continuation of salary, bridging the leave date to their retirement date.

DSM measures its accrued obligation for the pre-retirement leave benefits as at March 31 of each year. The most recent actuarial valuation report was as at March 31, 2015.

During the current year, the pre-retirement leave obligation incurred amounted to $1,427 [2016 – $1,428] and has been recorded as an expense of the year. An offsetting recovery of $1,187 [2016 – $1,188] with respect to transferred employees has also been recorded.

Information about DSM’s pre-retirement leave benefits is as follows:

	2017	**2016**
	$	$
Accrued benefit obligation	**13,913**	13,766
Unamortized net actuarial (gain) loss	**51**	(65)
Accrued benefit liability	**13,964**	13,701

Change in benefit liability is as follows:

	2017	**2016**
	$	$
Accrued benefit liability, beginning of year	**13,701**	14,004
Current expense	**1,427**	1,428
Benefit payments	**(1,164)**	(1,731)
Accrued benefit liability, end of year	**13,964**	13,701

[Expressed in thousands of dollars]

The breakdown of the expense related to DSM's pre-retirement leave benefits is as follows:

	2017	2016
	$	$
Current year service cost	**956**	970
Interest cost	**410**	357
Amortization of actuarial loss	**61**	101
Total expense	**1,427**	1,428

	2017	2016
	$	$
Current year recovery of pre-retirement leave with respect to transferred employees	**1,187**	1,188

The significant actuarial assumptions adopted in measuring DSM's pre-retirement leave benefit obligation are as follows:

	2017	2016
	%	%
Discount rate	**3.10**	3.00
Rate of base compensation increase	**3.50**	3.50
Expected average remaining service life for amortization of actuarial gains/losses	**8.60**	8.60

The significant actuarial assumptions adopted in measuring DSM's expense for the pre-retirement leave benefits are as follows:

	2017	2016
	%	%
Discount rate	**3.00**	2.55
Salary escalation	**3.50**	3.50

[c] Non-vested sick-leave payouts

DSM does not provide sick-leave payouts on retirement. There were no cash payments made to employees in the current year upon retirement [2016 – nil]. The benefit costs and liabilities related to this plan are included in the financial statements. An offsetting recovery of $1,970 [2016 – $2,042] with respect to transferred employees has also been recorded.

[Expressed in thousands of dollars]

All employees are credited 1.3 days per month for use as paid absences in the year, due to illness or injury. Employees are allowed to accumulate unused sick day credits each year, up to the allowable maximum provided in their respective employment agreement. Accumulated credits may be used in future years to the extent that the employee's illness or injury exceeds the current year's allocation of credits. The use of accumulated sick days for sick-leave compensation ceases on termination of employment. The benefit costs and liabilities related to the plan are included in the financial statements.

Information about DSM's non-vesting sick leave benefits is as follows:

	2017	**2016**
	$	$
Accrued benefit obligation	**2,760**	2,890
Unamortized net actuarial loss	**(355)**	(434)
Accrued benefit liability	**2,405**	2,456

Change in benefit liability is as follows:

	2017	**2016**
	$	$
Accrued benefit liability, beginning of year	**2,456**	2,761
Current expense	**408**	416
Benefit payments	**(459)**	(721)
Accrued benefit liability, end of year	**2,405**	2,456

The breakdown of the expense related to DSM's non-vesting sick leave benefits is as follows:

	2017	**2016**
	$	$
Current year service cost	**259**	263
Interest cost	**88**	83
Amortization of actuarial loss	**61**	70
Total expense	**408**	416

Information about DSM's non-vesting sick leave benefits to current employees as at March 31 is as follows:

	2017	**2016**
	$	$
Accrued benefit liability	**2,405**	2,456
Accrued offsetting recovery	**1,970**	2,042

[Expressed in thousands of dollars]

The actuarial valuation is based on assumptions about future events. The economic assumptions used in these valuations are DSM's best estimates of expected rates of the following:

	2017	2016
	%	%
Discount rate	**3.10**	3.00
Rate of base compensation increase	**3.50**	3.50
Expected average remaining service life for amortization of actuarial gains/losses	**8.50**	8.50

The significant actuarial assumptions adopted in measuring DSM's expense for the non-vested sick leave are as follows:

	2017	2016
	%	%
Discount rate	**3.00**	2.55
Salary escalation	**3.50**	3.50

12. Internally restricted for capital assets

Change in net assets internally restricted for capital assets is calculated as follows:

	2017	2016
	$	$
[a] Deficit		
Amortization of capital assets	**(9,035)**	(8,323)
Amounts funded by deferred capital contributions, amortized to revenue	**9,209**	8,261
	174	(62)
[b] Purchase of capital assets		
Acquisitions	**16,711**	17,841
Amounts funded by		
Accounts payable	**17**	405
Accounts receivable	**926**	—
Deferred contributions received	**(20,932)**	(15,416)
Deferred contributions reserves	**(161)**	279
Outstanding loan transfers	**3,447**	(2,860)
Capital lease obligations	**(8)**	(249)
	—	—
Change in net assets	**174**	(62)

[Expressed in thousands of dollars]

13. Related party transactions

DSM had transactions and balances with the following related parties during the year:

Entity	Relationship
MHSAL	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 the RHAs. Amounts are recorded in the corresponding lines of direct operating expenses *[note 10]*.

	2017	**2016**
	$	$
Salaries and benefits	**16,669**	116,142
Equipment	**—**	7,057
Insurance	**—**	118
Laboratory and diagnostic supplies	**—**	(86)
Legal and audit	**—**	65
Printer, paper and office supplies	**—**	89
Recruitment	**—**	127
Rent	**—**	18
Staff training and development	**—**	362
Telephone	**—**	4
Travel	**—**	257
	16,669	124,153

14. Economic dependence

During the year, DSM received all of its revenue from MHSAL directly or indirectly through the RHAs and is economically dependent on MHSAL for continued operations.

15. Financial instruments – risks and uncertainties

Financial risks

DSM is exposed to various financial risks through transactions in financial instruments. The following provides helpful information in assessing the extent of DSM's exposure to these risks:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. DSM's main credit risk relates to its trade accounts receivable. DSM manages and controls this risk by only dealing with recognized, credit worthy third parties.

Interest rate risk

DSM is subject to interest rate risk with respect to its operating line of credit since the interest rate fluctuates with changes in the prime rate.

Liquidity risk

Liquidity risk is the risk that DSM will encounter difficulty in meeting obligations associated with financial liabilities. DSM is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, obligations under capital lease, contributions to the pension plan and operating lease commitments. To manage liquidity risk, DSM keeps sufficient resources readily available to meet its obligations.

16. Comparative information

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.

Financial Statements of

ECONOMIC DEVELOPMENT WINNIPEG INC.

Year ended December 31, 2016

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Canada

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INDEPENDENT AUDITORS' REPORT

To the Directors of Economic Development Winnipeg Inc.

We have audited the accompanying financial statements of Economic Development Winnipeg Inc. which comprise the statement of financial position as at December 31, 2016, the statements of revenue and expenditures, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Economic Development Winnipeg Inc. as at December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants

March 7, 2017

Winnipeg, Canada

ECONOMIC DEVELOPMENT WINNIPEG INC.

Statement of Financial Position

December 31, 2016, with comparative information for 2015

	2016	2015
Assets		
Current assets:		
Cash	$ 716,741	$ 728,528
Investments (note 3)	674,325	845,969
Accounts receivable	478,131	77,947
Prepaid expenses	123,483	139,368
	1,992,680	1,791,812
Capital assets (note 4)	567,809	75,867
	$ 2,560,489	$ 1,867,679
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 417,622	$ 190,046
Deferred rent	25,967	8,318
Deferred lease inducement	360,000	–
Deferred contributions:		
Future expenses (note 5)	253,758	229,605
Net assets:		
Invested in capital assets	567,809	75,867
Unrestricted	935,333	564,990
Internally restricted:		
Appropriated for Yes! Winnipeg initiative reserve (note 6)	–	110,000
Appropriated for contingency reserve (note 6)	–	688,853
	1,503,142	1,439,710
Commitments (note 7)		
	$ 2,560,489	$ 1,867,679

See accompanying notes to financial statements.

On behalf of the Board:

Original Document Signed Director

Original Document Signed Director

ECONOMIC DEVELOPMENT WINNIPEG INC.

Statement of Revenue and Expenditures

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Revenue:		
Funding:		
The City of Winnipeg	$ 2,812,200	$ 2,394,129
Province of Manitoba	1,412,000	1,412,000
Partnerships and investors contributions	1,261,435	1,473,533
Interest	11,188	15,596
	5,496,823	5,295,258
Expenditures:		
Initiatives and marketing	1,588,748	1,560,371
Personnel	3,318,371	3,191,301
Administrative	303,298	315,518
Occupancy and facilities	222,974	226,260
	5,433,391	5,293,450
Excess of revenue over expenditures	$ 63,432	$ 1,808

See accompanying notes to financial statements.

ECONOMIC DEVELOPMENT WINNIPEG INC.

Statement of Changes in Net Assets

Year ended December 31, 2016, with comparative information for 2015

		Unrestricted		Internally restricted			
	Invested in Capital assets	Operating	Yes! Winnipeg initiative	Contingency reserve	Yes! Winnipeg Initiative reserve	2016 Total	2015 Total
Balances, beginning of year	$ 75,867	$ 433,402	$ 131,588	$ 688,853	$ 110,000	$ 1,439,710	$ 1,437,902
Excess (deficiency) of revenue over expenditures	(38,662)	102,094	–	–	–	63,432	1,808
Transfer of funds from internally restricted (note 6)	–	798,853	–	(688,853)	(110,000)	–	–
Transfer of unrestricted funds from Yes! Winnipeg initiative (note 6)	–	131,588	(131,588)	–	–	–	–
Transfer for acquisition of capital assets	530,604	(530,604)	–	–	–	–	–
Balances, end of year	$ 567,809	$ 935,333	$ –	$ –	$ –	$ 1,503,142	$ 1,439,710

See accompanying notes to financial statements.

ECONOMIC DEVELOPMENT WINNIPEG INC.

Statement of Cash Flows

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenditures	$ 63,432	$ 1,808
Items not involving cash:		
Amortization of capital assets	38,662	31,253
Amortization of deferred rent	17,649	(9,981)
Change in non-cash operating working capital:		
Accounts receivable	(40,184)	(6,782)
Prepaid expenses	15,885	(49,764)
Accounts payable and accrued liabilities	227,576	55,468
Net increase (decrease) in deferred contributions future expenses	24,153	(361,221)
	347,173	(339,219)
Capital activities:		
Purchase of capital assets	(530,604)	(61,669)
Investing activities:		
Investments, net	171,644	(4,016)
Decrease in cash	(11,787)	(404,904)
Cash, beginning of year	728,528	1,133,432
Cash, end of year	$ 716,741	$ 728,528
Supplementary cash flow information:		
Deferred lease inducement included in accounts receivable	$ 360,000	$ –

See accompanying notes to consolidated financial statements.

1. **General:**

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

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

2. **Significant accounting policies:**

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

(a) Revenue recognition:

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

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

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

2. Significant accounting policies (continued):

(b) Financial instruments:

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

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

The Organization did not incur any re-measurement gains and losses during the year ended December 31, 2016 (2015 - nil) and therefore a statement of re-measurement gains and losses is not required to be included in these financial statements.

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

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

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

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

2. Significant accounting policies (continued):

(c) Capital assets:

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

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

(d) Deferred rent:

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

(e) Deferred lease inducement:

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

(f) Income taxes:

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

(g) Use of estimates:

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

3. Investments:

Investments consist of investments in money market instruments aggregating $563,779 (2015 - $691,301) and guaranteed investment certificates aggregating $110,546 (2015 - $154,668). The fair value of investments has been determined using Level 1 of the fair value hierarchy.

4. Capital assets:

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Computer hardware and software	$ 117,637	$ 53,562	$ 64,075	$ 43,963
Office furniture and fixtures	169,645	44,146	125,499	16,654
Leasehold improvements	664,258	286,023	378,235	15,250
	$ 951,540	$ 383,731	$ 567,809	$ 75,867

5. Deferred contributions - future expenses:

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

	2016	2015
Balance, beginning of year	$ 229,605	$ 590,826
Amounts received during the year	1,016,521	837,880
	1,246,126	1,428,706
Less: amounts recognized into revenue in the year	(992,368)	(1,199,101)
Balance, end of year	$ 253,758	$ 229,605

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

	2016	2015
Yes! Winnipeg:		
Province of Manitoba funding	$ 135,000	$ –
Investors' contributions	100,000	180,100
Team Winnipeg	13,228	29,756
Winnipeg Tour Connection	5,530	9,741
Thunderbird House Project	–	10,008
	$ 253,758	$ 229,605

6. Internally restricted:

(a) Yes! Winnipeg initiative reserve:

The Yes! Winnipeg initiative reserve was established by the Board of Directors during fiscal 2011 to internally restrict net assets of the Organization for funds to be available for contractual obligations in the event that operating funding for the initiative is terminated. For the year ended December 31, 2016, the Board approved a motion to remove the restriction of this reserve and transferred $110,000 from the Yes! Winnipeg initiative reserve to unrestricted net assets.

(b) Contingency reserve:

A contingency reserve was established to accumulate funds to be available for employee contractual obligations in the event that operating funding for the Organization is terminated by The City of Winnipeg and the Province of Manitoba. For the year ended December 31, 2016, the Board approved a motion to remove the restriction of this reserve and transferred $688,853 from the contingency reserve to unrestricted net assets.

7. Commitments:

The Organization is committed under a lease for office premises for a total of $1,584,000. The minimum lease payments over the next five years are as follows:

2017	$ 144,000
2018	144,000
2019	152,000
2020	152,000
2021	160,000

8. Segregated fund:

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

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

	2016	2015
Special event marketing fund:		
Balance, beginning of year	$ 781,507	$ 1,298,751
Funds received during the year	1,117,200	598,940
Funds used during the year	(1,142,118)	(1,125,583)
Interest earned	3,915	9,399
Balance, end of year, and amount of funds held	$ 760,504	$ 781,507

The funds of $760,504 held at December 31, 2016 have been committed from the special event marketing fund towards several tourism attractions occurring during fiscal 2017. In addition, the following commitments have been entered into from the special marketing fund towards several tourism attractions utilizing funds to be received within the fiscal years or carried over from the previous fiscal year:

2017	$ 1,205,380
2018	302,479
2019	58,584
2020	252,813

9. Financial risks:

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

(a) Credit risk:

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

The Organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Organization at December 31, 2016 is the carrying value of these assets.

At December 31, 2016, all accounts receivable were current, there were no amounts past due.

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

There have been no significant changes to the credit risk exposure from 2015.

(b) Liquidity risk:

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

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

There have been no significant changes to the liquidity risk exposure from 2015.

10. Defined contribution plan:

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

Employer contributions made to the plan during the year amounted to $108,060 (2015 - $100,759).

Grant Thornton

Financial Statements

First Nations of Northern Manitoba Child and Family Services Authority

March 31, 2017

Management Responsibility Statement

The accompanying March 31, 2017 financial statements of First Nations of Northern Manitoba Child and Family Services Authority are the responsibility of management and have been approved by the Administrator..

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

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

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

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

Original Document Signed

Chief Financial Officer
July 19, 2017

Grant Thornton

Independent Auditor's Report

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

We have audited the accompanying financial statements of First Nations of Northern Manitoba Child and Family Services Authority, which comprise the statement of financial position as at March 31, 2017, and the statements of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Grant Thornton

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of First Nations of Northern Manitoba Child and Family Services Authority as at March 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

The Comparative figures were audited by another firm of Chartered Professional Accountants.

Grant Thornton LLP

Winnipeg, Canada
July 19, 2017

Chartered Professional Accountants

First Nations of Northern Manitoba Child and Family Services Authority

Statement of Operations

Year ended March 31	2017	2016
Revenue		
Province of Manitoba: agency operating grants	$ 22,408,181	$ 23,357,292
Province of Manitoba: Authority operating grants	3,205,304	3,294,257
Province of Manitoba: additional grants	742,126	786,519
Other	39,668	286,325
Indigenous and Northern Affairs Canada	325,000	250,000
Revenue deferred to subsequent year	-	(514,924)
Interest	17,272	23,089
Revenue deferred in previous year	132,832	223,098
	26,870,383	27,705,656
Expense		
Agency additional supports	1,071,376	951,390
Agency operating grants	22,408,181	23,357,291
Amortization	32,043	27,846
Annual general meeting	14,940	15,915
Audit	17,741	13,899
Bad debts	36,466	55,101
Bank and service fees	2,249	2,466
Board and committee meetings	-	1,265
Information technology support	51,714	48,127
Insurance	23,262	27,945
Janitorial	17,227	14,733
Meetings and conferences	18,258	17,651
Membership fees	1,987	1,996
Miscellaneous	15,652	11,752
Office supplies	44,440	43,080
Payroll processing	5,827	5,725
Postage and courier	3,503	3,170
Printing and stationary	1,287	2,661
Professional development	11,097	20,190
Professional fees	229,086	184,620
Recruitment costs	1,305	394
Rent	144,538	136,905
Repairs and maintenance	-	94
Salaries and benefits	2,255,071	2,159,993
Supplies	1,620	1,342
Special projects	211,860	291,002
Telephone and utilities	89,766	29,487
Training	44,213	78,471
Travel	120,209	103,420
Website development	293	254
	26,875,211	27,608,185
(Deficiency) excess of revenue over expense	$ (4,828)	$ 97,471

See accompanying notes to the financial statements.

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

	Unrestricted	Internally restricted	Invested in property and equipment	Total 2017	Total 2016
Balance, beginning of year	$ 308,497	$ 652,054	$ 52,910	$ **1,013,461**	$ 915,990
(Deficiency) excess of revenue over expense	(4,828)	-	-	**(4,828)**	97,471
Amortization of property and equipment	32,043	-	(32,043)	-	-
Purchases of property and equipment	(30,813)	-	30,813	-	-
Use of internally restricted net assets	79,958	(79,958)	-	-	-
Internal restrictions	(44,143)	44,143	-	-	-
Balance, end of year	$ **340,714**	$ **616,239**	$ **51,680**	$ **1,008,633**	$ 1,013,461

See accompanying notes to the financial statements.

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

March 31		2017		2016
Assets				
Current				
Cash	$	**1,739,081**	$	1,274,501
Marketable securities (Note 3)		**689,886**		689,886
Accounts receivable (Note 4)		**1,035,298**		2,310,467
Prepaid expenses		**27,132**		48,463
Working capital receivable from agencies (Note 5)		**3,038,724**		3,038,724
		6,530,121		7,362,041
Property and equipment (Note 6)		**51,681**		52,910
	$	**6,581,802**	$	7,414,951
Liabilities				
Current				
Accounts payable and accrued liabilities (Note 7)	$	**2,197,965**	$	2,847,842
Deferred contributions (Note 8)		**336,480**		514,924
Working capital payable to Province of Manitoba (Note 9)		**3,038,724**		3,038,724
		5,573,169		6,401,490
Net assets				
Unrestricted		**340,714**		308,497
Internally restricted (Note10)		**616,239**		652,054
Invested in property and equipment		**51,680**		52,910
		1,008,633		1,013,461
	$	**6,581,802**	$	7,414,951

Contingency (Note 11)

On behalf of the board

Original Document Signed Member   Original Document Signed Member

See accompanying notes to the financial statements.

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

Year ended March 31	2017	2016
Increase (decrease) in cash		
Operating		
(Deficiency) excess of revenue over expense	$ **(4,828)**	$ 97,471
Item not affecting cash		
Amortization	**32,043**	27,846
	27,215	125,317
Change in non-cash working capital items		
Accounts receivable	**1,275,169**	(1,472,087)
Prepaid expenses	**21,331**	(11,484)
Accounts payable and accrued liabilities	**(649,878)**	1,428,823
Change in deferred contribution	**(178,444)**	291,826
	495,393	362,395
Investing		
Purchase of property and equipment	**(30,813)**	(30,948)
Increase in cash	**464,580**	331,447
Cash		
Beginning of year	**1,274,501**	943,054
End of year	$ **1,739,081**	$ 1,274,501

See accompanying notes to the financial statements.

1. Nature of operations

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

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

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

2. Significant accounting policies

The Authority has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations.

Cash and cash equivalents

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

Property and equipment

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

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

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

2. Significant accounting policies (continued)

Revenue recognition

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

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

Use of estimates

In preparing the Authority's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. The main estimate used in preparing these financial statements included useful lives of property and equipment for determining depreciation and the allowance for doubtful accounts. Actual results could differ from these estimates.

Financial instruments

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

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

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

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

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

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the statement of operations for the current period. Conversely, transaction costs are financing fees are added to carrying amount for those financial instruments subsequently measured at amortized cost or cost.

3. Marketable securities

	2017	2016
Guaranteed investment certificate, bearing interest at 0.65%, maturing at January 2018	**$ 689,886**	$ 689,886

4. Accounts receivable

	2017	2016
GST receivable	**$ 18,102**	$ 25,411
Province of Manitoba	**1,136,141**	2,229,496
Indigenous and Northern Affairs Canada	**66,003**	211,618
Other	**36,086**	23,973
	1,256,332	2,490,498
Less: Allowance for doubtful accounts	**221,034**	180,031
	$ 1,035,298	$ 2,310,467

The allowance for doubtful accounts includes amount related to the Province of Manitoba unilateral claw back of $180,031 on June 21, 2012. The Authority is disputing this decision not withstanding its sole dependence on the Province of Manitoba for revenue to fund its operations.

5. Working capital receivable from agencies

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

6. Property and equipment

			2017	2016
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	$ 216,854	$ 189,563	$ **27,291**	$ 36,555
Computer software	33,612	30,957	**2,655**	1,973
Furniture and fixtures	153,633	135,798	**17,835**	13,126
Leasehold improvements	11,514	10,617	**897**	1,256
Office equipment	54,175	51,172	**3,003**	-
	$ 469,788	$ 418,107	$ **51,681**	$ 52,910

7. Accounts payable and accrued liabilities

	2017	2016
Accounts payable to suppliers	$ **119,780**	$ 158,676
Accounts payable to agencies	**1,478,202**	2,461,664
Accruals	**599,983**	227,502
	$ **2,197,965**	$ 2,847,842

8. Deferred contributions

	2017	2016
Unspent portion of Transition Grant Funding received from the Province of Manitoba, to be used for the Aboriginal Justice Inquiry-Child Welfare initiative one-time transition activities connected to the establishment of the Authority and to assist Family Service Agencies in extending their operations.	$ **136,480**	$ 139,830
Unspent portion of project funding received from Indigenous and Northern Affairs Canada to be used for the research and development of culturally appropriate services, practices and procedures for child and family services.	**-**	45,614
Unspent portion of grants from the Province of Manitoba, to be used by the Authority towards various projects as outlined in the funding agreements.	**200,000**	329,480
	$ **336,480**	$ 514,924

9. Working capital payable to Province of Manitoba

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

10. Internally restricted net assets

	2017	2016
Property and equipment	$ 150,000	$ 150,000
Unfunded positions	75,000	75,000
Information technology	299,136	354,094
Aging out initiative	92,103	47,960
Educational outcomes	-	25,000
	$ 616,239	$ 652,054

11. Contingency

The Authority expects to be named as one of the defendants in a lawsuit on behalf of a former employee of one of the agencies administered by the Authority, who is seeking to recover damages allegedly sustained by them as a result of unjust dismissal. As litigation is subject to many uncertainties, it is not possible to predict the ultimate outcome of this pending lawsuit or to estimate the loss, if any, which may result.

12. Pension plan

The Authority provides a defined contribution pension plan for eligible members of its staff. Members are required to contribute 7.6% of their salary and the Authority matches the contribution of 7.6%. During the year, the Authority contributed $111,243 (2016: $107,479) for retirement benefits.

13. Lease commitments

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

2018	$ 88,192
2019	74,497
2020	5,015
	$ 167,704

14. Economic dependence

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

15. Financial instruments

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

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risks relate to its accounts receivable and notes receivable. The entity provides credit to its clients in the normal course of its operations. The Authority is exposed to concentration risk as Province of Manitoba comprise approximately 87% (2016: 88%) of the Authority's accounts receivable at year-end. Due to the nature of the Authority's establishment by the Child and Family Services Act, these amounts are considered to be collectible in full.

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

III. MANAGEMENT REPORT

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

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements and all the information in the annual report are the responsibility of the Funeral Board of Manitoba and have been prepared in accordance with Canadian Public Sector Accounting Standards. In the Board's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating Board's best judgment regarding all necessary estimates and all other data available to June 6, 2017.

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

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

On behalf of Management
Funeral Board of Manitoba

Original Document Signed

Denise Koss, Chairperson

June 6, 2017

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E-Mail / Courriel: funeralboard@gov.mb.ca
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IV. Auditor's Report

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Funeral Board of Manitoba (Board), which comprise the statement of financial position as at December 31, 2016, and the statements of operations, change in net financial assets (debt), and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2016 and the results of its operations, changes in net financial assets (debt), and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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

Office of the Auditor General

Office of the Auditor General
June 6, 2017
Winnipeg, Manitoba

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

V. Audited Financial Statements

FUNERAL BOARD OF MANITOBA
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
FINANCIAL ASSETS		
Cash	$ 149,626	$ 130,580
Short Term Investments	80,000	
Accounts Receivable	70,000	40,000
Total Financial Assets	299,626	170,580
LIABILITIES		
Accounts payable and accrued liabilities (note 7)	26,348	15,926
Deferred revenue	95,691	91,484
Total Liabilities	122,039	107,410
NET FINANCIAL ASSETS	177,587	63,170
NON-FINANCIAL ASSETS		
Prepaid Expenses	-	50
Supplies Inventory	1,825	1,321
Tangible Capital Assets (note 10)	1,205	1,688
	3,030	3,059
ACCUMULATED SURPLUS	$ 180,617	$ 66,229

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

Approved on behalf of The Funeral Board of Manitoba

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Denise Koss
Chairperson

Original Document Signed

Board Member

FUNERAL BOARD OF MANITOBA
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 Budget	2016 Actual	2015 Actual
REVENUE			
Operations Revenue			
Funeral Home Licences	$ 44,500	$ 44,500	$ 43,000
Funeral Director and Embalmer Licences	51,500	52,500	50,250
Cemeteries Act Licences	6,500	9,606	8,841
Prearranged Funeral Services Act	10,000	-	
Miscellaneous Income	20,400	1,801	17,494
	132,900	108,407	119,585
Grant Revenue - Vital Statistics Agency (note 9)	140,000	140,000	160,000
Total Revenue	272,900	248,407	279,585
EXPENSES			
Administration Charges (note 6)	87,000	41,470	64,260
Amortization	483	483	483
Audit	3,800	3,888	3,800
Board Meetings	13,000	1,263	3,960
Board Members - Honoraria	12,000	3,161	7,957
Communications	6,400	2,103	5,182
Conferences	8,000	5,411	7,135
Consultation Costs	6,750		-
External Audit Fees	20,000		-
Legal Fees	33,500	1,194	9,875
Miscellaneous	2,400	2,727	2,721
Office Supplies , Printing and Postage	2,900	2,753	2,346
Salaries and Benefits	64,464	65,551	63,152
Travel	10,900	4,015	4,911
Total Expenses	271,597	134,019	175,782
SURPLUS	1,303	114,388	103,803
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF PERIOD	66,229	66,229	(37,574)
ACCUMULATED SURPLUS, END OF PERIOD	$ 67,532	$ 180,617	$ 66,229

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

FUNERAL BOARD OF MANITOBA
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS / DEBT
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 Budget	2016 Actual	2015 Actual
SURPLUS	$ (8,714)	$ 114,388	$ 103,803
TANGIBLE CAPITAL ASSETS			
Acquisition of Capital Assets		-	-
Amortization of Capital Assets	483	483	483
	483	483	483
OTHER NON-FINANCIAL ASSETS			
Decrease in Prepaid Expense	571	50	521
Acquisitions of Supplies Inventory	(1,940)	(1,825)	(1,940)
Consumption of Supplies Inventory	1,394	1,321	1,394
Decrease/ (Increase) in Other Non-financial Assets	25	(454)	(25)
DECREASE (INCREASE) IN FINANCIAL ASSETS	(8,206)	114,417	104,261
NET DEBT, Beginning of Period	63,170	63,170	(41,091)
NET FINANCIAL ASSETS (DEBT), END OF PERIOD	$ 54,964	$ 177,587	$ 63,170

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

FUNERAL BOARD OF MANITOBA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
CASH FLOW PROVIDE BY (APPLIED TO):		
OPERATING		
Surplus, for the Period	$ 114,388	$ 103,803
Amortization of Tangible Capital Assets	483	483
	114,871	104,286
Change in:		
Accounts Receivable	(30,000)	20,000
Supplies Inventory	(504)	(546)
Prepaid	50	521
Accounts Payable and Accrued Liabilities	10,422	(111,440)
Deferred Revenues	4,207	(904)
	99,046	11,917
CAPITAL		
Acquisition of Tangible Capital Assets		
	-	-
NET INCREASE IN CASH	99,046	11,917
CASH, BEGINNING OF PERIOD	130,580	118,663
CASH AND SHORT TERM INVESTMENTS, END OF PERIOD	$ 229,626	$ 130,580

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

1.) Nature of Operations

The Funeral Directors and Embalmers Act established the Funeral Board of Manitoba (the Board) to licence and regulate Funeral Homes, Funeral Directors and Embalmers, and to prescribe the courses of training and instruction for articling students. As at December 5, 2013 the Board has been assigned the responsibility to licence and regulate under *The Cemeteries Act*.

2.) Significant Accounting Policies:

a. Basis of accounting

These financial statements are prepared by management in accordance with Canadian public sector accounting standards established by the Canadian Public Sector Accounting Board.

b. Cash

Cash includes cash on hand and bank balances.

c. Investments

Investments consist of a guaranteed investment certificate (GIC) with a national financial institution. The investment certificate is flexible and short term with a maturity of one year or less and cashable at any time.

d. Deferred Revenue and Revenue Recognition

The Board recognizes revenue under *The Funeral Directors and Embalmers Act* and *The Cemeteries Act* on an accrual basis. Any license fees which are received prior to December 31 and are applicable to the subsequent fiscal year are recorded as deferred revenue. Grant revenue is recognized when it is authorized and any eligibility criteria have been met. Receivables are recognized by the Board for those grants authorized by the Province prior to the end of the accounting period but not received.

e. Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

f. Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards, requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities at the date of the financial statements and the reported amounts of the revenues and expenses during the period.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

g. Non-Financial Assets

Tangible capital assets and other non-financial assets do not normally provide resources to discharge liabilities of the Board. These assets are normally employed to provide future services.

Tangible capital assets are recorded at cost. Cost includes the purchase price as well as other acquisition costs. The costs of tangible capital assets are amortized over their estimated useful lives as follows:

	Rate	Method
Computer equipment	20%	Straight line

One-half of the annual amortization is charged in the year of the acquisition and in the year of disposal.

3.) Financial instruments and Financial Risk Management

Measurement

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

The Funeral Board of Manitoba (the Board) records its financial assets at cost, which includes cash, short Term investments and accounts receivable.

The Board also records its financial liabilities at cost, which includes accounts payable and accrued liabilities.

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

The Board did not incur any re-measurement gains and losses during the year. (2015 - $ nil).

Financial Risk Management - overviews

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

Credit Risk

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

The maximum exposure of the Board to credit risk at the year end is:

	2016	**2015**
Cash	$ 229,626	$ 130,580
Accounts Receivable	70,000	40,000
	$ 299,626	$ 170,580

Cash and Short Term Investments: the Board is not exposed to significant credit risk as these amounts are held by a Canadian Chartered Bank.

Accounts Receivable: the Board is not exposed to significant credit risk as accounts receivable are from the Vital Statistics Agency, a provincial government organization. Accounts receivable are neither past due or impaired.

Liquidity Risk

Liquidity risk is the risk that the Board will not be able to meet its financial obligations as they come due. The Board manages liquidity risk by maintaining adequate cash balances.

3.) Financial instruments and Financial Risk Management (continued)

Market Risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Board's income or the fair value of its financial instruments.

Interest Rate Risk

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

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

Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Board is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency.

4.) The Public Sector Compensation Disclosure Act

In accordance with Section 2 of *The Public Sector Compensation Disclosure Act*, the following summarizes compensation paid:

Employee paid $ 50,000 or more	2016	2015
J. Delaney - Investigator	$ 61,690	$ 58,105
The aggregate amount paid to Board members was:		
(a) Honoraria, Board Members	$ 3,161	$ 8,175

5.) Related Party Transactions

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

6.) Administrative Charges - Vital Statistics Agency

Effective January 1, 2016 the administrative charges paid to Vital Statistics Agency have decreased. The decrease is based on an estimate of workload and overhead contributions provided by Vital Statistics Agency to the Board.

7.) Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following :

	2016	2015
General	$ 6,697	$ 8,475
Administration Charges	12,220	
Salaries and Benefits	7,431	7,451
	$ 26,348	$ 15,926

8.) Budgeted Figures

Budgeted figures have been provided for comparison purposes and have been derived from the annual budget approved by the Board.

9.) Going Concern

The accompanying financial statements have been prepared on the going concern assumption that the Board will be able to realize its assets and discharge its liabilities in the normal course of business. The Board received a grant of $140,000 ($160,000 – 2015) for the purpose of operations from the Vital Statistics Agency for the year December 31, 2016. There is no commitment for ongoing funding from the Province of Manitoba or its agencies for funding in future years.

The Board continues to review their financial position and the long term viability of the Board and is reviewing all options.

10.) Tangible Capital Assets

	2016		
	Cost	Accumulated Amortization	Net Book Value
Computer Equipment	$ 1,668	$ 483	$ 1,205

	2015		
	Cost	Accumulated Amortization	Net Book Value
Computer Equipment	2,171	$ 483	$ 1,688

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2017

General Child
and Family Services
Authority

Laura Crookshanks
Board Chair

Debbie Besant
Chief Executive Officer

301 – 180 King Street
Winnipeg, Manitoba
R3B 3G8
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www.generalauthority.ca

May 23, 2017

Management's Responsibility for Financial Reporting

The accompanying financial statements are the responsibility of management of the General Child and Family Services Authority and have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgments regarding all necessary estimates and all other data available as at May 23, 2017.

Management maintains internal controls to properly safeguard the assets of the General Child and Family Services Authority and to provide reasonable assurance that the books and records from which the financial statements are derived accurately reflect all transactions and that established policies and procedures are followed.

The financial statements of the General Child and Family Services Authority have been audited by Magnus LLP, Chartered Professional Accountants, independent external auditors. The responsibility of the auditor is to express an independent opinion on whether the financial statements of the General Child and Family Services Authority are fairly presented, in all material respects, in accordance with Canadian public sector accounting standards for government not-for-profit organizations. The Independent Auditor's Report outlines the scope of the audit examination and provides the audit opinion on the financial statements.

On behalf of Management of the
General Child and Family Services Authority

Original Document Signed	Original Document Signed
Debbie Besant Chief Executive Officer	Janice Rees Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
General Child and Family Services Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the General Child and Family Services Authority, which comprise the statement of financial position as at March 31, 2017, the statements of operations, changes in fund balances and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the General Child and Family Services Authority as at March 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with the Canadian public sector accounting standards for government not-for-profit organizations.

Magnus

May 23, 2017
Winnipeg, Canada

Chartered Professional Accountants

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Statement of Financial Position

March 31, 2017

	Operating Fund	Agency Fund	Special Projects Fund	Total 2017	Total 2016
Assets					
Current assets:					
Cash and cash equivalents	$ 1,429,060	$ -	$ -	$ 1,429,060	$ 840,662
Accounts receivable (Note 4)	34,039	192,123	695	226,857	395,092
Advances receivable (Note 5)	-	116,600	-	116,600	116,600
Portfolio investments (Note 6)	-	-	-	-	320,113
Prepaid expenses	6,578	-	-	6,578	18,307
Interfund balances	(727,284)	479,464	247,820	-	-
	742,393	788,187	248,515	1,779,095	1,690,774
Capital assets (Note 7)	91,270	-	-	91,270	106,172
	$ 833,663	$ 788,187	$ 248,515	$ 1,870,365	$ 1,796,946
Liabilities and Fund Balances					
Current liabilities:					
Accounts payable and accrued liabilities (Note 8)	$ 445,507	$ 192,123	$ 96,562	$ 734,192	$ 586,538
Working capital advances (Note 5)	-	116,600	-	116,600	116,600
Deferred contributions (Note 9)	68,961	-	151,953	220,914	56,018
	514,468	308,723	248,515	1,071,706	759,156
Fund balances:					
Unrestricted (Note 10)	319,195	479,464	-	798,659	1,037,790
Commitments (Note 14)					
	$ 833,663	$ 788,187	$ 248,515	$ 1,870,365	$ 1,796,946

See accompanying notes to financial statements.

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

Original Document Signed ______________ Director

Original Document Signed ______________ Director

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Statement of Operations

Year ended March 31, 2017

	Operating Fund	Agency Fund	Special Projects Fund	Total 2017	Total 2016
Revenue:					
Province of Manitoba:					
Operating grant (Note 11)	$ 2,555,303	$ -	$ -	$ 2,555,303	$ 2,376,699
Agency grants (Notes 11 and 12)	-	12,068,030	-	12,068,030	12,241,312
Brandon Friendship Centre (Note 11)	57,500	-	-	57,500	57,500
Other grants	-	-	-	-	31,200
Office of the Standing Committee	-	-	-	-	95,734
David Thomas Foundation	84,779	-	-	84,779	82,859
Children's Aid Foundation (Note 9)	68,857	-	-	68,857	70,061
Until the Last Child (Note 9)	-	-	348,047	348,047	6,174
Public Health Agency of Canada	12,250	-	-	12,250	15,875
Other revenue and recoveries	62,094	-	27,906	90,000	16,848
Investment income	14,601	-	-	14,601	14,310
	2,855,384	12,068,030	375,953	15,299,367	15,008,572
Expenses:					
Agency allocations (Note 12)	-	12,141,500	-	12,141,500	12,241,312
Agency support	11,979	-	-	11,979	25,621
Amortization	44,422	-	-	44,422	43,817
Board meetings and expenses	30,662	-	-	30,662	40,442
Grant expenses (Note 13)	357,232	-	-	357,232	289,316
Insurance	5,712	-	-	5,712	6,636
Interest and bank charges	1,138	-	-	1,138	1,740
Legal and audit	50,965	-	-	50,965	24,275
Mileage and parking	24,145	-	2,459	26,604	24,097
Office and supplies	49,927	-	22,888	72,815	44,870
Professional services	44,768	-	17,161	61,929	62,583
Rent	119,758	-	-	119,758	121,306
Telephone	31,775	-	-	31,775	25,535
Training and development	271,924	-	46,021	317,945	213,495
Travel	15,246	-	114	15,360	28,063
Utilities	3,797	-	-	3,797	3,320
Wages and benefits	1,957,595	-	287,310	2,244,905	1,755,924
	3,021,045	12,141,500	375,953	15,538,498	14,952,352
(Deficiency) excess of revenue over expenses	$ (165,661)	$ (73,470)	$ -	$ (239,131)	$ 56,220

See accompanying notes to financial statements.

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Statement of Changes in Fund Balances

Year ended March 31, 2017

	Operating Fund	Agency Fund	Special Projects Fund	Total 2017	Total 2016
Balance, beginning of year	$ 484,856	$ 552,934	$ -	$ 1,037,790	$ 981,570
(Deficiency) excess of revenue over expenses	(165,661)	(73,470)	-	(239,131)	56,220
Balance, end of year	$ 319,195	$ 479,464	$ -	$ 798,659	$ 1,037,790

See accompanying notes to financial statements.

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Statement of Cash Flow

Year ended March 31, 2017

	2017	2016
Cash provided by (applied to)		
Operating activities:		
(Deficiency) excess of revenue over expenses	$ (239,131)	$ 56,220
Adjustment for:		
Amortization	44,422	43,817
	(194,709)	100,037
Changes in the following:		
Accounts receivable	168,235	(372,704)
Prepaid expenses	11,729	16,708
Accounts payable and accrued liabilities	147,654	288,745
Deferred contributions	164,896	(77,944)
Cash provided by (applied to) operating activities	297,805	(45,158)
Investing activities:		
Change in portfolio investments	320,113	815,444
Cash provided by investing activities	320,113	815,444
Capital activities:		
Purchases of capital assets	(29,520)	(19,778)
Cash (applied to) capital activities	(29,520)	(19,778)
Change in cash and cash equivalents	588,398	750,508
Cash and cash equivalents, beginning of year	840,662	90,154
Cash and cash equivalents, end of year	$ 1,429,060	$ 840,662

See accompanying notes to financial statements.

1. Nature of organization

The General Child and Family Services Authority (the "Authority") was established on November 24, 2003 pursuant to *The Child and Family Services Authorities Act*. The Authority is a Government not-for-profit organization within the Department of Families responsible for the administration and provision of child and family services by the agencies under its jurisdiction, being Child and Family Services of Western Manitoba, Child and Family Services of Central Manitoba, Jewish Child and Family Service, and Winnipeg Rural and Northern Child and Family Services (Winnipeg Regional Office and Interlake, Eastman, Parkland and Northern Regions).

The Authority is a not-for-profit organization and is exempt from income taxes pursuant to *The Income Tax Act* (Canada).

2. Basis of accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards as issued by the Public Sector Accounting Board, including the standards available to government not-for-profit organizations (PS 4200 - PS 4270).

3. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian public sector standards for government not-for-profit organizations using the following significant accounting policies:

(a) Fund accounting

The Authority records its activities in the following funds:

(i) Operating Fund

The operating fund records the assets, liabilities, revenues and expenses relating to the primary activities and operations of the Authority as described in Note 1.

(ii) Agency Fund

The Province of Manitoba provides the Authority with grant payments for the private mandated child and family services agencies under its jurisdiction. Pursuant to *The Child and Family Services Authorities Act*, the Authority is responsible for determining funding allocations among its mandated agencies. The mandated agencies include both private agencies and government offices, which have different funding arrangements with the Authority. Private agencies receive all of their funding from the Authority (excluding child maintenance), while government offices receive funding directly from the government based on the approval of allocations by the Authority. Amounts relating to the agencies under its jurisdiction are recorded in the Agency Fund.

(iii) Special Projects Fund

The Authority established a Special Projects Fund during the year to be used for special projects as approved by the Board of Directors. This fund is used to record the assets, liabilities, revenues and expenses relating to special projects in order to ensure these amounts are segregated from the primary operations of the Authority and its agencies. Currently, the Special Projects Fund is used to record amounts relating to the Bringing Families Together Pilot Project Funding Agreement between the Province of Manitoba and the Northern Authority, Southern Network of Care, Métis Authority, the General Authority and the funder - Until the Last Child ("UTLC").

(iv) Interfund transfers

Any interfund transfers require approval by the Board of Directors and/or by the Department of Families.

3. Summary of significant accounting policies (continued)

(b) Revenue recognition

The Authority follows the deferral method of accounting for contributions. Externally restricted contributions are deferred and recognized as revenue in the applicable fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue in the applicable fund when received or receivable. Externally restricted contributions for the purchase of capital assets are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

Investment income and all other revenue is recognized on the accrual basis.

(c) Expenses

All expenses incurred are recognized on the accrual basis when the related goods or services are received.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand and short term investments and deposits with original maturities of three months or less.

(e) Portfolio investments

Portfolio investments include term deposits with original maturities greater than three months. Portfolio investments are recorded at cost.

(f) Capital asets

Capital assets are recorded at cost. Cost includes the purchase price and other acquisition costs. The costs of capital assets, less any residual value, are amortized over their estimated useful lives as follows:

	Rate	Method
Computer software	3 years	Straight-line
Furniture and fixtures	5 years	Straight-line
Leasehold improvements	5 years	Straight-line

(g) Financial instruments - measurement

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

The Authority records its financial assets at cost, which include cash and cash equivalents, accounts receivable, portfolio investments and advances receivable. The Authority also records its financial liabilities at cost, which include accounts payable and accrued liabilities and working capital advances.

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

3. Summary of significant accounting policies (continued)

(h) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements, and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and adjustments are recognized in the period they become known. Actual results may differ from these estimates.

4. Accounts receivable

Accounts receivable at March 31 is comprised of the following:

	2017	2016
Operating Fund:		
Interest receivable	$ 843	$ 5,238
Province of Manitoba - expense recoveries	12,624	31,200
Other receivables	20,572	37,022
Total Operating Fund	34,039	73,460
Agency Fund:		
Province of Manitoba - Agency stabilization funding	192,123	321,632
Total Agency Fund	192,123	321,632
Special Projects Fund:		
Province of Manitoba - expense recoveries - UTLC	695	-
Total Special Projects Fund	695	-
	$ 226,857	$ 395,092

5. Working capital advances and advances receivable

Working capital advances are provided to the Authority's agencies through the Province of Manitoba. The Province has approved the advances based on two twelfths of the annual expenditures an agency invoices the Department of Families for child maintenance. These advances are non-interest bearing and are repayable at the time the agency is no longer providing services on behalf of the Department. Total working capital advances to agencies as at March 31, 2017 are $116,600 (2016 - $116,600).

6. Portfolio investments

As at March 31, 2017, the fair value of the Authority's portfolio investments is $nil (2016 - $324,896).

7. Capital assets

	2017		
	Cost	Accumulated amortization	Net book value
Computer software	$ 63,835	$ 54,509	$ 9,326
Furniture and fixtures	116,546	98,417	18,129
Leasehold improvements	286,305	222,490	63,815
	$ 466,686	$ 375,416	$ 91,270

	2016		
	Cost	Accumulated amortization	Net book value
Computer software	$ 53,775	$ 49,828	$ 3,947
Furniture and fixtures	114,260	88,825	25,435
Leasehold improvements	269,130	192,340	76,790
	$ 437,165	$ 330,993	$ 106,172

8. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities at March 31 is comprised of the following:

	2017	2016
Operating Fund:		
Trade payables and accrued liabilities	$ 43,124	$ 106,696
Vacation pay accrual	7,103	7,798
Due to the Province of Manitoba	395,280	150,412
Total Operating Fund	445,507	264,906
Agency Fund:		
Due to Agencies - CFS Central Manitoba	192,123	321,632
Total Agency Fund	192,123	321,632
Special Projects Fund:		
Trade payables and accrued liabilities - UTLC	93,704	-
Vacation pay accrual - UTLC	2,858	-
Total Special Projects Fund	96,562	-
	$ 734,192	$ 586,538

9. Deferred contributions

Deferred contributions are externally restricted for specific purposes as determined by the funders and will be recognized as revenue in the appropriate fund in the period the specific expenditures are incurred. Changes in deferred contributions during the year are as follows:

(a) Deferred contributions - Operating Fund

Deferred contributions in the Operating Fund relates to funding from the following sources:

	2017	2016
Children's Aid Foundation:		
Balance, beginning of year	56,018	38,228
Add: contributions received or receivable	81,800	87,851
Less: amounts recognized as revenue	68,857	70,061
Balance, end of year	68,961	56,018
Total Operating Fund	$ 68,961	$ 56,018

(b) Deferred contributions - Special Projects Fund

Deferred contributions in the Special Projects Fund relates to funding from the following sources:

	2017	2016
Until the Last Child:		
Balance, beginning of year	-	-
Add: contributions received or receivable	500,000	-
Less: amounts recognized as revenue	348,047	-
Balance, end of year	151,953	-
Total Special Projects Fund	$ 151,953	$ -

10. Fund balances

As at March 31, 2017 and 2016, all of the Authority's fund balances are unrestricted. Any internally restricted fund balances represent amounts that have been internally designated for specific purposes as approved by the Board of Directors and/or by the Department of Families. Internally restricted funds may not be established with funding provided by the Department of Families without approval by the Department.

11. Province of Manitoba - funding reconciliation

A reconciliation of the funding received and/or receivable from the Province of Manitoba during the year to the amounts recognized as revenue is as follows:

		Cash Withheld for Secondments	Current Year Revenue
Funding received/receivable:			
Total 2016/17 amounts per Province of Manitoba confirmation	$13,155,438		
Less: Prior year receivable from the Province of Manitoba	(31,200)		
Less: Overpayment during the year returned subsequent to year end	(14,375)		
Less: Miscellaneous expense recoveries	(29,030)		
Total current year funding	$13,080,833		
Funding applied to:			
Agency grants	$12,068,030	$ -	$12,068,030
Operating grant	955,303	1,600,000	2,555,303
Brandon Friendship Centre	57,500	-	57,500
	$13,080,833	$ 1,600,000	$14,680,833

See Note 4 for amounts included above receivable from the Province of Manitoba as at year end.

12. Agency grants

During the year ended March 31, 2017, the Authority received funding from the Province of Manitoba in the amount of $12,068,030 for total funding recognized of $12,068,030 (2016 - $12,241,312) to be allocated to the agencies under its jurisdiction. Agency grants were allocated as follows:

	Child and Family Services Division			
Agency	Funding Model	Differential Response	Total 2017	Total 2016
Child and Family Services of Central Manitoba	$ 3,896,496	$ 367,650	$ 4,264,146	$ 4,585,776
Child and Family Services of Western Manitoba	7,429,932	-	7,429,932	7,113,578
Jewish Child and Family Service	447,422	-	447,422	541,958
Total	$11,773,850	$ 367,650	$12,141,500	$12,241,312

For the year ended March 31, 2017, the total amount allocated to agencies exceeded the funding received by $73,470 (2016 - $nil). Child maintenance is paid directly to the above agencies from the Province of Manitoba and is not included in the accounts of the Authority.

13. Grant expenses

The Authority made the following grant expenditures during the year:

	2017	2016
Children's Aid Foundation - CIBC Miracle Fund	$ 18,527	$ 22,379
Children's Aid Foundation - FC Transition & Comfort Kits	31,999	22,450
Children's Aid Foundation - Scotia Capital Stay in School Fund	18,331	25,199
Children's Aid Foundation - RBC Diversity Fund	-	32
Islamic Social Services Association	54,826	55,000
New Canadian Awareness Education Initiative	20,795	36,150
Post Secondary Education and Support	-	9,396
SOS - Brandon Friendship Centre	57,500	57,500
Vision Catchers	32,308	32,999
Youth Initiatives including Building Futures	122,946	28,211
	$ 357,232	$ 289,316

14. Commitments

The Authority has signed a lease renewal agreement for space on the third and sixth floors at 180 King Street. The agreement pertaining to the space on the third floor is for a ten year term expiring on November 30, 2022. The agreement pertaining to the space on the sixth floor is for a five year term expiring on November 30, 2017 with a five year renewal option. Occupancy charges for the year ending March 31, 2018 are estimated to be $120,180 (2017 actual - $119,758).

15. Financial instruments and financial risk management

The Authority does not have any significant financial instruments subsequently measured at fair value or denominated in a foreign currency therefore did not incur any remeasurement gains or losses during the year (2016 - $nil).

Financial risk management - overview

The Authority has exposure to the following risks resulting from its financial instruments: credit risk, liquidity risk, market risk, interest rate risk; and foreign currency risk.

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Authority to credit risk consist primarily of cash and cash equivalents, accounts receivable, portfolio investments and advances receivable.

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

	2017	2016
Cash and cash equivalents	$ 1,429,060	$ 840,662
Accounts receivable	226,857	395,092
Portfolio investments	-	320,113
Advances receivable	116,600	116,600
	$ 1,772,517	$ 1,672,467

15. Financial instruments and financial risk management (continued)

Cash and cash equivalents and portfolio investments: The Authority is not exposed to significant credit risk as the cash and cash equivalents and portfolio investments are held by a reputable Canadian financial institution.

Accounts receivable and advances receivable: The Authority is not exposed to significant credit risk as the nature of the accounts receivable and advances receivable are primarily with the Province of Manitoba resulting in minimal exposure to credit risk.

The Authority establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is based on management's estimates and assumptions regarding current economic conditions and historical funding and payment trends. These factors are considered when determining whether past due accounts are allowed for or written off. The balance in the allowance for doubtful accounts at March 31, 2017 is $nil (2016 - $nil).

As at March 31, 2017, the aging of accounts receivable is $226,857 current (2016 - $390,586 current and $4,506 60-90 days).

Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they come due. The Authority manages liquidity risk by maintaining adequate cash balances and by review from the Province of Manitoba to ensure adequate funding will be received to meet its obligations.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Authority's income or the fair values of its financial instruments. The significant market risk the Authority is exposed to is interest rate risk.

Interest rate risk

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

The interest rate risk on cash and cash equivalents is considered to be low because of their short term nature. The interest rate risk on portfolio investments is considered to be low because the original deposits and investments are reinvested at similar rates with similar terms and conditions.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Authority is not exposed to significant foreign currency risk as it does not have any significant financial instruments denominated in a foreign currency.

16. Comparative information

Certain of the amounts for the year ended March 31, 2016 have been reclassified to conform to the financial statement presentation adopted in the current year.

HELEN BETTY OSBORNE MEMORIAL FOUNDATION AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 WERE NOT AVAILABLE AT THE TIME OF PRINTING THE PROVINCE OF MANITOBA PUBLIC ACCOUNTS VOLUME IV

INSURANCE COUNCIL OF MANITOBA

Financial Statements

For the year ended March 31, 2017

BDO

Tel: 204 956 7200
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Toll-Free: 866 863 6601
www.bdo.ca

BDO Canada LLP
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Independent Auditor's Report

To the Members of the **INSURANCE COUNCIL OF MANITOBA**

We have audited the accompanying financial statements of the **INSURANCE COUNCIL OF MANITOBA**, which comprise the statement of financial position as at March 31, 2017, and the statements of operations and changes in net assets, remeasurement gains and losses and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **INSURANCE COUNCIL OF MANITOBA** as at March 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants

Winnipeg, Manitoba
May 10, 2017

INSURANCE COUNCIL OF MANITOBA
Statement of Financial Position

March 31		2017	2016
Assets			
Current Assets			
Cash and cash equivalents (Note 3)		$ **250,370**	$ 374,312
Interest receivable		**19,855**	22,105
Prepaid expenses		**3,516**	2,056
		273,741	398,473
Portfolio investments (Note 4)		**1,047,667**	1,058,493
Capital assets (Note 5)		**1,128,359**	749,780
		$ **2,449,767**	$ 2,206,746
Liabilities and Net Assets			
Current Liabilities			
Accounts payable and accrued liabilities		$ **87,099**	$ 83,913
Deferred revenue (Note 6)		**221,176**	210,953
		308,275	294,866
Commitments (Note 7)			
Net Assets			
Information Technology Reserve (Note 8)		**500,000**	500,000
Unrestricted net assets		**1,641,279**	1,410,795
		2,141,279	1,910,795
Accumulated remeasurement gains		**213**	1,085
		2,141,492	1,911,880
		$ **2,449,767**	$ 2,206,746

Approved on behalf of the Council:

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Member

Original Document Signed
Member

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

INSURANCE COUNCIL OF MANITOBA
Statement of Operations and Changes in Net Assets

For the year ended March 31	2017	2016
Revenue		
Examinations	$ 58,531	$ 85,085
Interest income	32,266	26,193
Licences (Note 9)	1,495,737	1,353,788
Other	97,980	69,095
	1,684,514	1,534,161
Expenses		
Advertising, dues and subscriptions	6,958	8,888
Amortization	226,865	181,012
Computer consulting fees	71,780	59,173
Conferences	8,017	20,960
Council	69,750	69,200
Equipment leases	4,987	5,146
Insurance	11,104	4,748
Meetings and travel	34,468	33,152
Merchant card expense, bank charges and interest	37,194	28,449
Office and equipment rental	27,980	26,598
Postage and courier	4,532	4,537
Professional fees	58,332	46,123
Recruiting and human resource	31,563	7,324
Rent	98,523	92,269
Salaries and benefits	746,293	670,141
Telephone and Internet	10,375	8,899
Training	5,309	7,544
	1,454,030	1,274,163
Excess of revenue over expenses for the year	230,484	259,998
Net assets, beginning of year	1,410,795	1,450,797
Transfer to Information Technology Reserve (Note 8)	-	(300,000)
Net assets, end of year	$ 1,641,279	$ 1,410,795

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

INSURANCE COUNCIL OF MANITOBA
Statement of Remeasurement Gains and Losses

For the year ended March 31		2017		2016
Accumulated remeasurement gains, beginning of year	**$**	**1,085**	$	949
Unrealized gain attributable to portfolio investments		**(872)**		136
Amounts reclassified to the statement of operations attributable to disposition of portfolio investments		**-**		-
Net remeasurement gain or losses during the year		**(872)**		136
Accumulated remeasurement gains, end of year	**$**	**213**	$	1,085

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

INSURANCE COUNCIL OF MANITOBA
Statement of Cash Flows

For the year ended March 31	2017	2016
Cash Flows from Operating Activities		
Excess of revenue over expenses for the year	**$ 229,612**	$ 260,134
Adjustments for		
Amortization	**226,865**	181,012
Unrealized loss on portfolio investments	**872**	(136)
	457,349	441,010
Changes in non-cash working capital balances		
Interest receivable	**2,250**	1,045
Prepaid expenses	**(1,460)**	4,644
Accounts payable and accrued liabilities	**3,186**	47,002
Deferred revenue	**10,223**	36,538
	471,548	530,239
Cash Flows from Investing Activities		
Purchase of capital assets	**(605,402)**	(484,330)
Proceeds on sale of investments	**211,147**	209,300
Purchase of investments	**(201,235)**	(236,733)
	(595,490)	(511,763)
Increase (decrease) in cash and cash equivalents for the year	**(123,942)**	18,476
Cash and cash equivalents, beginning of year	**374,312**	355,836
Cash and cash equivalents, end of year	**$ 250,370**	$ 374,312

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

1. Nature of Business and Summary of Significant Accounting Policies

Nature of Business

The Council was created under the provisions of the Insurance Act (Manitoba) on October 17, 1991 and commenced activities on May 6, 1992. The purpose of the Council is to administer the examinations for and licensing of insurance agents and adjusters in Manitoba. The Council is exempt from income taxes under section 149(1) of the *Income Tax Act*.

Management's Responsibility for the Financial Statements

The financial statements of the Council are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards for non-for-profit organizations as established by the Public Sector Accounting Board.

Basis of Accounting

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

Capital Assets

Capital assets are recorded at cost less accumulated amortization and are amortized over their estimated useful lives as follows:

Computer hardware	30% diminishing balance basis
Computer software	30% diminishing balance basis
Furniture and fixtures	20% diminishing balance basis
Leasehold improvements	5 year straight-line basis
Licence database	5 year straight-line basis
Website	30% diminishing balance basis

Financial Instruments

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

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

Information Technology Reserve

The Information Technology Reserve is to be used for funding future upgrades to the Council's information technology system.

Revenue Recognition

Licence fees are recognized as income over the term of the licence period. Examinations revenue is recognized when the exam is administered. Interest revenue is recognized on an accrual basis. Other fee revenue is recognized as services are provided.

Use of Estimates

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

2. Employee Benefits

The Council contributes 5.1% of employee salaries to a self administered RRSP on behalf of the employees up to the first $35,400 of earnings. The Council matches employee contributions to a maximum of 7% on earnings thereafter up to the maximum level allowed under federal taxation regulations. The Council's contributions to employee RRSPs for the year ended March 31, 2017 were $30,189 ($30,660 in 2016).

3. Cash and Cash Equivalents

	2017	2016
Cash and bank	**$ 108,173**	$ 21,714
Short term investments	**142,197**	352,598
	$ 250,370	$ 374,312

The fair value of the cash and cash equivalents approximates the carrying value.

For the year ended March 31, 2017

4. Long-term Investments

	2017 Cost	2017 Fair Value	2016 Fair Value
Concentra GIC, 1.9%, due September 15, 2021	$ 100,000	$ 100,000	$ -
Home Equity GIC, 1.9%, due September 15, 2021	44,000	44,000	-
Canadian Tire GIC, 1.85%, due October 12, 2021	34,000	34,000	-
Canadian Western GIC, 1.95%, due October 26, 2021	23,235	23,235	-
Home Trust GIC, 2.05%, due December 17, 2018	23,188	23,188	23,188
National Bank GIC, 2.31%, due June 25, 2020	100,000	100,000	100,000
Equitable Trust GIC, 2.3%, matured June 25, 2020	82,545	82,545	82,545
Presidents Choice GIC, 2.23%, due October 10, 2020	31,000	31,000	31,000
Mont Trust GIC, 2.95%, due June 23, 2016	-	-	100,000
Maple Trust GIC, 2.95%, due June 23, 2016	-	-	38,916
Bank of Montreal GIC, 2.37%, due October 7, 2016	-	-	19,000
Home Trust GIC, 2.05%, due October 26, 2016	-	-	20,000
Royal Bank of Canada GIC, 2.45%, due November 17, 2016	-	-	34,235
AGF Trust Company GIC, 2.52%, due June 26, 2017	36,647	36,860	36,770
Advisor's Advantage Trust GIC, 2.40%, due July 10, 2017	34,051	34,051	34,051
Manulife Bank of CDA GIC, 2.60%, due July 10, 2017	30,000	30,000	30,000
Royal Bank of CDA GIC, 2.40%, due July 10, 2017	60,000	60,000	60,000
Canadian Western GIC, 2.40%, due November 27, 2017	41,159	41,159	41,159
Bank of Montreal Mortgage GIC, 2.60%, due July 4, 2018	199,683	199,683	199,683
Laurentien Bank GIC, 2.55%, due March 28, 2019	49,571	49,571	49,571
Canadian Tire Bank GIC, 2.45%, due August 20, 2019	55,743	55,743	55,743
Laurentian Bank GIC, 2.46%, due August 20,2019	50,000	50,000	50,000
Home Trust GIC, 2.55%, due October 24, 2019	52,632	52,632	52,632
	$ 1,047,454	$ 1,047,667	$ 1,058,493

The investments are classified as long-term since it is the intent of the Council to reinvest the investments when they mature.

5. Capital Assets

	2017			2016		
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Computer hardware	**$ 218,972**	**$ 188,563**	**$ 30,409**	$ 215,991	$ 175,692	$ 40,299
Computer software	**114,380**	**65,028**	**49,352**	113,133	44,412	68,721
Furniture and fixtures	**134,743**	**109,830**	**24,913**	134,743	103,601	31,142
Leaseholds improvements	**25,000**	**25,000**	**-**	25,000	25,000	-
Database	**1,764,730**	**742,384**	**1,022,346**	1,163,556	555,850	607,706
Website	**27,353**	**26,014**	**1,339**	27,353	25,441	1,912
	$ 2,285,178	**$ 1,156,819**	**$ 1,128,359**	$ 1,679,776	$ 929,996	$ 749,780

6. Deferred Revenue

Deferred revenue represents payments received for licenses and fees that cover more than the current fiscal year. The deferred portion will be recognized as revenue in the year to which it pertains to.

Licenses are recognized as revenue on a straight-line basis over the term of the license. Examination fees are recognized at the time the related exam is held.

7. Commitments

The Council leases equipment and office premises under the provisions of operating leases. These commitments are as follows:

2018	$ 102,150
2019	101,939
2020	37,771
2021	5,686
2022	1,422

8. Information Technology Reserve

During the prior year, a transfer of $300,000 from Unrestricted Net Assets to the Information Technology Reserve was approved by the Board of Directors.

9. Related Party Transactions

The Council and the Office of the Superintendent of Insurance of Manitoba ("OSIM") levy fees on members. The Council acts as agent and remits 44% of licence and other fees (excluding RIA's) and 15% of examination fees to the OSIM. These amounts are not included in the financial statements. In 2017, this amount is $1,105,669 ($1,012,875 in 2016).

10. Financial Risk Management

The Council is exposed to different types of risk in the normal course of operations, including credit risk, market risk, interest rate risk and liquidity risk. The Council's objective in risk management is to optimize the risk return trade-off, within set limits, by applying integrated risk management and control strategies, policies and procedures throughout the Council's activities. The Council limits its exposure to credit risk and market risk by maintaining a diversified portfolio and by investing in high quality investments.

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. The Council is exposed to credit risk from its interest receivable from various investments they hold. The risk is mitigated by investing in safe and secure investments, such as Guaranteed Investment Certificates and Provincial bonds.

Market Risk

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. The Council limits its exposure to market risk by placing its cash and bank and investments in low risk investment vehicles. Risk and volatility of investment returns are mitigated through the diversification of investment vehicles.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Council is exposed to interest rate risk through its investments. The Council limits its exposure to interest rate risk by investing in only fixed rate guaranteed investment certificates and bonds.

Liquidity Risk

Liquidity risk is the risk that the Council will not be able to meet its obligations as they fall due. The Council has a planning and budgeting process in place to help determine the funds required to support the Council's normal operating requirements on an ongoing basis. The Council ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

LE CENTRE CULTUREL FRANCO-MANITOBAIN

CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017

LISE DELEURME
COMPTABLE AGRÉÉE INC.
CHARTERED ACCOUNTANT INC.

INDEPENDENT AUDITOR'S REPORT

To the Members of **Le Centre Culturel Franco-Manitobain**:

We have audited the accompanying consolidated financial statements of **Le Centre Culturel Franco-Manitobain**, which comprise the consolidated statement of financial position as at **March 31, 2017** and the consolidated statements of operations and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of **Le Centre Culturel Franco-Manitobain** as at **March 31, 2017** and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

Original Document Signed

Notre-Dame-de-Lourdes, Manitoba
June 26, 2017

Chartered Professional Accountant Inc.

Notre-Dame-de-Lourdes : 137, ave Notre-Dame ouest/West
St. Claude : 46 1st Street
Holland : 102 Broadway Street

Box 266
Notre-Dame-de-Lourdes, MB
R0G 1M0

Téléphone/Phone : (204) 248-2073
Courriel / Email : deleurme@mymts.net

LE CENTRE CULTUREL FRANCO-MANITOBAIN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2017

		2017		2016
ASSETS				
CURRENT				
Cash and bank	$	**23,099**	$	9,280
Grants receivable		**83,840**		81,120
Accounts receivable		**111,432**		88,153
Accounts receivable Province du Manitoba (Note 2)		**25,891**		25,891
Prepaid expenses		**12,493**		15,165
GST receivable		**2,363**		14,639
Inventory		**6,113**		1,059
		265,231		235,307
LONG TERM				
Capital assets (Note 3)		**79,366**		93,911
	$	**344,597**	$	329,218
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Bank indebtedness (Note 4)	$	**32,203**	$	50,285
Accounts payable and accrued liabilities		**206,018**		163,226
Deferred revenue (Note 5)		**10,514**		28,736
Rental and damage deposits		**17,200**		16,525
		265,935		258,772
LONG TERM LIABILITIES				
Long-term debt		**23,750**		-
Deferred contributions related to capital assets (Note 6)		**24,051**		30,044
		313,736		288,816
CONTINGENCIES (Note 11)				
FUND BALANCES				
Unrestricted Funds				
Operations		**(229,320)**		(146,121)
Cultural programs		**206,205**		122,656
Operations - Les Amis du CCFM Inc.		**(1,339)**		-
Internally Restricted Funds				
Invested in Capital Assets (Note 7)		**55,315**		63,867
		30,861		40,402
	$	**344,597**	$	329,218

Approved on behalf of the Board of Directors:

Original Document Signed
_______________________ Director

Original Document Signed
_______________________ Director

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

LE CENTRE CULTUREL FRANCO-MANITOBAIN

CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED MARCH 31, 2017

	Operations	Cultural Programs	Invested in Capital Assets	Operations Les Amis du CCFM Inc.	2017 Total	2016 Total
REVENUES						
Grants						
Province of Manitoba	$ 461,700	$ 76,950	$ 25,000	$ -	$ 563,650	$ 660,550
Government of Canada	-	189,000	-	-	189,000	186,170
Other	-	83,863	-	-	83,863	61,054
Amortization of deferred contributions	-	-	5,993	-	5,993	7,513
Hall rental sales	183,835	-	-	-	183,835	167,935
Rent	134,570	-	-	-	134,570	137,447
Admission fees	-	97,315	-	-	97,315	101,587
Technical services	78,124	-	-	-	78,124	73,393
Food and beverage sales	19,856	29,398	-	-	49,254	52,058
Janitorial services	27,329	-	-	-	27,329	5,873
Sponsorships and donations	200	13,650	-	950	14,800	12,400
Other	1,567	2,025	-	-	3,592	1,813
Stamp and photocopy sales	2,112	-	-	-	2,112	1,770
Administration fees	1,997	114	-	-	2,111	1,218
Interest income	1,357	-	-	-	1,357	1,897
	912,647	492,315	30,993	950	1,436,905	1,472,678
EXPENSES (See schedule)	998,999	408,766	36,392	2,289	1,446,446	1,506,926
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR	$ (86,352)	$ 83,549	$ (5,399)	$ (1,339)	$ (9,541)	$ (34,248)
FUND BALANCES, BEGINNING OF YEAR,	(146,121)	122,656	63,867	-	40,402	74,650
INTERFUND TRANSFER	3,153	-	(3,153)	-	-	-
FUND BALANCES, END OF YEAR	$ (229,320)	$ 206,205	$ 55,315	$ (1,339)	$ 30,861	$ 40,402

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

LE CENTRE CULTUREL FRANCO-MANITOBAIN

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Cash received from:		
Grants	$ 818,431	$ 987,052
Rent	319,377	323,250
Sales and services	253,664	219,770
Interest	1,357	1,897
Other	1,700	1,531
Cash paid for:		
Salaries and benefits	(671,536)	(655,827)
Projects, materials and supplies	(689,850)	(1,001,180)
	33,143	(123,507)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of capital assets	(1,242)	(1,089)
INCREASE (DECREASE) IN CASH DURING THE YEAR	31,901	(124,596)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	(41,005)	83,591
CASH AND AND CASH EQUIVALENTS, END OF YEAR	$ (9,104)	$ (41,005)

Represented by:

	2017	2016
Cash and bank	$ 23,099	$ 9,280
Bank indebtedness	(32,203)	(50,285)
	$ (9,104)	$ (41,005)

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

BASIS OF PRESENTATION

The consolidated financial statements of the corporation are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards as established by the Public Sector Accounting Board.

BASIS OF CONSOLIDATION

The consolidated financial statements combine the accounts of Les Amis du CCFM Inc. This controlled entity was established in 2016, as a charitable organization, to support the efforts of the Le Centre Culturel Franco-Manitobain (CCFM) in achieving it's cultural and educational activities in French.

Les Amis du CCFM Inc. has been consolidated with the operations of the CCFM since the date of inception and will continue to be consolidated until the date when control ceases. The financial statements of Les Amis du CCFM Inc. are prepared for the same reporting period as the CCFM using consistent accounting policies. All intercompany transactions and accounts have been eliminated on consolidation.

REVENUE RECOGNITION

The corporation follows the deferral method accounting for contributions.

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

(i) Unrestricted Funds

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

Cultural Programs - Includes transactions related to the delivery of cultural programs as outlined in the objectives of the corporation.

Operations - Les Amis du CCFM Inc. - Includes transactions related to the activities of this organization.

(ii) Internally Restricted Funds

Invested in capital assets - Involves internal restrictions and is used for recording capital asset additions, major repairs related to the building's operations, amortization of deferred contributions related to capital assets and amortization of capital assets. At year end, an interfund transfer is recorded from the Operations fund to the Invested in capital assets fund representing the corporation's net investment in capital assets.

REVENUE RECOGNITION (Cont'd)

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

Hall rental sales, food and beverage sales, technical services, and sponsorships and donations are recognized as revenue when the services are rendered if the amount to be received can be reasonably estimated and collection is reasonably assured.

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

Donations are recognized as revenue when the amount is received.

FINANCIAL INSTRUMENTS

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market are reported at fair value, with any unrealized gains and losses reported in the consolidated financial statements, if applicable. All other financial instruments are reported at cost or amortized cost less impairment. Financial assets are tested for impairment when changes in circumstance indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each consolidated statement of financial position date and charged to the financial instrument for those measured at amortized cost.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, bank balances and bank indebtedness.

INVENTORY

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

CAPITAL ASSETS

Acquired capital assets are stated at their acquisition cost less accumulated amortization and are amortized using the diminishing balance method at the following annual rates:

Technical equipment	20%
Computer equipment	30%
Kitchen equipment	20%
Cash registers	20%
Furniture and fixtures	20%
Security system	20%
Maintenance equipment	20%
Telephone systems	20%
Electronic signs	20%
Air Make-up Unit	10 years (straight line method)

USE OF BUILDING

The use of the building is accounted for as described in Note 8.

USE OF ESTIMATES

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

1. NATURE OF THE CORPORATION

LE CENTRE CULTUREL FRANCO-MANITOBAIN ("the corporation") was incorporated under Chapter C45 of the Statutes of the Province of Manitoba. The corporation's objectives are to maintain, encourage, foster and sponsor, by all means available, all types of cultural activities in the French language and to make French-Canadian culture known to all residents of the province.

2. VACATION PAY RECEIVABLE

The amount recorded as a receivable from the Province of Manitoba for vacation pay expenses was initially based on the estimated value of the corresponding liability as at March 31, 1995. Subsequent to March 31, 1995, the Province of Manitoba has included in its ongoing annual funding to the corporation an amount equal to the current year's expense for vacation pay entitlements.

3. CAPITAL ASSETS

	2017 Cost	2017 Accumulated amortization	2016 Cost	2016 Accumulated amortization
Technical equipment	**$ 202,805**	**$ 186,110**	$ 201,563	$ 181,937
Computer equipment	**138,313**	**135,734**	138,313	134,629
Air Make-up System	**47,659**	**12,915**	47,659	9,055
Furniture and fixtures	**37,200**	**29,759**	37,200	27,866
Security system	**30,420**	**28,380**	30,420	27,870
Electric sign	**29,409**	**19,771**	29,409	17,362
Maintenance equipment	**29,772**	**27,417**	29,772	26,829
Kitchen equipment	**15,541**	**14,519**	15,541	14,263
Cash registers	**8,999**	**7,720**	8,999	7,401
Telephone equipment	**6,552**	**4,979**	6,552	4,305
	$ 546,670	**$ 467,304**	$ 545,428	$ 451,517
Net book value		**$ 79,366**		$ 93,911

4. BANK INDEBTEDNESS

The corporation has a line of credit with Caisse Groupe Financier Ltée for a maximum of $100,000 bearing interest at prime (3.050% at March 31, 2017). The line of credit is secured by a general security agreement. At March 31, 2017, the line of credit has a balance of $32,203 ($50,285 at March 31, 2016)

5. DEFERRED REVENUE

Deferred revenue represents unspent resources received during the year related to matching expenses of subsequent periods.

	2017	2016
Province of Manitoba - Cultural Programs	**4,600**	22,550
Other sources of funding - Cultural Programs	**2,000**	3,350
Other revenues - Operating	**3,914**	2,836
Balance, end of year	**$ 10,514**	$ 28,736

6. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent the unamortized portion of grants received with which capital assets have been purchased. The contributions are being included in income at the same rates that the related assets are being amortized.

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

	2017	2016
Balance, beginning of year	**$ 30,044**	$ 46,980
Amount amortized to revenue	**(5,993)**	(7,513)
Balance, end of year	**$ 24,051**	$ 30,044

7. INVESTED IN CAPITAL ASSETS

Investment in capital assets is calculated as follows :

	2017	2016
Capital assets, net book value	**$ 79,366**	$ 93,911
Less deferred contributions	**(24,051)**	(30,044)
	$ 55,315	$ 63,867

8. USE OF BUILDING

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

The corporation charges rent to all tenants, groups and organizations that make use of the building. This rental revenue is retained by the corporation and recorded as revenue in the Operations fund, thereby reducing the corporation's reliance on funding from the Province.

The corporation pays certain expenses related to utility and maintenance costs for the Centre du Patrimoine and for Le Cercle Molière. The corporation recovers the utility and maintenance costs from La Société historique de Saint-Boniface and from Le Cercle Molière.

9. FINANCIAL RISK MANAGEMENT

General Objectives, Policies, and Processes
The Board of Directors has overall responsibility for the determination of the corporation's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the corporation's Executive Director. The Board of Directors receives monthly reports from the corporation's Executive Director through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The corporation is exposed to different types of risk in the normal course of its operations, including credit risk and market risk.

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

Credit Risk
Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the corporation to credit risk consist principally of accounts receivable.
The corporation's maximum exposure to credit risk without taking account of any collateral or other credit enhancements is as follows:

	2017	2016
Grants receivable	**$ 83,840**	$ 81,120
Accounts receivable	**111,432**	88,153
Accounts receivable - Province of Manitoba	**25,891**	25,891
GST receivable	**2,363**	14,639
	$ 223,526	$ 209,803

9. FINANCIAL RISK MANAGEMENT (continued)

Accounts receivable: The corporation is not exposed to significant credit risk as receivables are spread among a large client base and geographic region and payment in full is typically collected when it is due. The corporation establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is based on management's estimates and assumptions regarding current market conditions, customer analysis and historical payment trends. These factors are considered when determining whether past due accounts are allowed for or written off.

Grants receivable and accounts receivable - Province of Manitoba: The corporation is not exposed to significant credit risk as these receivables are from the Provincial and Federal Government.

Market Risk

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

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The corporation is not exposed to significant interest rate risk. Cash is held in short-term or variable rate products and bank indebtedness is also at variable rates.

The corporation is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency and the number of transactions in foreign currency are minimal.

Liquidity Risk

Liquidity risk is the risk that the corporation will not be able to meet its financial obligations as they fall due. The corporation has a planning and budgeting process in place to help determine the funds required to support the corporation's normal operating requirements on an ongoing basis. The corporation ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

10. ECONOMIC DEPENDENCE

The corporation is economically dependent on grants from the Province of Manitoba and Government of Canada.

11. CONTINGENCIES

The corporation has been named in legal actions. Provisions have been recorded for likely settlements subsequent to year-end however no provisions have been made in the accounts where the final results are uncertain as of the audit report date.

12. PUBLIC SECTOR COMPENSATION DISCLOSURE ACT

In accordance with Section 2 of *The Public Sector Compensation Disclosure Act*, the following summarizes compensation paid or provided in the fiscal year ending March 31, 2017:

Employee paid $50,000 or more - **NIL**

	2017	2016
The aggregate amount paid to Board members was:		
(a) Honoraria, Board Members	**$ 21,750**	$ 20,400

LE CENTRE CULTUREL FRANCO-MANITOBAIN
CONSOLIDATED SCHEDULE OF EXPENSES
For the year ended March 31, 2017

	Operations	Cultural Programs	Invested in Capital Assets	Operations - Les Amis du CCFM Inc.	2017 Total	2016 Total
EXPENSES						
Salaries	$ 496,948	$ 198,502	$ -	$ -	$ 695,450	$ 664,453
Employment and other contracts	115,471	120,826	-	-	236,297	213,114
Utilities	97,184	-	-	-	97,184	84,422
Repairs and maintenance	63,847	1,990	20,605	-	86,442	268,346
Professional and consulting fees	73,818	602	-	2,289	76,709	27,070
Travel	465	44,535	-	-	45,000	27,457
Hall rental and technical services	40,573	2,550	-	-	43,123	38,990
Food and beverage	16,183	16,807	-	-	32,990	34,278
Computer and technology	30,365	-	-	-	30,365	31,345
Supplies	21,241	6,427	-	-	27,668	27,616
Insurance	22,052	-	-	-	22,052	21,308
Amortization of capital assets	-	-	15,787	-	15,787	19,330
Advertising and promotion	644	10,596	-	-	11,240	13,031
Telephone and internet	8,854	-	-	-	8,854	7,586
Fees and dues	4,354	2,760	-	-	7,114	8,836
Bank charges and interest	5,319	-	-	-	5,319	6,493
Other	1,410	2,061	-	-	3,471	2,723
Meetings	958	293	-	-	1,251	2,754
Materials	92	787	-	-	879	4,702
Bad debt (recovery)	(779)	30	-	-	(749)	3,072
	$ 998,999	$ 408,766	$ 36,392	$ 2,289	$ 1,446,446	$ 1,506,926

LEAF RAPIDS TOWN PROPERTIES LTD. AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 WERE NOT AVAILABLE AT THE TIME OF PRINTING THE PROVINCE OF MANITOBA PUBLIC ACCOUNTS VOLUME IV

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, 2017.

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 Document Signed

GIL CLIFFORD
Executive Director
Legal Aid Manitoba

July 7, 2017

Auditor's Report

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Management Council of Legal Aid Manitoba

We have audited the accompanying financial statements of Legal Aid Manitoba, which comprise the statement of financial position as at March 31, 2017 and the statements of operations, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Legal Aid Manitoba as at March 31, 2017 and the results of its operations and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Office of the Auditor General

Office of the Auditor General
July 7, 2017
Winnipeg, Manitoba

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

Statement of Financial Position

Legal Aid Manitoba
Statement of Financial Position
as at March 31, 2017

		2017		2016
ASSETS				
Current Assets				
Cash	$	$3,861,336	$	$2,814,029
Short-term investment		2,815,256		2,789,588
Client accounts receivable (Note 3)		159,147		166,950
Receivable from the Province of Manitoba		3,460,000		3,450,000
Other receivables (Note 4)		122,742		176,749
Prepaid expenses		240,851		238,559
		10,659,332		9,635,875
Capital Assets (Note 5)		291,096		299,078
Long-term receivable – charges on land (Note 6)		825,069		812,581
Long-term receivable – severance – Province of Manitoba (Note 7)		716,166		716,166
Long-term receivable – pension – Province of Manitoba (Note 14)		26,035,448		24,564,770
		27,576,683		26,093,517
	$	38,527,111	$	36,028,470
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	$	2,560,094	$	2,462,774
Accrued vacation pay		1,219,142		1,234,123
Deferred revenue from clients		643,027		408,053
		4,422,263		4,104,950
Provision for employee future benefits (Note 8)		3,012,904		2,930,275
Provision for employee pension benefits (Note 14)		26,035,448		24,564,770
		29,048,352		27,495,045
Net Assets				
Invested in Capital Assets		291,096		299,078
Externally Restricted Net Assets (Note 15)		78,559		78,559
Internally Restricted Net Assets – Access to Justice (Note 16)		1,500,000		1,500,000
Internally Restricted Net Assets – Mega Case Fund (Note 17)		600,000		600,000
Unrestricted Net Assets		2,586,841		1,950,838
		5,056,496		4,428,475
	$	38,527,111	$	36,028,470

Approved by the Management Council

Original Document Signed
______________________ Chairperson

Original Document Signed
______________________ Council Member

Statement of Operations

Statement of Operations
for the year ended March 31, 2017

	2017	2016
Revenue		
Province of Manitoba (Note 9)	$ 33,811,277	$ 32,302,190
Manitoba Law Foundation (Note 10)	1,273,629	1,140,629
Contribution from clients	613,313	543,514
Recoveries from third parties	914,262	1,572,829
Judgement costs and settlements	275,850	334,070
Interest income	33,019	28,113
Other	11,814	16,751
	36,933,164	35,938,096
Expense		
Private bar fees and disbursements (Note 13)		
Legal aid certificates	14,367,137	12,246,827
Duty counsel services	383,587	409,715
Transcripts	114,439	85,623
	14,865,163	12,742,165
Community Law Centres, Schedule 1	14,657,064	14,936,382
Public Interest Law Centre, Schedule 1	1,552,663	1,536,343
University of Manitoba Community Law Centre, Schedule 1	200,854	165,089
General and Administrative, Schedule 1	5,029,399	4,628,095
	36,305,143	34,008,074
Excess of revenue over expense	$ 628,021	$ 1,930,022

Statement of Changes in Net Assets

LEGAL AID MANITOBA

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

	2017						2016
	Invested in Capital Assets	Externally Restricted Net Assets (Note 15)	Internally Restricted Net Assets (Note 16)	Internally Restricted Net Assets (Note 17)	Unrestricted Net Assets	Total	Total
Balance, Beginning of Year	$ 299,078	78,559	1,500,000	600,000	1,950,838	4,428,475	2,498,453
Excess (deficiency) of revenue over expense					628,021	628,021	1,930,022
Capital Asset Additions	70,805				(70,805)	-	-
Capital Asset Amortization	(78,787)				78,787	-	
BALANCE, END OF YEAR	$ 291,096	$ 78,559	$ 1,500,000	$ 600,000	$ 2,586,841	$ 5,056,496	$ 4,428,475

Statement of Cash Flow

Statement of Cash Flow
for the year ended March 31

		2017		2016
Cash Flow Provided by (Used In) Operating Activities:				
Excess of revenue over expense	$	628,021	$	1,930,022
Add items not affecting cash				
Amortization		78,787		74,599
Changes in working capital:				
Client accounts receivable		7,803		20,494
Province of Manitoba receivable		(10,000)		2,340,000
Other receivables		54,007		44,699
Prepaid expenses		(2,292)		(5,938)
Accounts payable and accrued vacation pay		82,339		(2,250,564)
Deferred revenue		234,974		(262,270)
Charges on land		(12,488)		65,121
Long-term funding commitments - pension		(1,470,678)		(1,243,773)
Severance liability		106,829		105,972
Sick leave liability		(24,200)		8,700
Provision for employee pension benefits		1,470,678		1,243,773
		1,143,780		2,070,835
Cash Flow Used in Investment Activities:				
Redemption of short term investment		(25,668)		(1,271,311)
Purchase of capital assets		(70,805)		(74,375)
		(96,473)		(1,345,686)
Net Increase in Cash for the Year		1,047,307		725,149
Cash - Beginning of Year		2,814,029		2,088,880
Cash - End of Year	$	3,861,336	$	2,814,029

Supplemental Cash Flow Information		2017		2016
Interest Received	$	33,019	$	28,113

LEGAL AID MANITOBA

SCHEDULE 1

Schedule of Expenses
for the year ended March 31

	Community Law Centres		Public Interest Law Centre		University of Manitoba Community Law Centre		General and Administrative		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Advertising	$16,898	$17,198	$0	$0	$0	$0	$236	$0	$17,134	$17,198
Amortization	29,414	44,615	2,753	2,653	1,019	2,413	45,601	24,918	78,787	74,599
Bad debts	0	0	0	0	0	0	372,780	175,282	372,780	175,282
Bank charges	0	0	0	0	0	0	3,980	3,464	3,980	3,464
Collection costs	0	0	0	0	0	0	7,629	3,875	7,629	3,875
Computer costs	29,489	42,499	6,915	288	1,494	26	14,270	11,040	52,168	53,853
Council expenses	0	0	0	0	0	0	84,923	88,137	84,923	88,137
Duty counsel	219,416	202,338	4,094	3,568	538	0	720	720	224,768	206,626
Equipment maintenance	66,810	72,048	5,419	3,694	1,503	948	25,089	23,746	98,821	100,436
File disbursements	227,489	325,465	399,815	473,924	8,872	5,982	25,175	32,944	661,351	838,315
Library	79,838	79,560	12,829	13,034	971	152	1,446	752	95,084	93,498
Meetings	4,050	8,155	2,974	4,926	362	1,476	39,733	13,052	47,119	27,609
Office expenses	241,164	236,819	13,155	8,393	6,441	6,722	61,225	65,510	321,985	317,444
Office relocation	8,886	4,700	0	80	0	0	0	399	8,886	5,179
Pension costs (Note 14)	796,309	861,019	59,585	59,421	10,730	4,910	1,624,262	1,372,594	2,490,886	2,297,944
Premise costs	1,208,974	1,044,401	100,163	79,109	167	0	277,727	391,838	1,587,031	1,515,348
Professional fees	230,016	228,684	19,800	27,299	60	580	167,674	138,193	417,550	394,756
Salaries, benefits, and levy	10,883,223	11,298,547	886,768	808,324	161,903	127,077	2,093,484	2,055,979	14,025,378	14,289,927
Severance benefits	112,095	106,389	0	24,561	0	0	106,829	105,972	218,924	236,922
Sick leave provision	0	0	0	0	0	0	-24,200	8,700	-24,200	8,700
Staff development	103,016	54,103	6,008	5,610	75	0	12,181	25,787	121,280	85,500
Staff recruitment	34,649	19,171	205	296	455	770	177	216	35,486	20,453
Telephone	204,294	139,189	17,893	9,237	2,665	2,572	76,896	67,894	301,748	218,892
Transcripts	17,143	14,305	0	0	24	227	0	0	17,167	14,532
Travel	143,891	137,177	14,287	11,926	3,575	11,234	11,562	17,083	173,315	177,420
TOTAL	$14,657,064	$14,936,382	$1,552,663	$1,536,343	$200,854	$165,089	$5,029,399	$4,628,095	$21,439,980	$21,265,909

Notes to Financial Statements

LEGAL AID MANITOBA

Notes to Financial Statements
for the year ended March 31, 2017

1. Nature of the Corporation

Legal Aid Manitoba (the Corporation) was established by an Act of the Legislative Assembly of Manitoba.

The purpose of the Corporation, as set out in the Act, is to service the public interest by:

a) Providing quality legal advice and representation to eligible low-income individuals;
b) Administering the delivery of legal aid in a cost-effective and efficient manner; and
c) Providing advice to the Minister on legal aid generally and on the specific legal needs of low-income individuals.

The Corporation is economically dependent upon the Province of Manitoba. Other revenue sources include the Manitoba Law Foundation, individual clients, and third party agencies.

2. Significant Accounting Policies

a) Basis of Presentation

The financial statements are prepared in accordance with the Canadian standards for government not-for-profit organizations ("GNFPO") including Public Sector Accounting Handbook 4200 series as issued by the Canadian Public Sector Accounting Standards Board.

b) Financial Instruments

The Corporation's financial instruments include cash, short-term investments, client accounts receivable, receivable from the Province of Manitoba, other receivables, long-term receivables, and accounts payable.

Financial assets and liabilities are recognized at cost or amortized cost.

Amortized cost is determined using the effective interest rate method.

Gains and losses on financial instruments measured at cost or amortized cost are recognized in the statement of revenue and expense in the period the gain or loss occurs.

c) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

LEGAL AID MANITOBA

Notes to Financial Statements
for the year ended March 31, 2017

Estimates include the allowance for doubtful accounts, accrual for private bar fees and the provision for employee future benefits and provision for employee pension benefits. Actual results could differ from these estimates.

d) Revenue Recognition

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

e) Short-Term Investments

Short-term investments consist of Guaranteed Investment Certificates with maturity dates within one year.

f) Recognition of Contributions from Clients

Clients may be required to pay a portion or all of the legal costs incurred on their behalf by the Corporation based on the clients' ability to pay.

i) Agreements to Pay – Partial

Clients who are able to pay, sign an agreement to pay for their portion of the applicable legal costs. The amount the client is required to pay is specified on the Legal Aid Certificate. The revenue and receivable are recognized when the service is provided.

ii) Agreements to Pay – Full

Under terms of Agreements to Pay - Full, clients are required to pay all of the legal costs and an administration fee of 25% of the Corporation's cost of the case. The maximum administration fee is $300. The revenue and receivable are recognized based on the date of the lawyer's billing which coincide with when the service is provided.

iii) Charges on Land

Charges on land are registered under section 17 of the *Corporations Act* in a land titles office against property owned by clients. The revenue and receivable are recognized at the later of the date the lien is filed or the date of the lawyer's billing which coincide with when the service is provided. Collection of these accounts in the future is dependent on the client disposing of the property or arranging for payment.

LEGAL AID MANITOBA

Notes to Financial Statements
for the year ended March 31, 2017

g) Allowance for Doubtful Accounts

The allowances for doubtful accounts are determined annually based on a review of individual accounts. The allowances represent management's best estimate of probable losses on receivables. Where circumstances indicate doubt as to the ultimate collectability of an account, specific allowances are established for individual accounts. In addition to the allowances identified on an individual account basis, the Corporation establishes a further allowance representing management's best estimate of additional probable losses in the remaining accounts receivable.

h) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization of capital assets is recorded on a straight-line basis over the estimated useful lives of the capital assets as follows:

- Furniture and office equipment – 10 years
- Computer hardware & software – 4 years
- Leasehold improvements – over the term of the lease

i) Pension Plan

Employees of the Corporation are pensionable under the *Civil Service Superannuation Act*. The Civil Service Superannuation Plan is a defined benefit pension plan. The Corporation accrues a provision for the liability for the employer's share of employee pension benefits, including future cost of living adjustments, based on actuarial calculations. When actual experience varies from actuarial estimates, the adjustment is amortized over the expected remaining service life of the employee group (EARSL) which is currently 15 years (2016 – 15 years). Amortization commences the year following the year when the actuarial gain or loss arises.

j) Severance Liability

The Corporation records the estimated liability for accumulated severance pay benefits for their employees. The amount of this estimated liability is based on actuarial calculations. The periodic actuarial valuation of this liability may determine that an adjustment is needed to the actuarial calculation when actual experience is different from that expected and/or because of changes in actuarial assumptions used. The resulting actuarial gains or losses are recognized on a straight-line basis over the expected average remaining service life (EARSL) of

LEGAL AID MANITOBA

Notes to Financial Statements
for the year ended March 31, 2017

the related employee group. Amortization commences the year following the year when the actuarial gain or loss arises.

k) Sick Leave Liability

The Corporation records the estimated liability for accumulated sick leave benefits for their employees. The amount of this estimated liability is based on actuarial calculations. The periodic actuarial valuation of this liability may determine that an adjustment is needed to the actuarial calculation when actual experience is different from that expected and/or because of changes in actuarial assumptions used.

3. Client Accounts Receivable

	2017	2016
Agreements to Pay – Partial	$ 25,402	$ 32,257
Agreements to Pay – Full	299,877	362,228
	325,279	394,485
Less: Allowance for Doubtful Accounts	166,132	227,535
Client accounts receivable	$ 159,147	$ 166,950

4. Other Receivables

	2017	2016
Court costs	$ 802,898	$ 639,922
Child and Family Services agencies	74,177	92,426
Employment and Income Assistance	20,267	56,957
Employee advances, GST recoverable, and miscellaneous	15,832	13,104
	913,174	802,409
Less: Allowance for Doubtful Accounts	790,432	625,660
Other receivables	$ 122,742	$ 176,749

Notes to Financial Statements

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Notes to Financial Statements
for the year ended March 31, 2017

5. Capital Assets

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and office equipment	$ 287,278	$ 234,713	$ 303,075	$ 236,004
Computer hardware & software	328,161	245,451	282,228	215,238
Leasehold improvements	232,353	76,532	234,816	69,799
	$ 847,792	$ 556,696	$ 820,119	$ 521,041
Net book value		$ 291,096		$ 299,078

6. Charges on Land

	2017	2016
Charges on land	$ 1,849,884	$ 1,723,886
Less: Allowance for Doubtful Accounts	1,024,815	911,305
Charges on land	$ 825,069	$ 812,581

7. Long-term Receivable - Severance Benefits

The amount recorded as a receivable from the Province of Manitoba for severance pay was initially based on the estimated value of the corresponding actuarially determined liability for severance pay as at March 31, 1998. Subsequent to March 31, 1998, the Province provides annual grant funding for severance expense. As a result, the change in the severance liability each year is fully funded. The interest component related to the receivable is reflected in the funding for severance expense. The receivable for severance pay will be paid by the Province when it is determined that the cash is required to discharge the related severance pay liabilities.

8. Provision for Employee Future Benefits

	2017	2016
Severance benefits	$ 2,643,904	$ 2,537,075
Sick leave benefits	369,000	393,200
	$ 3,012,904	$ 2,930,275

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Notes to Financial Statements
for the year ended March 31, 2017

Severance benefits

Effective April 1, 1998, the Corporation commenced recording the estimated liability for accumulated severance pay benefits for their employees. The amount of this estimated liability is based on actuarial calculations. The periodic actuarial valuation of this liability may determine that an adjustment is needed to the actuarial calculation when actual experience is different from that expected and/or because of changes in actuarial assumptions used. The resulting actuarial gains or losses are recognized on a straight-line basis over the expected average remaining service life (EARSL) of the related employee group. Amortization commences the year following the year when the actuarial gain or loss arises.

An actuarial report was completed for the severance pay liability as at March 31, 2017. The Corporation's actuarially determined net liability for accounting purposes as at March 31, 2017 was $2,643,904 (2016 - $2,537,075). The report provides a formula to update the liability on an annual basis.

Severance pay, at the employee's date of retirement, will be determined using the eligible employee's years of service and based on the calculation as set by the Province of Manitoba. The maximum payout is currently 23 weeks at the employee's weekly salary at the date of retirement. Eligibility will require that the employee has achieved a minimum of 9 years of service and that the employee is retiring from the Corporation.

	2017	**2016**
Balance at beginning of year	$ 2,395,237	$ 2,302,930
Benefits accrued	118,049	112,678
Interest accrued on benefits	143,714	140,939
Benefits paid	(152,404)	(130,950)
Actuarial (gain) loss	(120,696)	(30,360)
Balance at end of year	2,383,900	2,395,237
Unamortized actuarial gains (losses)	260,004	141,838
	$ 2,643,904	$ 2,537,075

The Corporation’s severance costs consist of the following:

	2017	**2016**
Benefits accrued	$ 118,049	$ 112,678
Interest accrued on benefits	143,714	140,939
Amortization of actuarial losses (gains)	(42,839)	(16,695)
	$ 218,924	$ 236,922

Notes to Financial Statements

LEGAL AID MANITOBA

Notes to Financial Statements
for the year ended March 31, 2017

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

	2017	2016
Annual rate of return		
Inflation component	2.00%	2.00%
Real rate of return	4.00%	4.00%
	6.00%	6.00%
Assumed salary increase rates		
Annual productivity increase	0.75%	0.75%
Annual general salary increase	2.00%	2.00%
Service, merit, & promotion (SMP) – average	1.00%	1.00%
	3.75%	3.75%

Sick leave benefits

Effective April 1, 2014, the Corporation commenced recording the estimated liability for sick leave benefits for their employees that accumulate but do not vest. The amount of this estimated liability is based on actuarial calculations.

An actuarial report was completed for the sick leave liability as at March 31, 2017. The valuation is based on employee demographics, sick leave usage and actuarial assumptions. These assumptions include an annual rate of return of 6.00% and a salary increase rate of 3.75%. The Corporation's actuarially determined net liability for accounting purposes as at March 31, 2017 was $369,000 (2016 - $393,200).

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Notes to Financial Statements
for the year ended March 31, 2017

9. Revenue from the Province of Manitoba

		2017		2016
Grant	$	19,117,021	$	17,142,323
Salaries and other payments		12,445,046		12,737,798
Health and post secondary education tax levy		267,486		278,416
Employer portion of employee benefits		1,918,624		2,024,748
Other government agencies		63,100		118,905
	$	33,811,277	$	32,302,190

Grant revenue from the Province of Manitoba includes the Corporation's share of provisions recorded for unfunded pension liabilities.

10. Revenue from the Manitoba Law Foundation

		2017		2016
Statutory grant	$	1,007,629	$	1,007,629
Public Interest Law Centre		180,000		90,000
University Law Centre		86,000		43,000
	$	1,273,629	$	1,140,629

A statutory grant, pursuant to subsection 90(1) of the *Legal Profession Act*, is received annually from the Manitoba Law Foundation. The Corporation's share under the Act is 50% of the total interest on lawyers' trust accounts as received by the Foundation or a minimum of $1,007,629, whichever is greater. In the event that interest received by the Foundation in the preceding year, after deduction of the Foundation's operational expenses, is not sufficient to pay the statutory minimum of $1,007,629 to the Corporation, the Act provides for pro-rata sharing of the net interest.

Other grants from the Manitoba Law Foundation are received pursuant to subsection 90(4) of the *Legal Profession Act*. These grants are restricted for the Public Interest Law Centre and the University Law Centre. At March 31, 2017, all funds received through these grants have been spent in the current year.

Notes to Financial Statements

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Notes to Financial Statements
for the year ended March 31, 2017

11. Lease Commitments

The Corporation rents facilities under operating leases. Unpaid remaining commitments under the leases, which expire at varying dates are:

2018	$ 1,139,117
2019	1,146,614
2020	1,099,030
2021	1,103,774
2022	1,084,881
Thereafter	3,154,065
	$ 8,727,481

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

	2017			2016
	Fees	**Disbursements**	**Total**	**Total**
Legal aid certificates	$ 13,521,082	$ 846,055	$ 14,367,137	$ 12,246,827
Duty counsel services	383,587	0	383,587	409,715
Transcripts	0	114,439	114,439	85,623
	$ 13,904,669	$ 960,494	$ 14,865,163	$ 12,742,165

14. Provision for Employee Pension Benefits

Pension costs consist of benefits accrued, interest accrued on benefits and experience (gain) loss. This liability is determined by an actuarial valuation annually with the balances for the intervening periods being determined by a formula provided by the actuary. The most recent valuation was completed as at December 31, 2016. The actuary has projected the pension obligation to March 31, 2017.

LEGAL AID MANITOBA

Notes to Financial Statements
for the year ended March 31, 2017

	2017	2016
Balance at beginning of year	$ 25,425,066	$ 23,981,328
Benefits accrued	899,266	890,393
Interest accrued on benefits	1,521,876	1,433,967
Benefits paid	(1,020,208)	(1,054,172)
Actuarial (gain) loss	1,129,942	173,551
Balance at end of year	27,955,942	25,425,067
Unamortized actuarial gains (losses)	(1,920,494)	(860,297)
	$ 26,035,448	$ 24,564,770

The Corporation's pension costs consist of the following:

	2017	2016
Benefits accrued	$ 899,266	$ 890,393
Interest accrued on benefits	1,521,876	1,433,967
Amortization of actuarial (gains) losses	69,744	(26,416)
	$ 2,490,886	$ 2,297,944
Employee contributions for the year	892,217	906,529

The key actuarial assumptions were a rate of return of 6.00% (2016 – 6.00%), 2.00% inflation (2016 – 2.00%), salary rate increases of 3.75% (2016 – 3.75%) and post retirement indexing 2/3 of the inflation rate. The projected benefit method was used and the liability has been extrapolated to March 31, 2017.

The Province of Manitoba has accepted responsibility for funding of the Corporation's pension liability and related expense which includes an interest component. The Corporation has therefore recorded a receivable from the Province equal to the estimated value of its actuarially determined pension liability $26,035,448 (2016 – $24,564,770), and has recorded revenue for 2016/17 equal to its increase in the unfunded pension liability during the year of $1,470,678 (2016 – $1,243,773). The Province makes payments on the receivable when it is determined that the cash is required to discharge the related pension obligation.

15. Externally Restricted Net Assets - Wrongful Conviction Cases

During the fiscal year ended March 31, 2006 the Province of Manitoba approved a reallocation of $130,000 from the Corporation's unrestricted net assets. This funding was provided for section 696 applications under the Criminal Code for wrongful conviction appeals. In the current fiscal year, the Corporation did not incur any expenses (2016 -

Notes to Financial Statements

LEGAL AID MANITOBA

Notes to Financial Statements
for the year ended March 31, 2017

nil) for private bar fees and disbursements related to wrongful conviction cases. The balance remaining is $78,559.

16. Internally Restricted Net Assets – Access to Justice Initiatives

Effective the fiscal year ended March 31, 2015, the Management Council internally restricted $1,500,000 of the accumulated surplus for the purpose of implementing access to justice initiatives and addressing the low financial eligibility guidelines. These funds are not available for other purposes without approval by the Management Council.

17. Internally Restricted Net Assets – Mega Case Fund

Effective the fiscal year ended March 31, 2016, the Management Council internally restricted $600,000 of the accumulated surplus to fund legal aid services to eligible individuals charged with indictable offences that are complex and costly. These funds are not available for other purposes without approval by the Management Council.

18. Public Sector Compensation Disclosure

For the purposes of the *Public Sector Compensation Disclosure Act*, all compensation for employees, Management Council members, and the private bar fees and disbursements from the Corporation is disclosed in a separate statement.

19. Financial Risk Management

The Corporation has potential exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk;
- Interest rate risk; and
- Foreign currency risk

The Corporation manages its exposure to risks associated with financial instruments that have the potential to affect its operating performance. The Corporation's Management Council has overall responsibility for the establishment and oversight of the Corporation's objectives, policies and procedures for measuring, monitoring and managing these risks.

LEGAL AID MANITOBA

Notes to Financial Statements
for the year ended March 31, 2017

Credit risk

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

The maximum exposure of the Corporation to credit risk at March 31, 2017 is:

Cash	$ 3,861,336
Short-term investment	2,815,256
Client accounts receivable	159,147
Receivable from the Province of Manitoba	3,460,000
Other receivables	122,742
Long-term receivables:	
• Charges on land	825,069
• Severance - Province of Manitoba	716,166
• Pension - Province of Manitoba	26,035,448
	$ 37,995,164

Cash: The Corporation is not exposed to significant credit risk as the cash is held by a large financial banking institution.

Short-term investment: The Corporation is not exposed to significant credit risk as the short-term investments consists of a Guaranteed Investment Certificate held by a large financial banking institution.

Client accounts receivable includes clients that contribute toward the cost of their case under the Agreements to Pay – Partial and Agreements to Pay – Full payment programs based on a contract. The Corporation manages its credit risk on these accounts receivables which are primarily small amounts held by a large client base. It is typically expected that clients will settle their account based on their payment program. The Corporation establishes an allowance for doubtful accounts that represents its estimate of potential credit losses.

Receivable from the Province of Manitoba: The Corporation is not exposed to significant credit risk as the receivable is from the provincial government.

Other receivables include court costs, Child and Family Services agencies, Employment and Income Assistance, and miscellaneous. The Corporation is exposed to significant credit risk related to court costs and therefore, an allowance of 95% is set up to recognize the likelihood of collection. In the case of receivables from Child and Family Services agencies and Employment and Income Assistance, they are funded through

LEGAL AID MANITOBA

Notes to Financial Statements
for the year ended March 31, 2017

the Province of Manitoba. Miscellaneous includes employee advances, GST and other recoverable costs. Employee advances are usually paid within one month, GST is received quarterly and other recoverable costs are usually paid within 90 days of receipt of an order to pay by the courts or other authority.

Long-term receivable – charges on land: The Corporation manages its credit risk on these accounts receivables which primarily consists of small amounts held by a large client base for which payment is secured by a lien on property. The Corporation establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is calculated on a specific identification basis and a general provision based on historical experience.

Long-term receivables – severance and pension – Province of Manitoba: The Corporation is not exposed to significant credit risk as the receivables are with the provincial government.

The Corporation establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is based on management's estimates and assumptions regarding current market conditions, client analysis and historical payment trends. These factors are considered when determining whether past due accounts are allowed for or written off.

The change in the allowance for doubtful accounts during the year was as follows:

	2017	2016
Balance, beginning of the year	$ 1,764,500	$ 1,604,743
Provision for bad debts	372,780	175,282
Amounts written off	(155,900)	(15,525)
Balance, end of the year	$ 1,981,380	$ 1,764,500

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they come due.

The Corporation manages liquidity risk by maintaining adequate cash balances. The Corporation prepares and monitors detailed forecasts of cash flows from operations and anticipated investing and financing activities. Identified funding requirements are requested, reviewed and approved by the Minister of Finance to ensure adequate funding will be received to meet the obligations. The Corporation continuously monitors and reviews both actual and forecasted cash flows through periodic financial reporting.

LEGAL AID MANITOBA

Notes to Financial Statements
for the year ended March 31, 2017

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Corporation's income or the fair values of its financial instruments. The significant market risks the Corporation is exposed to are: interest rate risk and foreign currency risk.

Interest rate risk

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

The interest rate risk is considered to be low on cash because of its short-term nature and low on accounts payable because they are typically paid when due.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency.

20. Measurement Uncertainty- Private bar

A certificate is issued to individuals seeking legal aid assistance. Each certificate issued authorizes legal services to be performed within the tariff guidelines based on the type of legal case. The estimated liability on work performed but not yet billed is $2,200,000 (2016 – $2,200,000). The estimation is based on an analysis of historical costs and time frames to complete similar cases. The estimated liability is included in accounts payable. It is offset by an associated accounts receivable from the Province of Manitoba, which is included in the Receivable from the Province of Manitoba balance. Additionally, management estimates a future liability related to work not yet performed on outstanding certificates as at March 31, 2017 of $6,442,000 (2016 – $5,600,000). This amount has not been recorded in the financial statements.

The estimated liability is subject to measurement uncertainty. Such uncertainty exits when there is a variance between the recognized amount and another reasonable amount, as there is whenever estimates are used. While management's best estimates have been used for reporting the private bar liability, it is possible that there will be a material difference between estimated amount and actual costs.

LIQUOR AND GAMING AUTHORITY OF MANITOBA

Financial Statements
For the year ended March 31, 2017

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba, and
To the Board of the Liquor and Gaming Authority of Manitoba:

We have audited the accompanying financial statements of the Liquor and Gaming Authority of Manitoba, which comprise the statement of financial position as at March 31, 2017 and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

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

Office of the Auditor General

Office of the Auditor General
June 28, 2017
Winnipeg, Manitoba

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

LIQUOR AND GAMING AUTHORITY OF MANITOBA
Statement of Financial Position

As at March 31	Actual 2017	Actual 2016
Financial assets		
Cash and cash equivalents	$ **5,082,447**	$ 5,510,946
Accounts receivable (Note 4)	**35,673**	94,922
Long-term investment (Note 5)	**146,079**	146,079
	5,264,199	5,751,947
Liabilities		
Accounts payable and accrued liabilities (Note 6)	**939,905**	1,248,740
Deferred revenue (Note 7)	**464,359**	886,827
Severance benefits (Note 8)	**964,473**	956,144
Retirement benefits (Note 8)	**233,845**	195,800
Non-vested sick leave benefits (Note 8)	**174,450**	182,214
Total employee future benefits	**1,372,768**	1,334,158
	2,777,032	3,469,725
Net financial assets	**2,487,167**	2,282,222
Non-financial assets		
Tangible capital assets (Note 9)	**259,804**	278,239
Prepaid expenses	**65,370**	67,750
	325,174	345,989
Accumulated surplus	$ **2,812,341**	$ 2,628,211

On behalf of the Board:

Original Document Signed

Board Member

Original Document Signed

Board Member

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

LIQUOR AND GAMING AUTHORITY OF MANITOBA
Statement of Operations and Accumulated Surplus

For the year ended March 31	Budget 2017	**Actual 2017**	Actual 2016
Revenue			
Licence fees – gaming	$ 6,203,300	**$ 6,070,906**	$ 6,124,992
Licence fees – liquor	1,744,300	**1,741,853**	1,784,729
MLLC funding transfer	3,400,000	**2,708,000**	3,250,000
Other revenue	19,300	**33,360**	42,740
Interest earned	24,800	**35,400**	28,010
	11,391,700	**10,589,519**	11,230,471
Expenses			
Salaries and benefits	8,323,600	**7,893,392**	8,097,382
Rent	657,500	**661,841**	658,350
Legal and professional fees	407,800	**336,041**	272,459
Transportation	466,900	**308,905**	376,883
Communications	265,800	**287,683**	268,091
Supplies and services	313,100	**269,280**	238,696
Education, training, conferences	200,000	**202,582**	201,122
Public education	375,000	**201,029**	174,731
Amortization	139,800	**70,481**	82,916
Accommodations	86,000	**69,616**	74,248
Other expenses	68,000	**49,574**	44,617
Board	60,400	**33,827**	46,246
Human resources/systems support	20,600	**13,557**	10,515
Loss on disposal of tangible capital assets	0	**7,581**	4,045
First Nations legal and professional	0	**0**	172,612
Amalgamation expenses (Note 10)	0	**0**	15,631
	11,384,500	**10,405,389**	10,738,544
Annual surplus	7,200	**184,130**	491,927
Accumulated surplus, beginning of year	2,679,200	**2,628,211**	2,136,284
Accumulated surplus, end of year	$ 2,686,400	**$ 2,812,341**	$ 2,628,211

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

LIQUOR AND GAMING AUTHORITY OF MANITOBA
Statement of Change in Net Financial Assets

For the year ended March 31	Budget 2017	**Actual 2017**	Actual 2016
Annual surplus	$ 7,200	**$ 184,130**	$ 491,927
Acquisition of tangible capital assets	(2,168,000)	**(59,627)**	(44,007)
Amortization of tangible capital assets	139,800	**70,481**	82,916
Loss on disposal of tangible capital assets	0	**7,581**	4,045
	(2,028,200)	**18,435**	42,954
Decrease (increase) in prepaid expenses	0	**2,380**	(5,613)
Increase (decrease) in net financial assets	(2,021,000)	**204,945**	529,268
Net financial assets, beginning of year	2,383,000	**2,282,222**	1,752,954
Net financial assets, end of year	$ 362,000	**$ 2,487,167**	$ 2,282,222

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

LIQUOR AND GAMING AUTHORITY OF MANITOBA
Statement of Cash Flows

For the year ended March 31	2017	2016
Operating transactions		
Annual surplus	$ **184,130**	$ 491,927
Loss on disposal of tangible capital assets	**7,581**	4,045
Changes in non-cash items		
Accounts receivable	**59,249**	245,723
Prepaid expenses	**2,380**	(5,613)
Accounts payable and accrued liabilities	**(308,835)**	(99,789)
Deferred revenue	**(422,468)**	307,161
Provision for employee severance benefits	**8,329**	65,966
Provision for employee pension benefits	**38,045**	100,861
Provision for employee sick leave benefits	**(7,764)**	29,128
Amortization	**70,481**	82,916
Cash provided by operating transactions	**(368,872)**	1,222,325
Capital transactions		
Cash used to acquire tangible capital assets	**(59,627)**	(44,007)
Increase (decrease) in cash and cash equivalents	**(428,499)**	1,178,318
Cash and cash equivalents, beginning of year	**5,510,946**	4,332,628
Cash and cash equivalents, end of year	$ **5,082,447**	$ 5,510,946
Supplemental cash flow information		
Interest received	**33,595**	29,342

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

1. Nature of Operations

The Liquor and Gaming Authority of Manitoba (LGA) began its operations on April 1, 2014. The LGA was established by *The Liquor and Gaming Control Act* and accompanying Lieutenant Governor in Council and LGA board regulations. As per this act, the Manitoba Gaming Control Commission is continued under the name LGA. The LGA regulates liquor sales, service and manufacturing, and regulates gaming employees, products and operations.

2. Summary of Significant Accounting Policies

a. Basis of Accounting

These financial statements are prepared by management in accordance with Canadian Public Sector Accounting Standards, established by the Public Sector Accounting Board.

b. Cash and Cash Equivalent

Cash and cash equivalents include cash on hand, demand deposits, and short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These short-term investments generally have a maturity of three months or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

c. Employee Future Benefits

(i) The cost of severance obligations is determined using the annual actuarial report as at March 31, 2017. Severance pay, at the employee's date of retirement, will be determined using the eligible employee's years of service and based on the calculation as set by the Province of Manitoba. For legacy Manitoba Gaming Control Commission employees and former non-unionized Regulatory Services Division employees of the Manitoba Liquor Control Commission who transferred to the LGA, the maximum payout is currently 23 weeks at the employee's weekly salary at the date of retirement. Eligibility will require that the employee has achieved a minimum of nine years of service and that the employee is retiring from the LGA. For former unionized Regulatory Services Division employees of the Manitoba Liquor Control Commission who transferred to the LGA, the entitlement is one week's pay for each complete year of continuous service, to a maximum of 25 weeks at the employee's weekly salary at the date of retirement. The Manitoba Liquor and Lotteries Corporation (MLLC) will maintain the severance liability to March 31, 2014, for all former Manitoba Liquor Control Commission employees who transferred to the LGA.

(ii) All LGA employees belong to the Province of Manitoba's Civil Services Superannuation Fund (Superannuation Fund), which is a multi-employer joint trustee plan. The Superannuation Fund is a defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service and highest earnings averaged over five years.

The joint trustee board of the Superannuation Fund determines the required contribution rates.

The LGA's contribution to the Superannuation Fund is recorded as an expense for the year.

(iii) The cost of non-vested sick leave benefits is determined by an estimation of the number of days earned during the year that will be used in future periods in excess of the annual entitlement.

d. Tangible Capital Assets

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

Equipment	20% declining balance basis
Furniture and fixtures	10% declining balance basis
Computer equipment	30% declining balance basis
Leasehold improvements	Straight-line method over remaining term of lease (0 months)

e. Prepaid Expenses

Prepaid expenses include rent, insurance and supplies and are charged to expenses over the periods expected to benefit from it.

f. Revenues

Revenues are recorded on an accrual basis except for gaming event licence fees, supplier licence fees, social occasion permit fees, and licence application fees, which are recognized on a cash receipt basis.

The annual funding transfer from the Manitoba Liquor and Lotteries Corporation is the amount that the LGA, with the approval of the Treasury Board, directs the Manitoba Liquor and Lotteries Corporation to pay to the LGA.

g. Expenses

Expenses are recorded on an accrual basis.

h. Measurement Uncertainty

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

3. Financial Instruments and Financial Risk Management

<u>Measurement</u>

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

The LGA records its financial assets at cost. Financial assets include cash and cash equivalents, temporary investments and accounts receivable. The LGA also records its financial liabilities at cost. Financial liabilities are accounts payable.

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

The LGA did not incur any re-measurement gains and losses during the year ended March 31, 2017 (2016 - $nil).

The LGA has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk, market risk, interest risk, and foreign currency risk.

Credit risk

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

The maximum exposure of the LGA to credit risk as at March 31, 2017 was:

	2017	2016
Cash and cash equivalents	**$ 5,082,447**	$ 5,510,946
Accounts receivable	**35,673**	94,922
	$ 5,118,120	$ 5,605,868

Cash and cash equivalents: The LGA is not exposed to significant credit risk as the deposits are primarily held by the Minister of Finance.

Accounts receivable: The LGA is not exposed to significant credit risk as the receivable is composed of fees due from clients and payment in full is typically collected when it is due. The LGA does not use an allowance for doubtful accounts. The policy is to write off any accounts deemed uncollectible during the year.

The aging of accounts receivable as at March 31, 2017 was:

Current	$ 28,442
30 to 60 days past billing date	3,872
61 to 90 days past the billing date	535
More than 90 days past the billing date	2,824
	$ 35,673

Liquidity risk

Liquidity risk is the risk that the LGA will not be able to meet its financial obligations as they come due.

The LGA manages liquidity risk by maintaining adequate cash balances. The LGA prepares and monitors forecasts of cash flows from operations and anticipated investing and financing activities. The LGA continuously monitors and reviews both actual and forecasted cash flows through periodic financial reporting.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the LGA's income or the fair values of its financial instruments. The significant market risk the LGA is exposed to is interest rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to cash and cash equivalents. The interest rate risk on cash and cash equivalents is considered to be low, because of their short-term nature.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The LGA is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency.

4. Accounts Receivable

		2017		2016
MLLC	$	**10,700**	$	12,916
Liquor service/retail beer vendor licensees		**1,100**		6,050
First Nation casinos		**7,350**		3,750
Social occasion permit holders		**4,650**		2,250
Gaming event licensees		**2,523**		3,418
Interest on short-term investments		**5,691**		3,886
Other trades		**3,659**		62,652
	$	**35,673**	$	94,922

5. Long-Term Investment

The Province of Manitoba had accepted responsibility for the severance pay benefits of $146,079 accumulated to March 31, 1998, for certain employees. Effective March 31, 2009, the Province of Manitoba placed the amount of $146,079 into an interest-bearing trust account to be held on the LGA's behalf until the cash is required to discharge the related liabilities. Interest earned on this investment this year was $906 (2016 - $996).

6. Accounts Payable and Accrued Liabilities

		2017		2016
Accounts payable and accrued liabilities	$	**122,723**	$	106,474
Salaries and benefits payable		**16,987**		282,140
Accrued vacation pay		**798,899**		857,617
Other		**1,296**		2,509
	$	**939,905**	$	1,248,740

7. Deferred Revenue

Deferred revenue consists of liquor service and retail beer vendor licence fees received to be recognized as revenue in the year in which the related revenues are earned.

	Balance at Beginning of Year	Receipts During Year	Transferred to Revenue	Balance at End of Year
Licence fees	$ 886,827	$ 462,961	$ 885,429	$ 464,359

8. Employee Future Benefits

a. Severance Benefits

The amount of the estimated liability for accumulated severance pay benefits for LGA employees is determined using the annual actuarial report of severance obligations as at March 31, 2017. It should be noted that the Manitoba Liquor and Lotteries Corporation will maintain the severance liability earned to March 31, 2014, for all former Regulatory Services Division employees of the Manitoba Liquor Control Commission who transferred to the LGA. The LGA will continue to accrue the severance liability for former Manitoba Gaming Control Commission employees and will accrue the severance liability for former Regulatory Services Division employees of the Manitoba Liquor Control Commission April 1, 2014, and onwards.

For former Manitoba Gaming Control Commission employees and former non-unionized Regulatory Services Division employees of the Manitoba Liquor Control Commission who transferred to the LGA, the maximum payout is currently 23 weeks at the employee's weekly salary at the date of retirement. Eligibility will require that the employee has achieved a minimum of nine years of service and that the employee is retiring from the LGA. For former unionized Regulatory Services Division employees of the Manitoba Liquor Control Commission who transferred to the LGA, the entitlement is one week's pay for each complete year of continuous service, to a maximum of 25 weeks at the employee's weekly salary at the date of retirement.

An actuarial report was completed for the severance pay liability as of March 31, 2017. The LGA's actuarially-determined net liability for accounting purposes as at March 31, 2017, was $991,721 (2016 - $926,543). An actuarial loss of $49,050 will be amortized over the expected average remaining service life of the employee group. This loss will begin to be amortized at the beginning of the next fiscal year. Severance payments for this year amounted to $134,957 (2016 - $34,537).

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

Annual rate of return	
(i) inflation component	2.00%
(ii) real rate of return	4.00%
	6.00%
Annual salary escalation rates	
(i) general increases	
a) salary increase	2.00%
b) real rate	0.75%
	2.75%

(ii) service, merit and promotional increases. The rates used vary by age groupings from a high of 3.0% to a low of 0%.

The severance benefit liability at March 31, 2017, includes the following components:

	2017	2016
Accrued benefit liability	$ **991,721**	$ 926,543
Unamortized actuarial gains (losses)	**(27,248)**	29,601
Severance benefit liability	$ **964,473**	$ 956,144

The total expenses related to severance benefits at March 31, 2017, include the following components:

		2017		2016
Interest on obligation	$	**57,665**	$	49,768
Current period benefit cost		**58,883**		56,926
		116,548		106,694
Effect of change per new collective agreement		**0**		26,325
Effect of change in staff identification for two employees		**0**		12,153
Amortization of actuarial gain over expected average remaining service lifetime		**(7,799)**		(10,130)
Total expense related to severance benefit	$	**108,749**	$	135,042

b. Retirement Benefits

All employees of the LGA are members of the Province of Manitoba's defined benefit Superannuation Fund.

In accordance with the provisions of the *Civil Service Superannuation Act*, LGA employees are eligible for pension benefits. Plan members are required to contribute to the Superannuation Fund at prescribed rates for defined benefits and will receive benefits based on the length of service and on the average of annualized earnings calculated on the best five years prior to retirement, termination or death that provides the highest earnings. The LGA is required to match contributions contributed to the Superannuation Fund by the employees at prescribed rates, which is recorded as an operating expense. Under the *Civil Service Superannuation Act*, the LGA has no further pension liability. At December 31, 2015, the Superannuation Fund had a deficit of $3.9 billion.

The LGA's portion of contributions to the Superannuation Fund is recognized as an operating expense in the period of contribution. Total contributions for this year were $488,627. Contributions for the 2015/16 year were $486,635.

For employees whose annual earnings exceed the limit under the Superannuation Fund or are a disability retirement, a pension liability is established. Based on the annual actuarial report of pension obligations as at March 31, 2017, a reserve of $233,845 (2016 - $195,800) has been established as a pension liability. Due to the nature of the liability, actuarial gains or losses are recognized in operations in the year. Pension costs realized this year were $38,045 (2016 - $100,861). Significant long-term actuarial assumptions used in the March 31, 2017, valuation and in the determination of the March 31, 2017, present value of the accrued basic pension benefit obligations were:

Annual rate of return	
(i) inflation component	2.00%
(ii) real rate of return	4.00%
	6.00%
Annual salary escalation rates	
(i) general increases	
a) salary increase	2.00%
b) productivity component	0.75%

2.75%

(ii) service, merit and promotional increases. The rates used vary by age groupings from a high of 3.0% to a low of 0%.

c. Non-Vested Sick Leave Benefits

All employees are credited with sick day credits for use as paid absences in the year, due to illness or injury. Employees are allowed to accumulate unused sick day credits each year, up to the allowable maximum provided in the most recent collective agreement. Accumulated credits may be used in future years to the extent that the employee's illness or injury exceeds the current year's allocation of credits. The use of accumulated sick days for sick leave compensation ceases on termination of employment. The benefit costs and liabilities related to the plans are included in the financial statements. The accrued benefit obligation related to sick leave entitlement earned by employees is determined using a valuation model developed by an actuary. The valuation is based on employee demographics, sick leave usage and actuarial assumptions. The cost of non-vested sick leave benefits is determined by an estimation of the number of days earned during the year that will be used in future periods in excess of the annual entitlement. These assumptions include a 3.83% discount rate and a 3.75% annual salary increase.

9. Tangible Capital Assets

March 31, 2017

	Equipment	Furniture and fixtures	Computer equipment	Leasehold improvements	Total
Cost					
Opening balance	$54,442	$445,334	$1,156,571	$64,397	$1,720,744
Additions		8,691	50,936		59,627
Disposals		(6,462)	(96,941)		(103,403)
Closing balance	$54,442	$447,563	$1,110,566	$64,397	$1,676,968
Accumulated amortization					
Opening balance	$49,281	$323,096	$1,014,088	$56,040	$1,442,505
Amortization	1,032	12,669	48,424	8,357	70,482
Disposals		(4,348)	(91,475)		(95,823)
Closing balance	$50,313	$331,417	$971,037	$64,397	$1,417,164
				Net book value	**$259,804**

March 31, 2016

	Equipment	Furniture and fixtures	Computer equipment	Leasehold improvements	Total
Cost					
Opening balance	$54,442	$443,914	$1,186,813	$59,429	$1,744,598
Additions		11,269	27,770	4,968	44,007
Disposals		(9,849)	(58,012)		(67,861)
Closing balance	$54,442	$445,334	$1,156,571	$64,397	$1,720,744
Accumulated amortization					
Opening balance	$47,990	$318,357	$1,011,912	$45,146	$1,423,405
Amortization	1,291	13,030	57,701	10,894	82,916
Disposals		(8,291)	(55,525)		(63,816)
Closing balance	$49,281	$323,096	$1,014,088	$56,040	$1,442,505
				Net book value	$278,239

10. Amalgamation Expenses

The LGA has incurred certain expenses as a result of the amalgamation process. These expenses have been recognized when incurred.

11. Commitments

The LGA has an operating lease for its premises expiring on June 30, 2018.

The minimum annual lease payment for the next three years is:

2018	$311,834
2019	$77,959

12. Budgeted Figures

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the LGA board.

13. Working Capital Advance

The Minister of Finance, with Lieutenant Governor in Council approval by Orders in Council (341/1997), has arranged for working capital advances to be available to the LGA. The aggregate of the outstanding advances is not to exceed $2,000,000 (2016 - $2,000,000). As at March 31, 2017, $2,000,000 (2016 - $2,000,000) of these advances were unused and available.

14. Related Party Transactions

The LGA is related in terms of common ownership to all Province of Manitoba created departments, agencies, and Crown corporations. The LGA enters into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

Manitoba Agricultural Services Corporation

RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of the Manitoba Agricultural Services Corporation is responsible for the integrity, objectivity and reliability of the financial statements, accompanying notes and other financial information in the annual report.

Management maintains internal control systems to ensure that transactions are accurately recorded in accordance with established policies and procedures. In addition, certain best estimates and judgements have been made based on a careful assessment of the available information.

The financial statements and accompanying notes are examined by the Auditor General for Manitoba, whose opinion is included here. The Auditor General has access to MASC's Board of Directors, with or without management present, to discuss the results of their audit and the quality of MASC's financial reporting.

Original Document Signed

Jared Munro
Acting President and CEO

Original Document Signed

Fern Comte
Chief Financial Officer

July 24, 2017

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors of Manitoba Agricultural Services Corporation

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

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

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

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

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

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

Office of the Auditor General

Office of the Auditor General
Winnipeg, Manitoba
July 24, 2017

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

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2017 | IN THOUSANDS OF DOLLARS

	NOTE	March 31, 2017	March 31, 2016
FINANCIAL ASSETS			
Cash		**$ 6,445**	$ 6,042
Accounts receivable	8	**4,772**	4,161
Receivables from the Province of Manitoba	9	**15,488**	12,498
Receivables from the Government of Canada	10	**8,283**	6,243
Investments	11	**510,048**	412,578
Loans receivable	12	**647,225**	568,427
Total Financial Assets		**$ 1,192,261**	$ 1,009,949
LIABILITIES			
Accounts payable and accrued liabilities	13	**$ 20,586**	$ 15,438
Claims payable	14	**19,058**	11,401
Loans from the Province of Manitoba	15	**668,752**	595,478
Provisions for losses on guaranteed loans	16	**14,514**	14,853
Future employee benefits	17	**8,890**	8,834
Total Liabilities		**$ 731,800**	$ 646,004
Net Financial Assets		**$ 460,461**	$ 363,945
NON-FINANCIAL ASSETS			
Inventories held for use	2	**$ 247**	$ 274
Prepaid expenses	2	**108**	112
Tangible capital assets	2	**240**	300
Total Non-Financial Assets		**$ 595**	$ 686
Accumulated surplus		**$ 461,056**	$ 364,631
Loan guarantees and contingencies	16		
Commitments	18		

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

Approved by the Board:

Original Document Signed

Jim Wilson
Chair, Board of Directors

Original Document Signed

Charles Mayer
Vice Chair, Board of Directors

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2017 | IN THOUSANDS OF DOLLARS

	2017 BUDGET	2017 ACTUAL	2016 ACTUAL
REVENUE			
Premiums from insured producers	$ 118,709	**$ 116,029**	$ 118,560
Interest from loans	23,712	**26,766**	24,411
Contribution from the Province of Manitoba	100,339	**98,273**	94,637
Contribution from the Government of Canada	90,868	**89,103**	89,385
Reinsurance recoveries	-	**6,621**	-
Investment income	3,055	**3,552**	2,898
Other income	195	**296**	156
	336,878	**340,640**	330,047
EXPENSE			
Lending Programs	27,130	**22,523**	25,905
AgriInsurance Program	244,609	**121,002**	160,410
Hail Insurance Program	31,671	**50,109**	37,274
Wildlife Damage Compensation Program	4,533	**8,059**	4,810
Farmland School Tax Rebate Program	36,039	**40,383**	34,006
Western Livestock Price Insurance Program	2,186	**2,695**	1,598
Other Programs	95	**(556)**	(52)
	346,263	**244,215**	263,951
Income for the year	$ (9,385)	**96,425**	66,096
Accumulated surplus, beginning of year		**364,631**	298,535
Accumulated surplus, end of year		**$ 461,056**	$ 364,631

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

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED MARCH 31, 2017 | IN THOUSANDS OF DOLLARS

	2017 ACTUAL	2016 ACTUAL
Income for the year	$ **96,425**	$ 66,096
Tangible capital assets		
Acquisition of tangible capital assets	**-**	(53)
Amortization of tangible capital assets	**60**	67
	60	14
Other non-financial assets		
Disposal of inventory held for use	**27**	-
Decrease in prepaid expenses	**4**	21
	31	21
Increase in net financial assets	**96,516**	66,131
Net financial assets, beginning of year	**363,945**	297,814
Net financial assets, end of year	$ **460,461**	$ 363,945

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2017 | IN THOUSANDS OF DOLLARS

	2017	2016
Cash provided by (used for):		
OPERATING		
Income for the year	$ 96,425	$ 66,096
Amortization of tangible capital assets	60	67
	96,485	66,163
Changes in:		
Receivables	(5,641)	3,343
Loans receivable	(3,624)	(152)
Accounts payable and accrued liabilities	5,148	(5,787)
Claims payable	7,657	(5,552)
Provisions for losses on guaranteed loans	(339)	(338)
Future employee benefits	56	(16)
Prepaid expenses	4	21
Inventories held for use	27	-
Cash provided by operating activities	99,773	57,682
CAPITAL		
Acquisition of tangible capital assets	-	(53)
Cash used for capital activities	-	(53)
INVESTING		
Investments purchased	(1,084)	(14,000)
Loans disbursed	(201,162)	(210,930)
Loan principal received	125,988	106,315
Cash used for investing activities	(76,258)	(118,615)
FINANCING		
Debt repayments to the Province of Manitoba	(133,226)	(97,583)
Loans from the Province of Manitoba	206,500	210,512
Cash provided by financing activities	73,274	112,929
Net increase in cash and cash equivalents	96,789	51,943
Cash and cash equivalents, beginning of year	313,620	261,677
Cash and cash equivalents, end of year	$ 410,409	$ 313,620
Cash and cash equivalents are comprised of the following:		
Investments	$ 510,048	$ 412,578
Investments with terms greater than 90 days	(106,084)	(105,000)
Investments with terms of 90 days or less	403,964	307,578
Cash	6,445	6,042
	$ 410,409	$ 313,620
Supplemental Cash Flow Information		
Interest paid	$ 18,552	$ 17,351
Interest received	$ 30,211	$ 27,439

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2017 | IN THOUSANDS OF DOLLARS

	2017	2016
Cash provided by (used for):		
OPERATING		
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Supplemental Cash Flow Information		
Interest paid	**$ 18,552**	$ 17,351
Interest received	**$ 30,211**	$ 27,439

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

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2017 | TABULAR AMOUNTS IN THOUSANDS OF DOLLARS

1. NATURE OF ORGANIZATION

The Manitoba Agricultural Credit Corporation (MACC) was established under The Agricultural Credit Corporation Act. The Manitoba Crop Insurance Corporation (MCIC) was established under The Crop Insurance Act. As a result of the proclamation of The Manitoba Agricultural Services Corporation Act, C.C.S.M. c.A25 on September 1, 2005, MACC and MCIC were amalgamated to form a provincial Crown corporation called the Manitoba Agricultural Services Corporation (MASC) and the legislation establishing the former corporations was repealed.

MASC provides lending, insurance and other programs and services. Its core programs include direct loans to agricultural producers, loan guarantees, AgriInsurance and Hail Insurance. MASC also delivers the Wildlife Damage Compensation Program, Farmland School Tax Rebate Program, Western Livestock Price Insurance Program and other programs and services.

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

MASC's financial statements are presented in accordance with Canadian Public Sector Accounting (PSA) standards.

(A) Investments

Funds in excess of operational needs are invested with the Province of Manitoba, in accordance with Section 52(1) of The Manitoba Agricultural Services Corporation Act. Investments are carried at cost or amortized cost. Investments are normally held to maturity, but if early redemption is required and results in a gain or loss, the gain or loss is realized on disposal.

(B) Loans Receivable

Loans receivable are recorded at cost or amortized cost less any amount for provisions for credit losses.

Provisions for impaired loans are made when collection is in doubt. Interest is accrued on loans receivable until the date of write-off. The provision represents management's best estimate of probable losses. Where circumstances indicate doubt as to the ultimate collectability of principal or interest, specific provisions are established for individual accounts. These accounts are valued at the lower of their recorded value or the estimated net realizable value of the security held for the accounts. In addition to the provision for loss on loans identified on an individual loan basis, MASC establishes a general provision representing management's best estimate of additional probable losses based on other factors including the composition and credit quality of the portfolio and changes in economic and business conditions. Actual loan accounts that have been written off are charged to the appropriate provision once the available security has been realized and all other collection efforts have been exhausted.

(C) Claims Payable

Claims payable are comprised of claims approved but not yet disbursed and a provision for claims in process. The provision represents management's best estimate of probable claims against the programs and is determined through a review of each program. For most programs, the provision is established by reviewing outstanding claims and either providing individual claim estimates or establishing an average loss and multiplying this amount by the number of claims outstanding.

(D) Loans from the Province of Manitoba

Loans from the Province of Manitoba are carried at cost.

(E) Provision for Losses on Guaranteed Loans

The provision for losses on loan guarantees is determined annually through a review of each guarantee program. The provision represents management's best estimate of probable claims against the loan guarantees. Such provision is intended to cover MASC's share of principal, accrued and unpaid interest and any additional amounts that are recoverable by the financial institution that issued the loan.

Current year provisions for guaranteed loan losses are charged as expenses to the provision for guaranteed loan losses. Loan guarantee claims that have been paid are charged to the appropriate provision.

(F) Future Employee Benefits

The employees of MASC belong to the Manitoba Civil Service Superannuation Fund plan, which is a multi-employer joint trustee pension plan. This plan is a defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service and highest earnings averaged over five years. Inflation adjustments are contingent upon available funding. The joint trustee board of the plan determines the required plan contributions annually. Pension costs included in these statements are comprised of: the cost of employer contributions for the current year of service of employees, employer costs for past service costs relating to a portion of current and retired employees, plan amendments and accrued benefits. Experience gains and losses are amortized over the Expected Average Remaining Service Lifetime beginning in the year of the actuarial valuation.

MASC employees are entitled to vacation and severance pay in accordance with the terms of the collective agreements and corporate policy. The severance pay liability is recorded based on an actuarial valuation and vacation pay is recorded based on management's best estimate. Experience gains and losses are amortized over the Expected Average Remaining Service Life beginning in the year of the actuarial valuation.

Note 17 provides additional information on future employee benefits.

(G) Inventories Held for Use

Real estate that was acquired for the purpose of providing long-term leases to producers through the Land Lease Option Program is recorded at cost. Occasionally, real estate is acquired through foreclosure and voluntary transfer of title in the settlement of loans and is recorded at the appraised value of the real estate at acquisition date.

(H) Prepaid Expenses

Prepaid expenses are payments for goods or services, which will provide economic benefit in future periods. The prepaid amount is recognized as an expense in the year the goods or services are consumed.

(I) Tangible Capital Assets

MASC's tangible capital assets are recorded at historical cost and amortized on a straight-line basis over their estimated useful life, as follows:

Leasehold improvements	remaining term of lease
Furniture and equipment	10 years
Computer hardware and software	4 years
Major software development	8 years

(J) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impractical.

Transfers (revenues from non-exchange transactions) are recognized as revenue when: the transfer is authorized, all eligible criteria are met, and a reasonable estimate of the amount can be made.

(K) Premiums and Government Contributions

MASC recognizes as revenue all premiums earned on insurance policies in force during the year.

The Canada-Manitoba AgriInsurance Agreement, which is consolidated in Annex B of Growing Forward 2: A Federal Provincial Territorial Framework Agreement on Agriculture, Agri-Food and Agri-Based Products Policy, provides for the cost sharing of AgriInsurance premiums. For most AgriInsurance Programs, premiums are paid 40% by insured producers, 36% by the Government of Canada and 24% by the Province of Manitoba. The exceptions are: the Excess Moisture Insurance (EMI) Reduced Deductible Option, which is paid entirely by participating producers; the highest EMI High Dollar Value Option, which is paid 67% by insured producers, 20% by the Government of Canada and 13% by the Province of Manitoba; and the Hay Disaster Benefit, which is paid 60% by the Government of Canada and 40% by the Province of Manitoba.

(L) Administrative Expenses

Identifiable administrative expenses for all of the programs administered by MASC are charged directly to the specific program. Where the direct charging of administrative expenses to specific programs is not possible, these expenses are allocated to each program on a basis approved by MASC's Board of Directors.

The Canada-Manitoba AgriInsurance Agreement referred to in Section (K) of this note, stipulates that associated administrative expenses, net of any administrative revenues, will be shared by the Government of Canada (60%) and the Province of Manitoba (40%).

(M) Financial Instruments

MASC's financial instruments include: cash, receivables, investments, loans receivable, accounts payable and accrued liabilities, claims payable, loans from the Province of Manitoba and provisions for losses on guaranteed loans.

All financial instruments are held at cost or amortized cost. The effective interest method is used to recognize interest income or expense. Transaction costs related to all financial instruments are expensed as incurred.

(N) Measurement Uncertainty

The preparation of financial statements that conform to Canadian PSA standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities, all at the date of the financial statements; as well as the reported amounts of revenues and expenses during the period. Items requiring the use of significant estimates include: provisions for losses on accounts receivable, loans receivable, loan guarantees, liabilities for claims and program payments, future employee benefits and accrued administration liabilities.

3. FINANCIAL STRUCTURE

(A) Funding

The Board of Directors approved MASC's 2016/17 budget in August 2016. MASC's approved budget includes provincial funding of $100,339,000. Inspection Services is budgeted under Other Programs, while other activities such as emergency assistance programming are not budgeted. The table below provides the budgeted amounts for the Province of Manitoba and the Government of Canada and a reconciliation to the amounts that are shown in MASC's Statement of Operations:

	Province of Manitoba	Government of Canada
Funding approved by governments	**$ 100,433**	$ 90,835
Non-cash items*	**(94)**	33
Funding approved by MASC's Board of Directors	**$ 100,339**	$ 90,868

*Includes items such as amortization and unfunded pension expense.

(B) Lending Programs

The Lending Programs' accumulated deficit of $29,523,000 (2016 - $32,403,000) is mainly comprised of the provision for loan losses and the provision for losses on guaranteed loans. The Province of Manitoba only funds loan losses when they are written off or when an eligible claim is submitted by a private sector financial institution for a loan guarantee. Annual changes to the provisions are not funded, but are part of MASC's budget.

(C) AgriInsurance and Hail Insurance Fund Balance Restrictions

The AgriInsurance and Hail Insurance funds are restricted as set out in Sections 58 and 61 of The Manitoba Agricultural Services Corporation Act. The only items to be paid out of these funds are: indemnities payable under the contracts of insurance; premiums or other amounts payable for reinsurance; interest on any money borrowed for the purpose of the funds; and expenses relating to the administration of the funds (for Hail Insurance only).

4. WILDLIFE DAMAGE COMPENSATION PROGRAM

MASC administers the Wildlife Damage Compensation Program, which pays producers for damage to agricultural crops and related products caused by migratory waterfowl or wildlife (big game animals), as well as for the injury or death of domestic livestock caused by natural predators. The program compensates for 90% of production loss with the top-up level (80% to 90%) of protection funded entirely by the Province of Manitoba. Administrative expenses and program payments up to the 80% level of protection are shared by the Government of Canada (60%) and the Province of Manitoba (40%).

5. FARMLAND SCHOOL TAX REBATE PROGRAM

In April 2005, MASC became responsible for administering the Farmland School Tax Rebate Program. The purpose of the program is to assist Manitoba farmland owners by providing a rebate on the school tax paid on farmland. The rebate level of 80% remained unchanged from the 2014 tax year to the 2016 tax year. The rebates are subject to a $5,000 maximum, which includes all parties that are related persons of the applicant. The definition of related persons for this program includes the spouse or common-law partner and any corporation controlled by the applicant and/or the applicant's spouse or common-law partner. Eligible individuals and corporations who apply must be Manitoba residents. The application deadline is March 31 of the year following the taxation year.

Included in the 2016 tax rebates is a provision of $2,429,000 for rebates that have been applied for and are in process of payment as of March 31, 2017. A provision of $28,000 remains for pre-2016 rebates that are in process of payment. The Province of Manitoba pays for the full cost of the Farmland School Tax Rebate Program.

6. WESTERN LIVESTOCK PRICE INSURANCE PROGRAM

Introduced in Manitoba as a four-year pilot, the Western Livestock Price Insurance Program (WLPIP) offers price protection for cattle and hog producers, with settlement prices based on the average price in Western Canadian markets. Livestock price insurance was first implemented for Alberta producers in 2009 through the Agriculture Financial Services Corporation (AFSC). Producers in Manitoba, Saskatchewan and British Columbia were able to participate in the program starting in April 2014. In Manitoba, MASC is the insurer, with the application, premium payment and indemnity settlement being handled by AFSC (on behalf of MASC). AFSC's administrative expenses are shared by the participating provinces with MASC paying 20% of the cost. Participating producers pay 100% of the insurance premiums, with Canada and Manitoba sharing the administration expenses 60% and 40%, respectively. Canada is providing a financial backstop for WLPIP for the duration of the pilot. Any deficit on account of Manitoba producers at the end of the four-year pilot will be the responsibility of the Province of Manitoba. Indemnities totalled $1,702,000 in 2017 (2016 - $714,000).

7. OTHER PROGRAMS

(A) Inspection Services

In support of Manitoba's agricultural sector, MASC provides inspection services at a reasonable cost. These services include such things as assisting in adjusting hail claims for another province, third-party loss appraisals for private sector property insurers, and on-farm livestock inspections for the Manitoba Livestock Cash Advance Program. Inspection Services revenue totalled $26,000 in 2017 (2016 - $95,000).

(B) Flood 2011 - Building and Recovery Action Plan

In May 2011, MASC was given the responsibility of administering emergency assistance programs announced under the Flood 2011 - Building and Recovery Action Plan. These programs provided compensation for flood protection measures, property damage, income loss and feed and transportation costs for livestock. Total compensation payments of $121,001,000 include a provision for outstanding claims of $1,689,000. Administrative expenses are estimated to be $12,555,000. The programs total cost of $133,556,000 was funded by the Province of Manitoba.

(C) 2011 Manitoba AgriRecovery Programs

In June 2011, MASC was given the responsibility of administering emergency assistance programs to provide financial assistance for the restoration, maintenance and rehabilitation of farms that were impacted by excess moisture and flooding in 2011. Total compensation payments of $138,991,000 include a provision for outstanding claims of $45,000. Administrative expenses are estimated to be $1,555,000. The programs total cost of $140,546,000 was funded by the Government of Canada ($74,376,000) and the Province of Manitoba ($66,170,000).

(D) 2014 Canada-Manitoba Forage Shortfall and Transportation Assistance Initiative

In October 2014, MASC became responsible for the administration of the 2014 Canada-Manitoba Forage Shortfall and Transportation Assistance Initiative. The purpose of the program was to provide assistance to Manitoba livestock producers who experienced extraordinary costs caused by elevated water levels or excess moisture conditions in 2014. The program included a forage shortfall component that provided feed assistance to producers in the Lake Manitoba, Lake Winnipegosis and Lake St. Martin regions to maintain their breeding herds, as well as an all-province transportation component that provided assistance for extraordinary costs incurred in transporting feed to livestock or livestock to feed. Compensation payments totalling $3,375,000 were made to producers. Total administrative expenses for the program were $278,000. The program's total cost of $3,653,000 was funded by the Government of Canada ($2,205,000) and the Province of Manitoba ($1,448,000).

(E) 2014 Portage Diversion Fail-Safe Compensation Program

In October 2014, MASC became responsible for the administration of the 2014 Portage Diversion Fail-Safe Compensation Program. The purpose of the program was to provide financial assistance to Manitoba agricultural producers affected by 2014 flooding as a result of the operation of the Portage Diversion fail-safe structure. The program was funded entirely by the Province of Manitoba. Total compensation payments of $1,441,000 include a provision for outstanding claims of $290,000. Administrative expenses are estimated to be $24,000.

8. ACCOUNTS RECEIVABLE

	2017	2016
Amounts from insured persons:		
AgriInsurance	**$ 4,177**	$ 3,616
Hail Insurance	**882**	753
Other	**1,694**	1,216
	6,753	5,585
Less provision for credit losses	**(1,981)**	(1,424)
	$ 4,772	$ 4,161

The provisions for credit losses of $1,981,000 (2016 - $1,424,000) includes estimated losses on premiums and other accounts receivable, and is subject to measurement uncertainty. The provision estimate is formula based and depends on an assessment of MASC's ability to collect the outstanding balance. A 100% provision is assessed on accounts in arrears for more than two years, with lower provisions based on actual collection experience over the last seven years being applied to accounts that are in arrears by less than two years.

9. RECEIVABLES FROM THE PROVINCE OF MANITOBA

	2017	2016
AgriInsurance premiums (Note 2(K))	**$ 6,798**	$ 3,830
Administrative expenses	**1,598**	1,558
Pension liability	**6,282**	6,300
Severance liability	**429**	429
Vacation pay liability	**169**	169
Other Programs (Note 7)	**212**	212
	$ 15,488	$ 12,498

Pension liability

The Province of Manitoba has accepted responsibility for funding MASC's pension liability (for pensionable service earned by employees of the former MACC prior to the amalgamation of MACC and MCIC on September 1, 2005) and related expense, which includes an interest component. MASC has therefore recorded a receivable from the Province of Manitoba equal to the estimated value of its actuarially determined pension liability of $6,282,000 as of March 31, 2017 (2016 - $6,300,000), and has recorded a decrease under other contributions from the Province of Manitoba for 2016/17 equal to the related pension reduction of $18,000 (2016 - $100,000 reduction). The Province of Manitoba makes payments on the receivable when it is determined that the cash is required to discharge the related pension obligation.

Severance pay liability

The amount recorded as a receivable from the Province of Manitoba for severance pay was initially based on the estimated value of the corresponding actuarially determined liability for severance pay as of March 31, 1999. Subsequent to that date, the Province of Manitoba has included in its ongoing annual funding to MASC, an amount equal to its share of the current year's expense for severance. As a result, the change in the severance liability each year is fully funded. The interest component related to the receivable is reflected in the funding for severance pay expense. The receivable for severance pay will be paid by the Province of Manitoba when it is determined that the cash is required to discharge the related severance pay liabilities. As of March 31, 2017, the receivable for severance pay liability was $429,000 (2016 - $429,000).

Vacation pay liability

The amount recorded as a receivable from the Province of Manitoba for vacation pay expenses was initially based on the estimated value of the corresponding liability as of March 31, 1999. Subsequent to that date, the Province of Manitoba has included in its ongoing annual funding to MASC, an amount equal to its share of the current year's expense for vacation pay entitlements. As of March 31, 2017, the receivable for vacation pay liability was $169,000 (2016 - $169,000).

10. RECEIVABLES FROM THE GOVERNMENT OF CANADA

	2017	2016
AgriInsurance Program	**$ 6,122**	$ 5,749
Wildlife Damage Compensation Program	**1,485**	198
Western Livestock Price Insurance Program	**471**	90
Other Programs	**205**	206
	$ 8,283	$ 6,243

11. INVESTMENTS

MASC's investments as of March 31, 2017 consist of the following:

Maturity Terms	Average Interest Rate	Lending Programs	AgriInsurance Program	Hail Insurance Program	Farmland School Tax Rebate Program	Other Programs	2017	2016
90 days or less	0.638%	$ 10,000	$ 371,322	$ 9,682	$ 3,310	$ 9,240	**$ 403,554**	$ 307,275
1 year	1.014%	-	62,084	-	-	-	**62,084**	50,000
3 years	1.212%	-	-	23,000	-	-	**23,000**	29,000
5 years	1.922%	-	-	21,000	-	-	**21,000**	26,000
	0.763%	10,000	433,406	53,682	3,310	9,240	**509,638**	412,275
Accrued Interest		-	321	84	-	5	**410**	303
		$ 10,000	$ 433,727	$ 53,766	$ 3,310	$ 9,245	**$ 510,048**	$ 412,578

12. LOANS RECEIVABLE

MASC's loans receivable as of March 31, 2017 consist of the following:

	2017			2016		
	Regular Program Loans	Special Assistance Loans*	**Total**	Regular Program Loans	Special Assistance Loans*	Total
Recorded investment	$ 641,098	$ 14,069	**$ 655,167**	$ 563,600	$ 16,014	$ 579,614
Specific provision	(1,868)	(8,971)	**(10,839)**	(1,761)	(11,823)	(13,584)
General provision	(6,701)	(161)	**(6,862)**	(6,251)	(407)	(6,658)
Unamortized discount on loans with concessionary interest	-	(90)	**(90)**	-	(270)	(270)
	632,529	4,847	**637,376**	555,588	3,514	559,102
Accrued interest	9,599	250	**9,849**	9,027	298	9,325
Net carrying value	$ 642,128	$ 5,097	**$ 647,225**	$ 564,615	$ 3,812	$ 568,427

*Includes Manitoba Hog Assistance, BSE Recovery, Producer Recovery, Flood Proofing Assistance and Enterprise Development Loans.

Impaired loans included in the preceding schedule:

	2017			2016		
	Regular Program Loans	Special Assistance Loans*	**Total**	Regular Program Loans	Special Assistance Loans*	Total
Impaired loan balance	$ 20,818	$ 12,327	**$ 33,145**	$ 17,150	$ 15,149	$ 32,299
Specific provision	(1,868)	(8,971)	**(10,839)**	(1,761)	(11,823)	(13,584)
	$ 18,950	$ 3,356	**$ 22,306**	$ 15,389	$ 3,326	$ 18,715

*Includes Manitoba Hog Assistance, BSE Recovery, Producer Recovery, Flood Proofing Assistance and Enterprise Development Loans.

A loan becomes impaired as a result of deterioration in credit quality to the extent that MASC no longer has reasonable assurance of timely collection of the full amount of principal and interest. The table above provides the amount of impaired loans and the specific provision for credit losses on these loans as of March 31, 2017. A total of $1,453,000 (2016 - $1,443,000) of interest on impaired loans was included in revenue for the year ended March 31, 2017.

Provisions for impaired loans:

	2017			2016		
	Regular Program Loans	Special Assistance Loans*	**Total**	Regular Program Loans	Special Assistance Loans*	Total
Beginning provision balance	$ 8,012	$ 12,230	**$ 20,242**	$ 5,212	$ 14,031	$ 19,243
Write-offs, net of recoveries	(227)	(96)	**(323)**	(997)	(310)	(1,307)
Provision (recovery) expense	784	(3,002)	**(2,218)**	3,797	(1,491)	2,306
Ending provision balance	$ 8,569	$ 9,132	**$ 17,701**	$ 8,012	$ 12,230	$ 20,242

*Includes Manitoba Hog Assistance, BSE Recovery, Producer Recovery, Flood Proofing Assistance and Enterprise Development Loans.

Included in loans receivable is a specific provision of $10,839,000 (2016 - $13,584,000) and a general provision of $6,862,000 (2016 - $6,658,000) that are subject to measurement uncertainty. The resulting amount established for specific and general provisions of $17,701,000 (see Note 2 (B)) could change substantially in the future, if the factors considered by management in establishing these estimates change significantly.

Loans receivable are secured by tangible assets consisting predominantly of land, followed by buildings, livestock and other types of assets. The estimated value of such tangible securities is $1,084,668,000 (2016 - $990,355,000).

Remaining terms to maturities are as follows:

	2017			2016		
	Regular Program Loans	Special Assistance Loans*	**Total**	Regular Program Loans	Special Assistance Loans*	Total
Less than 5 years	$ 85,599	$ 10,069	**$ 95,668**	$ 84,416	$ 11,998	$ 96,414
5 years to up to 10 years	93,238	-	**93,238**	85,943	16	85,959
10 years to up to 15 years	104,801	4,000	**108,801**	101,965	4,000	105,965
15 years to up to 20 years	170,756	-	**170,756**	159,201	-	159,201
More than 20 years	186,704	-	**186,704**	132,075	-	132,075
Recorded investment	$ 641,098	$ 14,069	**$ 655,167**	$ 563,600	$ 16,014	$ 579,614

*Includes Manitoba Hog Assistance, BSE Recovery, Producer Recovery, Flood Proofing Assistance and Enterprise Development Loans.

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at March 31, 2017 consist of the following:

	Lending Programs	AgriInsurance Program	Wildlife Damage Compensation Program	Farmland School Tax Rebate Program	Western Livestock Price Insurance Program	Other Programs	2017	2016
Accounts payable - general	$ -	$ 7,246	$ 24	$ 662	$ 190	$ 579	**$ 8,701**	$ 6,025
Salaries and benefits	2	315	65	2	-	320	**704**	1,530
Accrued vacation pay	-	1,270	-	-	-	-	**1,270**	1,207
Other*	216	3,270	-	-	115	6,310	**9,911**	6,676
	$ 218	$ 12,101	$ 89	$ 664	$ 305	$ 7,209	**$ 20,586**	$ 15,438

*Other accounts payable of $6,310,000 includes amounts owing to the Province of Manitoba ($6,299,000) and the Government of Canada ($11,000) for various other programs administered by MASC.

14. CLAIMS PAYABLE*

	2017	2016
AgriInsurance Program	**$ 12,165**	$ 6,281
Hail Insurance Program	**93**	25
Wildlife Damage Compensation Program	**2,282**	380
Farmland School Tax Rebate Program	**2,494**	1,836
Other Programs	**2,024**	2,879
	$ 19,058	$ 11,401

*Includes claims approved but not paid as well as provisions for outstanding claims.

15. LOANS FROM THE PROVINCE OF MANITOBA

Following the practices established by the Province of Manitoba, MASC must repay advances according to the amortization schedule or be subject to a prepayment penalty. The prepayment penalty is calculated as the net present value of the future cash flows of the loan being prepaid minus the net present value of a loan with the same terms, except for the interest rate, which is equal to the rate for a semi-annual non-callable Province of Manitoba bond with the same term to maturity. Advances are repayable in equal annual blended instalments of principal and interest, with March 31, 2017 interest rates ranging from 1.1% to 7.625% (2016 – 1.025% to 7.625%).

Maturities of Principal Over the Following Terms	2017	2016
1 year	**$ 175,432**	$ 132,903
2 years	**69,564**	64,289
3 years	**61,980**	60,606
4 years	**56,306**	52,791
5 years	**41,510**	46,854
More than 5 years	**263,960**	238,035
	$ 668,752	$ 595,478

16. LOAN GUARANTEES AND CONTINGENCIES

(A) Contingent liabilities and the corresponding provisions for MASC's loan guarantee programs as of March 31, 2017 are shown below:

	2017			2016		
	Contingent Liability	Provision for Losses	**Net Contingent Liability**	Contingent Liability	Provision for Losses	Net Contingent Liability
Operating Credit Guarantees for Agriculture	$ 8,601	$ (860)	**$ 7,741**	$ 8,658	$ (865)	$ 7,793
Operating Credit Guarantees for Rural Small Business	45	(4)	**41**	87	(9)	78
Manitoba Livestock Associations Loan Guarantees	8,152	(1,223)	**6,929**	7,739	(1,161)	6,578
Diversification Loan Guarantees	50,346	(10,196)	**40,150**	57,410	(11,074)	46,336
Rural Entrepreneur Assistance Program	10,763	(2,231)	**8,532**	10,346	(1,744)	8,602
	$ 77,907	$ (14,514)	**$ 63,393**	$ 84,240	$ (14,853)	$ 69,387

The change in the provision for guaranteed loan losses is as follows:

	2017	2016
Beginning provision balance	**$ 14,853**	$ 15,191
Write-offs, net of recoveries	**(55)**	(227)
Provision expense (recovery)	**(284)**	(111)
Ending provision balance	**$ 14,514**	$ 14,853

The Operating Credit Guarantee for Agriculture Program was introduced in 2003, replacing the Guaranteed Operating Loan Program. MASC guarantees the actual eligible loss incurred by the participating private lender up to 25% of the maximum amount advanced under an individual's line of credit. The maximum allowable loan is $700,000 for individuals and $1,000,000 for partnerships, corporations and co-operatives.

The Operating Credit Guarantee for Rural Small Business Program was introduced in 2009. MASC guarantees 75% of the actual eligible loss incurred by the participating private sector lender based on 25% of the maximum amount advanced under an individual's line of credit. To be eligible for the program, annual sales have to be less than $2,000,000. The maximum allowable loan is $200,000.

The Manitoba Livestock Associations Loan Guarantee Program was introduced in 1991. For each participating livestock association, MASC provides a 25% guarantee to the association's lending institution, based on a maximum loan of $8,000,000 per association.

The Diversification Loan Guarantee Program was introduced in 2001, whereby guarantees are based on 25% of the original principal amount of each individual loan, with no maximum loan amount.

The Rural Entrepreneur Assistance (REA) Program provides a guarantee of up to 80% of the principal amount of a qualifying loan made by participating lenders to small rural non-agricultural businesses. REA guarantees loans up to a maximum of $200,000. MASC assumed administration of the program in 2005.

(B) Certain legal actions for additional indemnity payments have been commenced by insured producers against MASC. The outcome of these claims cannot be determined at this time.

17. FUTURE EMPLOYEE BENEFITS

Severance Liability

MASC's employees are eligible for severance, as a result of retirement, permanent layoff or death. Benefits are based on an employee's years of service. Commencing March 31, 1999, MASC began recording the accumulated severance pay benefit. The amount of recorded severance pay obligation is based on actuarial calculations.

Actuarial valuations are carried out every three years to provide an estimate of the accrued liability for severance pay benefits. An actuarial valuation of the severance obligations as of March 31, 2014 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The actuarial valuation as of March 31, 2017 is currently in progress. The key actuarial assumptions include an interest rate of 6.5% (2011 - 6.5%), severance rate of 0.74% of average salary of $64,946 for administration staff and 0.44% of average salary of $42,015 for adjusting staff (2011 - 0.72% of average salary of $59,978 for administration staff and 0.39% of average salary of $38,454 for adjusting staff), and salary inflation rate increases of 3.75% (2011 - 2.75%). The accrued benefit cost method with salary projection was used.

The average remaining service life of the employees is 10 years. For 2016/17, the amortization of the net actuarial loss was $10,000 (2016 - $10,000).

Provision for Severance Liability	2017	2016
Accrued severance obligation, beginning of year	**$ 2,707**	$ 2,626
Benefits accrued	**138**	85
Interest accrued on benefits	**176**	171
Benefits paid	**(258)**	(175)
Actuarial loss	**-**	-
Accrued severance obligation, end of year	**2,763**	2,707
Unamortized actuarial loss	**(91)**	(101)
Provision, end of year	**$ 2,672**	$ 2,606

MASC's Severance Costs Consist of the Following:	2017	2016
Benefits accrued	**$ 138**	$ 85
Interest accrued on benefits	**176**	171
Amortization of experience loss	**10**	10
Severance cost	**$ 324**	$ 266

Pension Liability

MASC's employees are eligible for pension benefits in accordance with the provision of The Civil Service Superannuation Act. Plan members are required to contribute to the Civil Service Superannuation Fund (Fund) at prescribed rates for defined benefits and will receive benefits based on length of service and on the average of annualized earnings calculated on the best five years of service prior to retirement, termination or death that provides the highest earnings. MASC is required to match the contributions made to the Fund by employees at prescribed rates, which is recorded as an operating expense.

MASC contributes 50% of the pension disbursements made to retired employees of the former MACC for service up to September 1, 2005. In addition, MASC has pension liability for employees whose earnings are out of the scope of the Civil Service Superannuation Fund plan.

Effective April 1, 1998, the former MCIC became a fully funded matching employer. Upon the formation of MASC, the current pension obligations to the Civil Service Superannuation Board (CSSB) for former MCIC employees continued to be matched by MASC. As a matching employer for this particular group of employees, MASC discharges its pension liability on a current basis and, therefore, has no additional pension obligation.

Prior to the amalgamation of MACC and MCIC into MASC, MACC did not match employees' current service contributions, and instead contributed 50% of the pension disbursements made to retired employees. Starting September 1, 2005, the current pension contributions for former MACC employees have been matched. MASC accrues a provision for its liability for the pensionable service that was earned by MACC employees prior to September 1, 2005, which includes future cost of living adjustments based on an actuarial valuation. The Province of Manitoba provides funding for this liability (Note 9).

Actuarial valuations are carried out every year to provide an estimate of the accrued liability for unfunded pension benefits. An actuarial valuation of the pension obligations as of December 31, 2015 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The key actuarial assumptions include a rate of return of 6.00% (2014 - 6.00%), inflation of 2.00% (2014 - 2.00%), salary inflation rate increases of 3.75% (2014 - 3.75%), discount rate of 6.00% (2014 - 6.00%) and post-retirement indexing at two-thirds of the inflation rate. The service to date projected benefit method prorated on services has been applied and the liabilities (adjusted for a provision for adverse experience and a trust fund credit) have been estimated to March 31, 2017, all according to the formula prescribed by the consulting actuary.

The average remaining service life of this group of employees is five years. For 2016/17, the amortization of the net actuarial gain was $52,000 (2016 - $15,000).

Provision for Employer's Share of Employee's Pension Plan	2017	2016
Accrued pension obligation, beginning of year	$ 6,292	$ 6,095
Interest accrued on benefits	377	395
Benefits paid	(334)	(470)
Actuarial (gain) loss	(224)	272
Accrued pension obligation, end of year	6,111	6,292
Unamortized actuarial gain (loss)	107	(64)
Provision, end of year	$ 6,218	$ 6,228

MASC's Pension Plan Costs Consist of the Following:	2017	2016
Interest accrued on benefits	$ 377	$ 395
Interest earned	(8)	(10)
Amortization of experience gain	(52)	(15)
Pension cost	$ 317	$ 370

18. COMMITMENTS

	2017	2016
Approved, undisbursed loans	$ 29,546	$ 28,090
Estimated farm loan incentives	4,341	5,012
Operating leases	306	326
	$ 34,193	$ 33,428

The estimated farm loan incentives relate to future payments for the Young Farmer Rebate and Management Training Credit programs. The Young Farmer Rebate is based on rebates that clients under 40 years of age at the time of the loan application can earn for the first five years of a loan, with the rebate being applied to the client's loan balance. The Management Training Credit is deducted from the loan balance once the eligible training has been completed. Management Training Credits are no longer being offered, with the program in a run-off situation in respect of existing obligations.

The operating lease commitments are for equipment and vehicles.

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial instruments comprise the majority of MASC's assets and liabilities. For lending operations, MASC borrows from the Province of Manitoba at fixed interest rates and then provides fixed term loans to clients at interest rates that generally earn a reasonable interest rate margin to cover associated administrative expenses. For insurance operations, MASC places the retained funds mainly in short-term investments, in order to have sufficient capital available to make insurance payments when losses exceed the current year's premium income plus interest revenue less reinsurance premiums.

MASC's risk management policies are designed to: identify and analyze risk, set appropriate risk limits and controls, and monitor the risks and adherence to limits by means of reliable up-to-date information systems. The Board of Directors approves these policies and management is responsible for ensuring that the policies are properly carried out. The Board of Directors receives confirmation that the risks are being appropriately managed through regular reporting, third-party compliance reporting and by reviews conducted by MASC's internal auditors.

MASC is exposed to credit, liquidity and market risks in respect of its use of financial instruments.

Credit Risk

Credit risk is the likelihood of one party to a financial instrument failing to discharge an obligation and causing financial loss to the counter party. The financial instruments that potentially subject MASC to credit risk mainly consist of accounts receivable, loans receivable and guarantees on loans. MASC's investments are held by the Province of Manitoba, which guarantees the associated payments of principal and interest.

MASC's maximum possible exposure to credit risk is as follows:

	2017	2016
Investments	**$ 510,048**	$ 412,578
Accounts receivable	**4,772**	4,161
Receivables from the Province of Manitoba	**15,488**	12,498
Receivables from the Government of Canada	**8,283**	6,243
Loans receivable	**647,225**	568,427
Loan guarantees	**77,907**	84,240
	$ 1,263,723	$ 1,088,147

Investments - MASC is not exposed to significant credit risk as its investments are held by the Province of Manitoba, with a guarantee of the associated payments of principal and interest.

Accounts Receivable - MASC's accounts receivable consist largely of insurance premiums due from participating producers and private reinsurance recoveries. The insurance programs offer credit for producer premiums, which are due and payable at the time of billing. Interest is charged on premiums that are not paid by October 31 of that crop year, with March 31 being the final payment deadline. MASC terminates the insurance contracts of producers who do not make acceptable payment arrangements prior to the upcoming crop year. The importance of insurance programs to the financial well being of an ongoing farming operation serves to mitigate the credit risk associated with the non-payment of insurance premiums. There is a very high probability that MASC will receive full payment for the reinsurance recoveries from the private reinsurers, therefore MASC is not exposed to a significant credit risk.

Receivables from the Province of Manitoba and the Government of Canada - MASC is not exposed to significant credit risk given the very high probability that payment in full will be collected when due.

Loans Receivable - Impairment provisions are provided for losses that have been incurred as of the end of the fiscal year. Significant changes in the economic well being of Manitoba's agricultural industry or the deterioration of specific sectors of the industry, which represent a concentration within MASC's overall loan portfolio, may result in losses that differ from those provided for as of the date of the Statement of Financial Position. Management of credit risk associated with loans is an integral part of MASC's activities, with careful monitoring and appropriate remedial actions.

The Board of Directors is responsible for approving and monitoring MASC's tolerance of credit exposures, which it does through review and approval of the guidelines for lending and loan guarantee programs and by setting general limits on credit exposures to individual clients. MASC has comprehensive policy and procedures manuals in place for all lending programs. In general, MASC emphasizes responsible lending, which is comprised of a combination of adequate loan security and a client's ability to pay.

MASC is also mandated to deliver higher risk special assistance loan programs on behalf of the Manitoba Government and economic development loans (referred to as Enterprise Development Loans) as directed by the Manitoba Government, which fall outside the normal limits set out in regular loan policies. These loans have provisions for credit losses that are established by the Provincial Treasury Board. In addition, MASC closely monitors the performance of these loans in an effort to mitigate losses. Special assistance loans make up 2% of MASC's overall lending portfolio.

Summarized below are the loan balances that are past due but not impaired:

	2017			2016		
	Regular Program Loans	Special Assistance Loans*	**Total**	Regular Program Loans	Special Assistance Loans*	Total
Less than 1 year in arrears	$ 8,985	$ -	**$ 8,985**	$ 4,444	$ -	$ 4,444
1 to 2 years in arrears	3,323	23	**3,346**	1,143	20	1,163
Over 2 years in arrears	-	-	-	-	-	-
	$ 12,308	$ 23	**$ 12,331**	$ 5,587	$ 20	$ 5,607

*Includes Manitoba Hog Assistance, BSE Recovery, Producer Recovery, Flood Proofing Assistance and Enterprise Development Loans.

Loans that are past due but not impaired generally reflect situations where it is thought that the client has sufficient cash flow to meet their payment obligations and the loan is adequately secured. The majority of MASC's term loans have semi-annual payments and therefore a loan that is in the "Less than 1 year" category is generally only one payment in arrears. Two payments in arrears put the loan in the "1 to 2 years" category. In addition, Stocker Loans, which provide short-term financing for the purchase or retention of feeder cattle, are due at the end of the term, which is generally one year. Any delay in the sale of the cattle at the end of the term technically puts the loan in arrears, however, such loans are normally paid in full once the associated cattle are sold.

MASC's lending exposure, as provided in Note 12, is broken down by agricultural sector as shown in the table below:

Loans Receivable by Agricultural Sector

	2017			2016		
	Regular Program Loans	Special Assistance Loans*	**Total**	Regular Program Loans	Special Assistance Loans*	Total
Grains and oilseeds	$ 392,196	$ 1,834	**$ 394,030**	$ 344,477	$ 1,813	$ 346,290
Potatoes	552	-	**552**	386	-	386
Other crops	8,444	51	**8,495**	7,066	47	7,113
Cattle	211,112	1,167	**212,279**	188,669	1,604	190,273
Hogs	2,381	7,019	**9,400**	2,294	8,567	10,861
Poultry	5,311	-	**5,311**	2,835	-	2,835
Dairy	16,277	-	**16,277**	14,348	-	14,348
Other	14,424	4,248	**18,672**	12,552	4,281	16,833
Provisions and concessions	(8,569)	(9,222)	**(17,791)**	(8,012)	(12,500)	(20,512)
	$ 642,128	$ 5,097	**$ 647,225**	$ 564,615	$ 3,812	$ 568,427

* Includes Manitoba Hog Assistance, BSE Recovery, Producer Recovery, Flood Proofing Assistance and Enterprise Development Loans.

Given that the Province of Manitoba provides funding for the full amount of loans that are written off, MASC's loans receivable risk is minimal.

Loan Guarantees - MASC provides loan guarantees to private sector financial institutions, which encourage the provision of credit to operations that financial institutions consider to be higher risk. Each loan guarantee request is reviewed to assess its viability and to ensure a fit within the established program parameters. Loan guarantees are approved based on a delegated approval authority. MASC's loan guarantee activity involves five separate programs: Operating Credit Guarantees for Rural Small Business and Rural Entrepreneur Assistance, which are directed at rural non-agricultural businesses; Manitoba Livestock Associations Loan Guarantees, which are directed at the cattle industry; and Operating Credit Guarantees for Agriculture and Diversification Loan Guarantees, which are generally available to Manitoba's agricultural industry.

MASC's loan guarantee exposure by agricultural sector is summarized below:

Loan Guarantees by Agricultural Sector

	Diversification Loan Guarantees		Operating Credit Guarantees	
	2017	2016	**2017**	2016
Grains and oilseeds	**-**	-	**59%**	54%
Potatoes	**5%**	4%	**3%**	6%
Other crops	**3%**	3%	**2%**	2%
Cattle	**-**	-	**14%**	15%
Hogs	**23%**	32%	**9%**	9%
Poultry	**10%**	8%	**-**	-
Dairy	**53%**	48%	**2%**	3%
Other	**6%**	5%	**11%**	11%
	100%	100%	**100%**	100%

The Province of Manitoba provides funding for all claims by private sector financial institutions on loan guarantees, resulting in minimal associated risk eligible to MASC.

Interest Rate Risk

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

Investments - MASC's investment portfolio is mainly in short-term interest bearing investments. These investments are normally held to maturity so changes in interest rates do not affect the value of the investments. All of MASC's investments are placed through Manitoba Finance.

Loans Receivable/Loans from the Province of Manitoba - MASC borrows funds for lending operations from the Province of Manitoba at fixed rates and normally lends those funds to clients at 1.5 percentage points above the associated borrowing rate. The vast majority of loans from the Province of Manitoba have fixed or renewable interest rates for the full term of the advance and MASC offers fixed and renewable interest rate loans to its clients. This arrangement mitigates MASC's interest rate risk; however, some interest rate risk is imparted through MASC's lending policy of allowing prepayment of loans without penalty, given that MASC does not have the offsetting ability to prepay the associated advances from the Province of Manitoba without penalty. MASC mitigates this risk by closely matching the cash flow from client loan payments, including estimated annual prepayments, to the cash flow required to repay advances from the Province of Manitoba.

Loans Receivable and Advances from the Province of Manitoba

	Scheduled Repayments						
	Within 1 Year	1 to 5 Years	6 to 10 Years	Over 10 Years	Not Interest Rate Sensitive*	**2017**	2016
Loans Receivable	$ 75,737	$ 171,827	$ 155,208	$ 252,395	$ (7,942)	**$ 647,225**	$ 568,427
Average Interest Rate	4.31%	4.36%	4.39%	4.27%	-	**4.33%**	4.62%
Due to the Province of Manitoba	175,431	229,361	147,503	116,457	-	**668,752**	595,478
Average Interest Rate	2.93%	3.28%	3.32%	3.30%	-	**3.20%**	3.31%
	$ (99,694)	$ (57,534)	$ 7,705	$ 135,938	$ (7,942)	**$ (21,527)**	$ (27,051)

*Includes provisions for impaired loans, unamortized discount on loans with concessionary interest and accrued interest.

Liquidity Risk

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

Advances from the Province of Manitoba have a direct correlation to the loans receivable, as the funds borrowed are directly lent to MASC clients. Funding is provided by the Province of Manitoba for the full amount of loans that are written off. Consequently, MASC has minimal liquidity risk on its lending portfolio in respect of advances from the Province of Manitoba.

MASC's primary liquidity risk relates to its liability for insurance claims. MASC does not have material liabilities that can be called unexpectedly at the demand of a lender or client, and has no material commitments for capital expenditures, or need for same, in the normal course of business.

Insurance indemnities are funded firstly out of current net revenue, which normally exceeds cash requirements. In addition, insurance program funds are retained and placed in short-term investments, making such funds available to pay claims in excess of current net revenue. Private sector reinsurance is in place for AgriInsurance and Hail Insurance, providing significant protection against catastrophic losses. If all of the above are exhausted for AgriInsurance, the Government of Canada and the Province of Manitoba have an agreement in place that provides for unlimited additional funding for claim payments (Note 22). MASC also has the ability to borrow funds from the Province of Manitoba for AgriInsurance and Hail Insurance, if required.

20. ACTUARIAL REVIEW

Actuarial certifications of AgriInsurance premium rates and the financial sustainability of the overall AgriInsurance Program were completed by Towers Watson, consulting actuaries, in July and October 2012, respectfully. The actuarial review concluded that: the premium rate methodologies are actuarially sound and therefore sufficient to meet expected claim costs over time; and that the entire program meets the overall financial self-sustaining criteria, as defined by the Government of Canada. The actuarial review of the methodologies used to establish the probable yields and coverage levels was completed in October 2013, and with the finding that the methodologies reflect the productive capabilities. MASC requires that all program changes receive actuarial approval prior to implementation and that the probable yield tests as prescribed by the Federal Government be completed annually.

21. RELATED PARTY TRANSACTIONS

MASC is related in terms of common ownership to all Province of Manitoba departments, agencies and Crown corporations. MASC enters into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

Information is provided throughout these statements, which disclose the significant related party transactions. The value for interest paid and interest earned are as follows:

	2017	2016
Interest earned on investments from the Province of Manitoba	**$ 3,298**	$ 2,635
Interest paid on loans from the Province of Manitoba	**$ 18,552**	$ 17,351

22. REINSURANCE FUNDS

AgriInsurance

In accordance with the terms of the reinsurance agreement between the Government of Canada and the Province of Manitoba, the two levels of government maintain separate reinsurance accounts. MASC pays reinsurance premiums to the Crop Reinsurance Fund of Canada for Manitoba and to the Crop Reinsurance Fund of Manitoba, based on the amount of premiums collected and the cumulative financial balance of the AgriInsurance Program.

When indemnities paid to insured producers exceed the funds retained by MASC, after accounting for private sector reinsurance recoveries, transfers are made from the reinsurance funds to MASC. Interest is not credited or charged to the respective reinsurance funds by the Government of Canada or the Province of Manitoba. The balances in the Crop Reinsurance Fund of Canada for Manitoba and the Crop Reinsurance Fund of Manitoba are held by the Government of Canada and the Province of Manitoba, respectively. Federal-provincial reinsurance is essentially an agreement on how to share the financing of any deficits in the AgriInsurance Program.

	Crop Reinsurance Fund of Canada for Manitoba		Crop Reinsurance Fund of Manitoba	
	2017	2016	**2017**	2016
Opening surplus	**$ 36,024**	$ 36,040	**$ 58,044**	$ 58,060
Current year premium contributions (net)*	**2**	(16)	**2**	(16)
Net book value	**$ 36,026**	$ 36,024	**$ 58,046**	$ 58,044

*For 2016/17, there were no current year premium contributions, as the reinsurance premium rates for the year were zero. The current year premium contributions (net) are the result of prior year adjustments and are shown net of an allowance for uncollectible accounts, which in 2016/17 is a recovery of $4,000 (2016 - $3,000 recovery).

In addition to the financial protection provided by federal-provincial reinsurance as noted above, MASC entered into a one-year agreement with private sector reinsurers for the 2016 crop year. The agreement involved 32 reinsuring companies assuming 90% (2016 - 90%) of losses (including deemed losses for adjusting expenses and a deemed loss of premium as a result of insurable land that is unseeded due to excess moisture) from 15.0% to 27.5% of AgriInsurance liability (coverage). Reinsurance premiums were $29,869,000 (2016 - $30,289,000). There was no private sector reinsurance recovery for 2017.

Hail Insurance

For 2016/17, MASC entered into a one-year agreement with private sector reinsurers for the Hail Insurance Program. The agreement involved 21 reinsuring companies assuming 90% of hail insurance losses (including actual loss adjusting expenses) from 4.25% to 7.00% of hail insurance liability (coverage). Reinsurance premiums were $1,499,000 (2016 - $1,675,000), with a reinsurance recovery of $6,542,000 (2016 - nil).

SCHEDULE 1: SCHEDULE OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED MARCH 31, 2017 | IN THOUSANDS OF DOLLARS

	Lending Programs		AgriInsurance Program		Hail Insurance Program	
	2017	2016	2017	2016	2017	2016
REVENUE						
Insurance premiums						
Insured producers	$ -	$ -	$ 88,132	$ 92,416	$ 26,874	$ 25,732
Province of Manitoba	-	-	51,800	53,089	-	-
Government of Canada	-	-	77,703	79,639	-	-
	-	-	217,635	225,144	26,874	25,732
Interest from loans	26,766	24,411	-	-	-	-
Other contributions - Province of Manitoba	(1,679)	752	4,372	4,460	-	-
Other contributions - Government of Canada	-	-	6,539	6,662	-	-
Reinsurance recoveries	-	-	-	-	6,542	-
Investment income	46	19	2,512	1,742	925	1,059
Other income	270	61	-	-	-	-
Total revenue	25,403	25,243	231,058	238,008	34,341	26,791
EXPENSE						
Insurance indemnities and compensation payments	-	-	79,428	118,216	43,578	31,134
Reinsurance premiums (Note 22)	-	-	29,869	30,254	1,499	1,675
Interest on borrowed funds	18,552	17,351	-	-	-	-
Provision (recoveries) for credit losses	(2,218)	2,306	794	817	24	4
Provision (recoveries) for guaranteed loan losses (Note 16)	(284)	(111)	-	-	-	-
Young farmer incentives	1,751	1,838	14	19	-	-
Farmland school tax rebates (Note 5)	-	-	-	-	-	-
Other program payments (Note 7)	-	-	-	-	-	-
Administrative expenses (Schedule 2)	4,722	4,521	10,897	11,104	5,008	4,461
Total expenses	22,523	25,905	121,002	160,410	50,109	37,274
Income (loss) for the year	2,880	(662)	110,056	77,598	(15,768)	(10,483)
Accumulated surplus (deficit), beginning of year	(32,403)	(31,741)	324,816	247,218	71,590	82,073
Surplus (deficit), end of year	$ (29,523)	$ (32,403)	$ 434,872	$ 324,816	$ 55,822	$ 71,590

Wildlife Damage Compensation Program		Farmland School Tax Rebate Program		Western Livestock Price Insurance Program		Other Programs		Total	Total
2017	2016	2017	2016	2017	2016	2017	2016	**2017**	2016
$ -	$ -	$ -	$ -	$ 1,023	$ 412	$ -	$ -	**$ 116,029**	$ 118,560
-	-	-	-	-	-	-	-	**51,800**	53,089
-	-	-	-	-	-	-	-	**77,703**	79,639
-	-	-	-	1,023	412	-	-	**245,532**	251,288
-	-	-	-	-	-	-	-	**26,766**	24,411
3,706	2,208	40,368	33,997	339	328	(633)	(197)	**46,473**	41,548
4,353	2,602	-	-	509	493	(1)	(11)	**11,400**	9,746
-	-	-	-	79	-	-	-	**6,621**	-
-	-	15	9	2	8	52	61	**3,552**	2,898
-	-	-	-	-	-	26	95	**296**	156
8,059	4,810	40,383	34,006	1,952	1,241	(556)	(52)	**340,640**	330,047
7,232	4,262	-	-	1,702	714	-	-	**131,940**	154,326
-	-	-	-	145	63	-	-	**31,513**	31,992
-	-	-	-	-	-	-	-	**18,552**	17,351
-	-	15	9	-	-	106	(21)	**(1,279)**	3,115
-	-	-	-	-	-	-	-	**(284)**	(111)
-	-	-	-	-	-	-	-	**1,765**	1,857
-	-	39,836	33,449	-	-	-	-	**39,836**	33,449
-	-	-	-	-	-	(684)	(157)	**(684)**	(157)
827	548	532	548	848	821	22	126	**22,856**	22,129
8,059	4,810	40,383	34,006	2,695	1,598	(556)	(52)	**244,215**	263,951
-	-	-	-	(743)	(357)	-	-	**96,425**	66,096
-	-	-	-	628	985	-	-	**364,631**	298,535
$ -	$ -	$ -	$ -	$ (115)	$ 628	$ -	$ -	**$ 461,056**	$ 364,631

SCHEDULE 2: SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED MARCH 31, 2017 | IN THOUSANDS OF DOLLARS

	2017	2016
Adjustors' wages, benefits and expenses	**$ 5,485**	$ 5,225
Advertising	**384**	378
Amortization expense	**60**	67
Appeal Tribunal	**38**	(1)
Audit fees and legal	**390**	362
Directors' remuneration and expense	**57**	113
Furniture and equipment	**82**	109
Information technology	**608**	560
Office rental and utilities	**1,310**	1,329
Other administrative expenses	**811**	811
Other administrative recoveries	**(933)**	(910)
Postage	**173**	196
Printing and office supplies	**140**	178
Salaries and employee benefits	**13,659**	13,104
Telephone	**240**	231
Travel and vehicle expenses	**352**	377
Total administrative expenses	**$ 22,856**	$ 22,129
Administrative expenses allocation:		
Lending Programs	**$ 4,722**	$ 4,521
AgriInsurance Program	**10,897**	11,104
Hail Insurance Program	**5,008**	4,461
Wildlife Damage Compensation Program	**827**	548
Farmland School Tax Rebate Program	**532**	548
Western Livestock Price Insurance Program	**848**	821
Other Programs	**22**	126
Total administrative expenses	**$ 22,856**	$ 22,129

MANITOBA ARTS COUNCIL

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

MANITOBA ARTS COUNCIL

Management's Responsibility for Financial Reporting

The accompanying financial statements and note disclosures are the responsibility of management of Manitoba Arts Council and have been prepared by management in accordance with Canadian public sector accounting standards for government not-for-profit organizations as issued by the Public Sector Accounting Board. The financial statements have been reviewed by the Audit/Finance/HR Committee and approved by the Council on June 27, 2017.

In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgments regarding all necessary estimates and other data available as at the date of approval of the financial statements by the Council.

Management maintains internal controls to properly safeguard the assets and to provide reasonable assurance that the books and records from which the financial statements are derived accurately reflect all transactions and that established policies and procedures are being followed.

The financial statements have been audited by Magnus LLP, Chartered Professional Accountants, independent external auditors. The responsibility of the auditor is to express an independent opinion on whether the financial statements of Manitoba Arts Council are fairly presented, in all material respects, in accordance with Canadian public sector accounting standards for government not-for-profit organizations. The Independent Auditor's Report outlines the scope of the audit and provides the audit opinion on the financial statements.

On behalf of Management of
Manitoba Arts Council

Original Document Signed

Akoulina Connell
Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

To the Members of the Council of
Manitoba Arts Council

Report on the Financial Statements

We have audited the accompanying financial statements of Manitoba Arts Council, which comprise the statement of financial position as at March 31, 2017, the statements of operations, changes in fund balances and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Manitoba Arts Council as at March 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with the Canadian public sector accounting standards for government not-for-profit organizations.

Magnus

June 27, 2017
Winnipeg, Canada

Chartered Professional Accountants

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MANITOBA ARTS COUNCIL

Statement of Financial Position

March 31, 2017

	Grants & Programs Fund	Bridges Fund	Total 2017	Total 2016
ASSETS				
Current Assets:				
Cash and cash equivalents	$435,205	$0	$435,205	$328,976
Accounts receivable (Note 4)	1,214	0	1,214	19,750
Prepaid expenses	11,427	0	11,427	13,159
	447,846	**0**	**447,846**	**361,885**
Recoverable from Province of Manitoba (Note 9)	36,000	0	36,000	36,000
Portfolio investments (Note 5)	212,160	0	212,160	187,041
Capital assets (Note 6)	16,229	0	16,229	26,708
Interfund balances	(5,000)	5,000	0	0
TOTAL ASSETS	**$707,235**	**$5,000**	**$712,235**	**$611,634**
LIABILITIES AND FUND BALANCES				
Current Liabilities:				
Accounts payable and accrued liabilities (Note 8)	$98,397	$0	$98,397	$126,972
Commitments for grants and programs	306,175	5,000	311,175	549,806
	404,572	**5,000**	**409,572**	**676,778**
Employee future benefits (Note 9)	98,945	0	98,945	85,755
Fund Balances:				
Invested in capital assets	16,229	0	16,229	26,708
Unrestricted	187,489	0	187,489	(177,607)
	203,718	**0**	**203,718**	**(150,899)**
Collections (Note 7)				
Designated Assets (Note 9)				
Commitments (Note 10)				
TOTAL LIABILITIES AND FUND BALANCES	**$707,235**	**$5,000**	**$712,235**	**$611,634**

Approved on behalf of Council:

Original Document Signed
Chair

Original Document Signed
Chief Executive Officer

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

MANITOBA ARTS COUNCIL

Statement of Operations

Year ended March 31, 2017

	Grants & Programs Fund	Bridges Fund	Total 2017	Total 2016
REVENUE				
Province of Manitoba - Operating Grant	$8,598,900	$0	$8,598,900	$8,598,000
Province of Manitoba - Bridges Grant	0	875,000	875,000	875,000
Province of Manitoba - Manitoba Theatre Centre	0	150,000	150,000	150,000
Province of Manitoba - Manitoba Opera Association	0	0	0	300,000
Other	45,000	0	45,000	45,649
Investment Income	13,645	0	13,645	12,004
	8,657,545	**1,025,000**	**9,682,545**	**9,980,653**
EXPENSES				
ORGANIZATIONS				
Annual & Operating Grants				
Arts Training Schools	162,500	0	162,500	162,500
Arts Service Organizations	94,000	0	94,000	94,000
Dance Companies	882,050	0	882,050	882,050
Music Organizations	1,197,060	0	1,197,060	1,572,060
Theatre Companies	1,657,450	150,000	1,807,450	1,807,450
Visual Arts Organizations	881,840	0	881,840	881,840
Book Publishers	268,200	0	268,200	268,200
Periodical Publishers	207,690	0	207,690	207,690
	5,350,790	**150,000**	**5,500,790**	**5,875,790**
Touring Grants	270,500	0	270,500	300,000
Presentation Grants	337,700	0	337,700	383,329
Special Grants	0	0	0	1,000
Management & Governance	0	18,500	18,500	25,000
	5,958,990	**168,500**	**6,127,490**	**6,585,119**
INDIVIDUALS				
Professional Development Grants	194,851	0	194,851	212,104
Creation and Production Grants	573,321	0	573,321	627,433
Touring Grants	16,000	0	16,000	20,000
Aboriginal Arts Grants	0	68,000	68,000	60,000
	784,172	**68,000**	**852,172**	**919,537**
ARTS DEVELOPMENT				
Residencies	405,984	0	405,984	469,941
ArtsSmarts Projects	131,623	0	131,623	116,608
Award of Distinction	0	0	0	30,000
Special Projects	17,136	117,489	134,625	170,307
Community Connections & Access	0	151,870	151,870	158,000
Arts Education Initiatives	0	20,000	20,000	20,000
	554,743	**289,359**	**844,102**	**964,856**
	7,297,905	**525,859**	**7,823,764**	**8,469,512**
Arts Program Delivery Expenses (Schedule 1)	690,436	103,729	794,165	1,080,218
	7,988,341	**629,588**	**8,617,929**	**9,549,730**
Administrative Expenses (Schedule 2)	753,105	0	753,105	745,247
	8,741,446	**629,588**	**9,371,034**	**10,294,977**
Rescinded Commitments	(43,106)	0	(43,106)	(33,364)
Total Expenses	**8,698,340**	**629,588**	**9,327,928**	**10,261,613**
(Deficiency) Excess of Revenue over Expenses	**($40,795)**	**$395,412**	**$354,617**	**($280,960)**

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

MANITOBA ARTS COUNCIL
Statement of Changes in Fund Balances
Year ended March 31, 2017

	Grants & Program Fund		Bridges Fund		
	Invested In Capital Assets	General		Total 2017	Total 2016
Fund Balances, Beginning of Year	**$26,708**	**($177,607)**	**$0**	**($150,899)**	**$130,061**
(Deficiency) Excess of Revenue over Expenses	(14,019)	(26,776)	395,412	354,617	(280,960)
Additions to Capital Assets	3,540	(3,540)	0	0	0
Interfund Transfers (Note 11)	0	395,412	(395,412)	0	0
Fund Balances, End of Year	**$16,229**	**$187,489**	**$0**	**$203,718**	**($150,899)**

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

MANITOBA ARTS COUNCIL
Statement of Cash Flow
Year ended March 31, 2017

	2017	2016
Cash provided by (applied to)		
Operating activities:		
Excess (Deficiency) of Revenue over Expenses	$354,617	($280,960)
Adjustment for:		
Amortization of capital assets	14,019	14,338
	368,636	(266,622)
Changes in the following:		
Accounts receivable	18,536	(16,695)
Prepaid expenses	1,732	125,473
Accounts payable and accrued liabilities	(28,575)	(6,798)
Commitments for grants and programs	(238,631)	123,429
Employee future benefits	13,190	11,852
	(233,748)	237,261
Cash provided by (applied to) operating activities	134,888	(29,361)
Investing activities:		
Change in portfolio investments	(25,119)	16,557
Cash (applied to) provided by investing activities	(25,119)	16,557
Capital activities:		
Acquisition of capital assets	(3,540)	(18,567)
Cash (applied to) capital activities	(3,540)	(18,567)
Change in cash and cash equivalents	106,229	(31,371)
Cash and cash equivalents, beginning of year	**328,976**	**360,347**
Cash and cash equivalents, end of year	**$435,205**	**$328,976**

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

1. Nature of Organization

The Arts Council Act established the Manitoba Arts Council (the "Council") in 1965 to "…promote the study, enjoyment, production and performance of works in the arts." The Council is a registered charity (public foundation) and, as such, is exempt from income taxes pursuant to *The Income Tax Act* (Canada).

2. Basis of Accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards as issued by the Public Sector Accounting Board, including the standards available to government not-for-profit organizations (PS 4200 - PS 4270).

3. Summary of Significant Accounting Policies

(a) Fund Accounting

The financial statements disclose the activities of the following funds maintained by the Council:

(i) Grants & Program Fund
This fund reflects the disbursement and administration of grants and programs in the spirit of the aims and objects of the Council as defined in *The Arts Council Act.*

(ii) Bridges Fund
This fund was established in June of 1999 to generate new initiatives in art development and practice, enhance public access to the arts and enhance administrative and governance skills for arts organizations. As well, the program will encourage new partnerships, provide more opportunities for professional development and assist in audience development. The excess of revenue over expenses, if any, is transferred to the Grants & Programs Fund at an amount as determined by the Council to fulfill similar goals and objectives.

(b) Revenue Recognition

(i) Contributions
The Council follows the deferral method of accounting for contributions. Externally restricted contributions are deferred and recognized as revenue in the applicable fund in the year in which the related expenses are incurred. Unrestricted and internally restricted contributions are recognized as revenue in the applicable fund when received or receivable and when collection is reasonably assured.

(ii) Investment Income
Investment income is recognized on the accrual basis.

(c) Expenses

All expenses incurred are recognized on the accrual basis when the related goods or services are received.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and short term deposits and investments with original maturities of three months or less.

(e) Accounts Receivable

Accounts receivable are recorded at the lower of cost and net realizable value. An allowance for doubtful accounts is recorded when there is uncertainty whether the amounts will be collected.

(f) Portfolio Investments

Portfolio investments include term deposits and investments with original maturities greater than three months. These investments are recognized at cost.

(g) Capital Assets

Capital assets are recognized at cost. Cost includes the purchase price and other acquisition costs. The costs of capital assets, less any residual value, are amortized over their estimated useful lives as follows:

Office furniture and equipment	5-10 years straight-line
Computer hardware and software	3 years straight-line

(h) Collections of Musical Instruments and Works of Visual Art

The Council has collections of musical instruments and works of visual art which are not recognized in the financial statements. See Note 7 for information relating to the Council's collections.

3. Summary of Significant Accounting Policies (continued)

(i) Liabilities

Liabilities are present obligations as a result of transactions and events occurring at or prior to the end of the fiscal year, the settlement of which will result in the future transfer or use of assets or other form of settlement. Liabilities are recognized when there is an appropriate basis of measurement and a reasonable estimate can be made of the amount involved.

(j) Commitments for Grants and Programs

Grants and program commitments are recognized as expenses when funding is formally approved and committed by the Council. Cancellations of prior years' grant expenses are reflected as rescinded commitments in the statement of operations in the year of cancellation.

(k) Financial Instruments - Measurement

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

The Council records its financial assets at cost, which include cash and cash equivalents, accounts receivable, portfolio investments and recoverable from the Province of Manitoba. The Council also records its financial liabilities at cost, which include accounts payable and accrued liabilities and commitments for grants and programs

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

(l) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically and adjustments are recognized in the period they become known. Actual results may differ from these estimates.

4. Accounts Receivable

Accounts receivable at March 31 is comprised of the following:

	2017	2016
Accrued interest	$1,156	$1,328
Due from the Province of Manitoba	0	17,504
Other receivables	58	918
	$1,214	$19,750

5. Portfolio investments

As at March 31, 2017, the market value of the Council's portfolio investments is $211,786 (2016 - $188,365).

6. Capital Assets

	2017			2016
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office furniture and equipment	$133,730	$133,041	$689	$1,795
Computer hardware and software	524,294	508,754	15,540	24,913
	$658,024	$641,795	$16,229	$26,708

7. Collections

Works of Visual Art
The Council's collection of works of visual art is comprised of 399 pieces of art currently in the care of the Arts Gallery of Southwestern Manitoba in Brandon, Manitoba and at Council's Winnipeg, Manitoba office. There were no acquisitions or disposals of collection items during the year (2016 - $nil). Total expenditures on collection items during the year were $2,662 for framing and repairs (2016 - $nil). The most recent appraisal of the visual art collection was completed in 2005 indicating a market value of $449,222.

Musical Instruments
The Manitoba Arts Council jointly owns a collection of stringed instruments with the Unviersities of Manitoba and Brandon, Schools of Music which are for the exclusive use of the students. There were no acquisitions, disposals or expenditures on stringed instruments during the year (2016 - $nil). The most recent valuation of these instruments indicated a value of $424,770.

8. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at March 31 is comprised of the following:

	2017	2016
Trade payables and accruals	$17,333	$27,856
Accrued vacation entitlements	79,012	96,317
Accrued overtime entitlements	1,195	1,545
Other accruals	857	1,254
	$98,397	$126,972

9. Employee Future Benefits

Pension Benefits
Employees of the Council are provided pension benefits as a result of the participation of its eligible employees in the *Civil Service Superannuation Act* (*CSSA*). The Council participates on a fully funded basis and its contributions of $59,900 (2016 - $57,440) represents the total pension expense for the year. Pursuant to the *CSSA* , the Council has no further liability for pension benefits as at year end.

Severance Liability
Effective March 31, 1999, Manitoba Arts Council, as a Crown organization, is required to record a severance liability. The Province of Manitoba has recognized an opening liability of $36,000 as at April 1, 1998 and the Council has recorded a corresponding recoverable from the Province; this recoverable from the Province is designated for future severance obligations of the Council. Any subsequent changes to the severance liability is the responsibility of the Council.

As at March 31, 2017, the Council recorded a severance liability of $98,945 (2016 - $85,755) based on the provisions of its Employee Handbook and management's best assumptions regarding severance rates and compensation increases. The assumptions used parallel those used by the Province of Manitoba and include a 6% rate of return and 3.75% annual salary increases. The liability is based on actuarial calculations and is updated annually based on a formula included in the most recent actuarial valuation dated December 31, 2013.

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

	2017	2016
Severance liability, beginning of year	$85,755	$73,903
Actuarial (gains) losses	-	-
Interest cost	5,146	4,434
Current service cost	8,044	7,418
Severance benefits paid during the year	-	-
	98,945	85,755
Less: Unamortized actuarial (gains) losses	-	-
Severance liability, end of year	$98,945	$85,755

As at March 31, 2017, the total obligation for severance benefits for employees not participating in the *CSSA* is $nil (2016 - $nil). During the year ended March 31, 2017, $nil severance or retirement benefits were paid to employees not part of the *CSSA* (2016 - $32,125).

10. Commitments

The Council is committed pursuant to a lease renewal agreement for its office premises for ten years commencing April 1, 2012 and expiring March 31, 2022. Total annual basic rent payments pursuant to the lease renewal agreement are $116,342 with expenses arising from an escalation clause for taxes, insurance, utilities and building maintenance being in addition to the basic rent. Total annual rent for 2017 was $130,259. The 2018 annual rent is estimated to be $131,160.

11. Interfund Transfers and Internally Restricted Fund Balances

As at March 31, 2017, there were no internally restricted funds allocated to programs (2016 - $nil). During the year, $395,412 (2016 - $209,916) was transferred from the Bridges Fund to the Grants & Programs Fund in order to fund the cash outlays for Grants to Organizations and Arts Development Grants for the year.

12. Financial Instruments and Financial Risk Management

The Council does not have any significant financial instruments subsequently measured at fair value or denominated in a foreign currency therefore the Council did not incur any remeasurement gains or losses during the year (2016 - $nil).

Financial Risk Management - Overview

The Council has exposure to the following risks resulting from its financial instruments: credit risk; liquidity risk; market risk; interest rate risk; and foreign currency risk.

12. Financial Instruments and Financial Risk Management (continued)

Credit Risk
Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Council to credit risk consist primarily of cash and cash equivalents, accounts receivable, portfolio investments and recoverable from the Province of Manitoba.

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

	2017	2016
Cash and cash equivalents	$435,205	$328,976
Accounts receivable	1,214	19,750
Portfolio investments	212,160	187,041
Recoverable from the Province of Manitoba	36,000	36,000
	$684,579	$571,767

Cash and Cash Equivalents and Portfolio Investments
The Council is not exposed to significant credit risk as these amounts are held by a reputable Canadian financial institution and the Minister of Finance.

Accounts Receivable and Recoverable from the Province of Manitoba
The Council is not exposed to significant credit risk as any significant balances are due from the Province of Manitoba. The Council manages this credit risk by close monitoring and follow up of any overdue accounts. When necessary, the Council establishes an allowance for doubtful accounts that represent its estimate of potential credit losses. The balance in the allowance for doubtful accounts as at March 31, 2017 is $nil (2016 - $nil).

Liquidity Risk
Liquidity risk is the risk that the Council will not be able to meet its financial obligations as they come due. The Council manages liquidity risk by maintaining adequate cash balances to meet its obligations.

Market Risk
Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Council's results of operations or the fair values of its financial instruments.

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

The interest rate risk on cash and cash equivalents is considered to be low because of their short-term nature. The interest rate risk on portfolio investments is considered to be low because the original deposits and investments are reinvested at similar rates with similar terms and conditions.

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Council is not exposed to foreign currency risk as it does not have any significant financial instruments denominated in a foreign currency.

MANITOBA ARTS COUNCIL
SCHEDULE 1 - ARTS PROGRAM DELIVERY EXPENSES
Year ended March 31, 2017

	Grants & Programs Fund	Bridges Fund	Total 2017	Total 2016
Salaries and benefits	$517,049	$80,488	$597,537	$860,101
Jurors' fees and expenses	53,242	7,788	61,030	69,700
Rent	65,130	13,026	78,156	77,166
Communications	32,743	0	32,743	31,600
Staff travel and expenses	2,322	427	2,749	18,294
Postage, courier and telephone	8,696	1,868	10,564	12,174
Office supplies	920	132	1,052	1,183
Sundry	257	0	257	0
Memberships & partnerships	10,077	0	10,077	10,000
	$690,436	**$103,729**	**$794,165**	**$1,080,218**

MANITOBA ARTS COUNCIL
SCHEDULE 2 - ADMINISTRATIVE EXPENSES
Year ended March 31, 2017

	Grants & Programs Fund	
	2017	2016
Salaries and benefits	$458,825	$474,230
Council expenses	42,404	34,319
Rent	61,694	51,484
Postage, courier and telephone	12,225	10,189
Office supplies, printing and stationery	9,945	13,791
Communications:		
Recruitment costs	18	699
Advocacy	3,639	298
Annual report	8,077	10,184
Strategic planning	20,890	0
Amortization	14,019	14,338
Equipment repairs and maintenance	45,981	23,449
Professional fees	25,281	64,968
Memberships and subscriptions	14,582	15,496
Insurance and sundry	9,508	4,770
Staff travel and expenses	7,362	12,032
Other (Art Bank Administration)	18,655	15,000
	$753,105	**$745,247**

Financial Statements of

MANITOBA CENTENNIAL CENTRE CORPORATION

Year ended March 31, 2017

Management Report

The accompanying financial statements of the Manitoba Centennial Centre Corporation (the "Corporation") are the responsibility of management and have been prepared in accordance with Canadian public sector accounting standards. We understand that fair presentation of these financial statements includes: providing sufficient information about certain transactions, or events having an effect on the Corporation's financial position; results of operations and cash flows for the periods presented that are of such size, nature and incidence that their disclosure is necessary to understand that effect on the Corporation's financial statements; and providing information in a manner that is clear and understandable.

Management are responsible for the design, implementation and operation of internal controls to safeguard the assets of the corporation and to prevent, deter and detect fraud and error, including internal controls over the financial reporting process.

The responsibility of KPMG is to express an independent, professional opinion on whether the financial statements of the Corporation are fairly presented in accordance with Canadian public sector accounting standards. The Auditors' Report outlines the scope of the audit examination and provides their opinion.

On behalf of Management,

Original Document Signed

Robert Olson
Chief Executive Officer

Original Document Signed

Candace Trussler
Director, Finance & Administration

KPMG LLP
Suite 2000 - One Lombard Place
Winnipeg MB R3B 0X3
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Manitoba Centennial Centre Corporation

We have audited the accompanying financial statements of Manitoba Centennial Centre Corporation which comprise the statement of financial position as at March 31, 2017, the statements of operations, changes in fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Manitoba Centennial Centre Corporation as at March 31, 2017, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants

June 21, 2017

Winnipeg, Canada

MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Financial Position

March 31, 2017, with comparative information for 2016

	2017	2016
Assets		
Current assets:		
Cash	$ 544,624	$ 578,696
Term deposits - Province of Manitoba	202,036	413,448
Accounts receivable	394,823	333,112
Capital grant receivable - Province of Manitoba	2,473	164,424
Inventory	52,508	50,556
Prepaid expenses	52,024	37,995
Vacation pay recoverable from the Province of Manitoba (note 4)	199,964	199,964
Other investments	107,897	107,294
	1,556,349	1,885,489
Amounts recoverable - Province of Manitoba:		
Severance (note 4)	307,561	307,561
Pension (note 5)	6,403,000	6,442,829
Capital assets (note 6)	769,542	852,639
	$ 9,036,452	$ 9,488,518

	2017	2016

Liabilities, Deferred Contributions and Fund Balances

	2017	2016
Current liabilities:		
Accounts payable and accrued liabilities	$ 280,232	$ 469,616
Accrued vacation liability (note 4)	256,497	251,616
Capital advances (note 10)	–	48,434
Deferred income and rental deposits	87,654	79,554
	624,383	849,220
Accrued severance pay (note 4)	322,835	308,480
Accrued sick leave (note 4)	42,635	40,574
Pension liability (note 5)	6,403,000	6,442,829
Deferred contributions related to capital assets (note 7)	601,920	694,773
Fund balances		
Invested in capital assets (note 8)	167,622	157,866
Internally restricted funds (note 9)	427,223	426,620
Unrestricted funds:		
General fund	446,834	568,156
	1,041,679	1,152,642
	$ 9,036,452	$ 9,488,518

See accompanying notes to financial statements.

On behalf of the Board:

Original Document Signed Director

Original Document Signed Director

MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Operations

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

	General	Capital	Internally restricted	2017 Total	2016 Total
Revenue:					
Concert Hall	$ 1,250,788	$ –	$ –	$ 1,250,788	$ 1,007,543
Rental fees	247,040	–	–	247,040	174,088
Concession sales	473,461	–	–	473,461	345,977
Parking fees	1,369,770	–	–	1,369,770	1,177,963
Miscellaneous	73,060	–	–	73,060	64,554
	3,414,119	–	–	3,414,119	2,770,125
Province of Manitoba grants:					
Operating	2,999,585	–	–	2,999,585	3,054,698
Amortization of deferred contributions (note 7)	–	258,847	–	258,847	257,842
Province of Manitoba - pension, net (note 5)	(182,922)	–	–	(182,922)	(167,885)
	2,816,663	258,847	–	3,075,510	3,144,655
Recoveries of expenses	225,098	–	–	225,098	246,206
Investment income (note 9)	–	–	603	603	442
Total revenues, grants and recoveries	6,455,880	258,847	603	6,715,330	6,161,428
Expenses:					
Administration and general	735,817	–	–	735,817	630,584
Amortization of capital assets	–	330,322	–	330,322	341,201
Concession operations	280,273	–	–	280,273	229,400
Building services and maintenance	1,307,023	–	–	1,307,023	1,363,298
Host services and special projects	464,053	–	–	464,053	436,415
Manitoba Production Centre	253,234	–	–	253,234	225,274
Parking services	292,981	–	–	292,981	287,184
Pension (note 5)	292,754	–	–	292,754	260,301
Security services	588,016	–	–	588,016	562,605
Stage operations	441,321	–	–	441,321	414,700
	4,655,472	330,322	–	4,985,794	4,750,962
Expenses incurred on behalf of The Manitoba Museum (note 11)	1,840,499	–	–	1,840,499	1,808,410
Total expenses (schedule - operating expenses)	6,495,971	330,322	–	6,826,293	6,559,372
Excess (deficiency) of revenue over expenses	$ (40,091)	$ (71,475)	$ 603	$ (110,963)	$ (397,944)

See accompanying notes to financial statements.

MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Changes in Fund Balances

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

	General	Capital	Internally restricted	2017 Total	2016 Total
Fund balances, beginning of year	$ 568,156	$ 157,866	$ 426,620	$ 1,152,642	$ 1,550,586
Excess (deficiency) of revenue over expenses	(40,091)	(71,475)	603	(110,963)	(397,944)
Transfer of funds related to internally funded capital asset additions	(81,231)	81,231	–	–	–
Fund balances, end of year	$ 446,834	$ 167,622	$ 427,223	$ 1,041,679	$ 1,152,642

See accompanying notes to financial statements.

MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Cash Flows

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

	2017	2016
Cash provided by (used in):		
Operating:		
Deficiency of revenue over expenses	$ (110,963)	$ (397,944)
Adjustments for:		
Amortization of deferred contributions	(258,847)	(257,842)
Amortization of capital assets	330,322	341,201
	(39,488)	(314,585)
Change in other investments	(603)	(438)
Change in accrued severance pay	14,355	(35,289)
Change in accrued sick leave	2,061	(1,260)
Change in non-cash working capital balances:		
Accounts receivable	(61,711)	90,902
Inventory	(1,952)	(777)
Prepaid expenses	(14,029)	53,483
Accounts payable and accrued liabilities	(189,384)	(116,130)
Accrued vacation liability	4,881	(20,728)
Deferred income and rental deposits	8,100	514
	(277,770)	(344,308)
Financing:		
Capital assets grants and advances - Province of Manitoba	279,511	77,152
Investing:		
Purchase of capital assets	(247,225)	(24,427)
Decrease in cash and cash equivalents	(245,484)	(291,583)
Cash and cash equivalents, beginning of year	992,144	1,283,727
Cash and cash equivalents, end of year	$ 746,660	$ 992,144
Cash and cash equivalents consist of:		
Cash	$ 544,624	$ 578,696
Term deposits - Province of Manitoba	202,036	413,448
	$ 746,660	$ 992,144

See accompanying notes to financial statements.

1. Nature of the Corporation's operations:

Manitoba Centennial Centre Corporation (the Corporation) was established in 1968 for the development and management of a permanent arts centre in the City of Winnipeg as the principal memorial in the Province to the centennial anniversaries of the Confederation of Canada and the inclusion of Manitoba as a Province. Its aim and objectives are to maintain and enhance the properties and facilities available to organizations and individuals involved in various elements of the visual and performing arts. The Corporation is exempt from income taxes under Sub-section 149(1) of the *Income Tax Act.*

2. Properties of the Corporation:

The Corporation oversees properties on behalf of the Province of Manitoba. At March 31, 2017 registered titles to these properties, being the Manitoba Centennial Centre, Manitoba Production Centre, parkade, parking lots and other buildings, are held by the Province of Manitoba. These properties are made available at no direct charge to the Corporation.

The Corporation has included the financial results of the Manitoba Production Centre within its financial statements as per Letters of Understanding/Agreement between Manitoba Culture, Heritage and Tourism and Manitoba Centennial Centre Corporation dated December 14, 2005 in which the Corporation agreed to manage this property for the Province.

3. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including PS4200 standards for government not-for-profit organizations.

3. Significant accounting policies (continued):

(a) Fund accounting:

The Corporation's financial statements have been prepared on a fund basis.

The General fund is used to account for the operations of the Corporation.

Internally restricted funds consist of the Foundation of the Future Fund which is to be used towards funding of youth based arts and culture, Manitoba Production Centre Fund which is to be reinvested in that facility, an Equipment Purchases Fund which is used to acquire capital equipment and a Special Projects Fund to support significant one-time expenditures as approved by the Board from time to time. Internally restricted funds cannot be expended without the approval of the Board of Directors.

The Capital Asset fund reports the assets, liabilities, revenues and expenses related to capital assets other than assets that are funded by the Province of Manitoba (notes 2, 3[e] and 8).

(b) Revenue recognition:

The Corporation follows the deferral method of accounting for contributions which include donations and government grants.

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

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

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

Revenue from fees contracts and sales of goods is recognized when the services are provided or the goods are sold.

3. Significant accounting policies (continued):

(c) Inventory:

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

(d) Cash:

Cash includes cash on hand and balances with banks.

(e) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Corporation's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

Asset	Rate
Computer equipment	20%
Concert hall and museum refurbishments	10%
Concrete replacement	8%
Equipment and furnishings	20%
Marquee	20%
Office and building renovations	5% - 10%
Courtyard vestibule	2.5%
Physical plant and building controls	10%
Stage equipment	20%
Security equipment	20%
System and motor controls	10%

3. Significant accounting policies (continued):

Assets under construction are included in the appropriate asset category. Assets under construction are not amortized until asset construction is complete.

The financial statements of the Corporation exclude capital assets that are recorded as capital assets in the accounts of the Province of Manitoba. Expenditures on these excluded assets, and the related advances from the Province of Manitoba, are presented in note 10. Effective April 1, 2006, the Corporation began reflecting all other capital asset expenditures in its financial statements. Such assets are accounted for in accordance with the requirements of Canadian public sector accounting standards section 4230.

(f) Financial instruments:

Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value.

Investments consist of term deposits, and are recorded at cost plus accrued interest, which approximates fair value.

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

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

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

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

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

3. Significant accounting policies (continued):

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

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

(g) Employee benefits:

The cost of the Corporation's vacation benefits is accrued when the benefits are earned by the employees. A provision for employee severance pay is recognized based on the number of eligible employees and year of service.

Pension payments are recognized as operating expenses as payments are made under provisions of *The Manitoba Civil Service Superannuation Act*. The provisions of this Act require the Corporation to contribute 50 percent of the pension payments being made to retired employees. In addition, a provision has been recorded in the accounts of the Corporation for the employer's share of current and past service pension obligations.

The accumulated non-vested sick leave benefits is calculated annually utilizing an internally developed valuation method which takes into account the average usage of sick days used in excess of the annual sick days earned, average employee service time to date and average employee compensation per day.

(h) Use of estimates:

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

4. Employee benefits:

(a) Accrued vacation pay:

The Province of Manitoba funds a portion of the vacation pay benefits of the Corporation, which is limited to the amount estimated at March 31, 1995. Accordingly, the Corporation has recorded a recoverable in the amount of $199,964 from the Province of Manitoba which reflects the estimated liability for accumulated vacation pay benefits at March 31, 1995. Each year the Corporation is expected to fund the change in the liability from annual funding provided by the Province of Manitoba. At March 31, 2017, the Corporation has an accrued vacation liability of $256,497 (2016 - $251,616).

(b) Accrued severance pay:

Effective April 1, 1998, the Corporation commenced recording the estimated liability for accumulated severance pay benefits for its employees. At March 31, 2017, based on an actuarial estimate, the obligation for accrued severance pay is $322,835 (2016 - $308,480). The significant actuarial assumptions include an interest rate of 6.0 percent (2016 - 6.5 percent).

Severance pay, at the employee's date of retirement, will be determined by multiplying the eligible employee's years of service (to a maximum of 23 years per collective agreement) by the employee's weekly salary at the date of retirement. Eligibility will require that the employee has achieved a minimum of nine years of service and that the employee is retiring from the Corporation.

The amount of funding which will be provided by the Province of Manitoba for severance pay benefits of $307,561, represents the amount accumulated to March 31, 1998 by the employees of the Corporation, and is recorded as amounts recoverable - Province of Manitoba on the statement of financial position. This receivable from the Province of Manitoba has no specified terms of repayment. The Corporation is responsible for funding liabilities for severance pay benefits accumulated after March 31, 1998 through its operating grants from the Province of Manitoba. As a result, the change in the accrued severance pay liability, including the interest accretion, is reflected in the funding for severance expense.

(c) Sick leave:

The Corporation provides accumulating sick leave benefits to employees. These benefits accumulate with employee service and benefit amounts are determined with reference to employees' final earnings at the time they are paid out. The significant assumptions adopted in measuring the Corporation's accumulated non-vested sick leave benefits include a discount rate of 6.0 percent (2016 - 6.0 percent) and a rate of salary increase of 1 percent (2016 - 3.75 percent).

5. Pension liability:

The Corporation records the pension liability and the related pension expense, including an interest component, in its financial statements. Based on extrapolation from the most recent actuarial report as at December 31, 2015, the Corporation has recorded an amount of $6,403,000 in its financial statements, representing the estimated unfunded liability for the Corporation's employees as at March 31, 2017 (2016 - $6,442,829). Total pension expense of $470,900 (2016 - $413,057) has been recorded in the statement of operations (see schedule - operating expenses), or $292,754 (2016 - $260,301) net of expenses incurred on behalf of Manitoba Museum.

The Province of Manitoba has accepted responsibility for the pension liability and the related expense. The Corporation has therefore recorded an amount recoverable from the Province of Manitoba of $6,403,000 (2016 - $6,442,829) equal to the estimated value of its actuarially determined liability in its financial statements, and has recorded the associated net deficit of $182,922 (2016 - $167,885) in the statement of operations. The Province makes payments on the receivable when it is determined that the funding is required to discharge the related pension obligation.

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

	2017	2016
Balance, beginning of year	$ 6,442,829	$ 6,490,000
Decrease (increase) in trust account held by the Province of Manitoba	(13,880)	(18,730)
Benefits accrued	193,796	159,668
Interest accrued (6.0 percent; 2016 - 6.5 percent)	431,898	394,398
Benefits paid	(670,045)	(590,479)
Actuarial (gains) losses[1]	18,402	7,972
Balance, end of year	$ 6,403,000	$ 6,442,829

[1]The actuarial valuations as at December 31, 2015 and 2014 were completed in 2017 and 2016, respectively. Actuarial gains and losses are recognized over the estimated average remaining service life (EARSL) of the plan members of 9 years. Assumed salary rate increases are 1 percent (2015 - 3.75 percent).

6. Capital assets:

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Computer equipment	$ 106,188	$ 100,670	$ 5,518	$ 8,089
Concert hall refurbishments	309,879	237,971	71,908	94,303
Concrete replacement	10,060	8,048	2,012	2,817
Equipment and furnishings	234,024	162,675	71,349	32,495
Marquee	382,230	382,230	–	–
Office renovations	578,096	526,009	52,087	150,881
Courtyard vestibule	250,017	150,010	100,007	125,008
Physical plant and building controls	235,031	193,674	41,357	7,479
Stage equipment	909,563	625,767	283,796	202,085
Security equipment	465,066	361,882	103,184	190,824
System and motor controls	71,158	64,043	7,115	14,231
Assets under construction	31,209	–	31,209	24,427
	$ 3,582,521	$ 2,812,979	$ 769,542	$ 852,639

7. Deferred contributions:

Deferred contributions represent the unamortized amount of externally restricted contributions that have been received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2017	2016
Balance, beginning of year	$ 694,773	$ 952,615
Capital grants received and receivable (note 10)	165,994	–
Less amortized to revenue	(258,847)	(257,842)
Balance, end of year	$ 601,920	$ 694,773

8. Invested in capital assets:

Amounts invested in capital assets are as follows:

	2017	2016
Capital assets (note 6)	$ 769,542	$ 852,639
Amounts financed by deferred contributions (note 7)	(601,920)	(694,773)
	$ 167,622	$ 157,866

9. Internally restricted funds and other investments:

a) Internally restricted funds:

	2017	2016
Foundation of the Future Fund:		
Balance, beginning of year	$ 107,298	$ 106,856
Investment income	603	442
Balance, end of year	$ 107,901	$ 107,298
Manitoba Production Centre Fund:		
Balance, beginning and end of year	$ 30,000	$ 30,000
Equipment Purchases Fund:		
Balance, beginning of year	$ 169,322	$ 177,267
Transferred to general fund	–	(7,945)
Balance, end of year	$ 169,322	$ 169,322
Special Projects Fund:		
Balance, beginning and end of year	$ 120,000	$ 120,000
Total internally restricted funds, end of year	$ 427,223	$ 426,620

9. Internally restricted funds and other investments (continued):

(b) Other investments:

Foundation of the Future funds are held in term deposits with the Province of Manitoba maturing within twelve months of the balance sheet date.

10. Capital advances:

Changes in capital funds on projects awarded by the Province of Manitoba during fiscal 2017 and the remaining advances not yet undertaken at March 31, 2017 were as follows:

	2017	2016
Capital advances - Province of Manitoba:		
Advances brought forward from previous years	$ 48,434	$ 48,434
Funded during the year / awarded and receivable	165,994	1,096,345
	214,428	1,144,779
Capital expenditures recorded as capital assets in the accounts of the Province of Manitoba (note 3[e]):		
Tenant improvements	48,434	604,579
Lamp Retrofit	–	491,766
	48,434	1,096,345
Funded capital expenditures reflected in the Corporation's financial statements (note 3e)	165,994	–
Advances carried forward to future years	$ –	$ 48,434

11. Grant of service:

Manitoba Centennial Centre Corporation incurs expenses such as cleaning, utilities and maintenance on behalf of The Manitoba Museum. These expenses amounted to $1,840,499 for the year ended March 31, 2017 (2016 - $1,808,410). Included in these expenses is $231,103 (2016 - $205,198) of administration and general expenses of the Corporation that are allocated to The Manitoba Museum proportionately on a predetermined basis.

12. Financial risk and concentration of credit risks:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Corporation is exposed to credit risk with respect to the accounts receivable, capital grant receivable - Province of Manitoba, amounts recoverable - Province of Manitoba for severance and pension, cash and term deposits - Province of Manitoba.

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

The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the statement of operations. Subsequent recoveries of impairment losses related to accounts receivable are credited to the statement of operations. There was no allowance for doubtful accounts at March 31, 2017 and 2016. As at March 31, 2017 and 2016, there were no accounts receivable past due.

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

(b) Liquidity risk

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

Accounts payable and accrued liabilities are generally due within 60 days of receipt of an invoice.

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

13. Economic dependence:

The Corporation is economically dependent on funding received from the Province of Manitoba.

14. Capital management:

The Corporation's objective when managing its capital is to maintain sufficient capital to cover its costs of operations, while fulfilling its mandate under the *Manitoba Centennial Centre Corporations Act*. The Corporation's capital consists of unrestricted funds, internally restricted funds and funds invested in capital assets. The Corporation's ability to meet its capital objectives is dependent on its cash flows, including operating and capital grants received from the Province of Manitoba.

The Corporation manages financial risk by maintaining a minimum balance of approximately three months of salary and benefits in its unrestricted funds.

The Corporation is not subject to externally imposed capital requirements.

There were no changes in the Corporation's approach to capital management during the period.

MANITOBA CENTENNIAL CENTRE CORPORATION

Schedule - Operating Expenses

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

	2017	2016
Administration and general:		
Salaries and employee benefits	$ 549,072	$ 529,548
Audit and legal	16,625	26,922
Insurance	77,292	78,634
Telephone and fax	30,247	31,780
Other	240,529	152,849
Marketing	53,153	16,050
	966,918	835,783
Building services and maintenance:		
Salaries and employee benefits	1,404,999	1,472,067
Repairs, maintenance and supplies	510,969	479,466
Utilities	756,654	795,057
	2,672,622	2,746,590
Concession operations:		
Salaries and employee benefits	112,133	95,127
Cost of goods sold	161,356	120,136
Other	6,784	14,137
	280,273	229,400
Host services and special projects:		
Salaries and employee benefits	438,014	409,990
Other	26,039	26,425
	464,053	436,415
Manitoba Production Centre:		
Salaries and employee benefits	1,950	4,397
Administration costs	56,211	52,159
Repairs, maintenance and supplies	33,335	19,227
Property taxes	102,367	99,087
Utilities	59,371	50,404
	253,234	225,274
Parking services:		
Salaries and employee benefits	189,227	192,711
Agency fees and expenses	85,919	76,867
Other	17,835	17,606
	292,981	287,184
Pension	470,900	413,057
Security services:		
Salaries and employee benefits	628,874	592,248
Other	24,795	37,520
	653,669	629,768
Stage operations:		
Salaries and employee benefits	360,573	326,930
Repairs, supplies and equipment	80,748	87,770
	441,321	414,700
Total expenses of general fund	$ 6,495,971	$ 6,218,171

MANITOBA COMBATIVE SPORTS COMMISSION

Financial Statements

Year Ended March 31, 2017

MANITOBA COMBATIVE SPORTS COMMISSION

Statement of Financial Position

March 31, 2017

	2017	2016
ASSETS		
CURRENT		
Cash	$ 93,228	$ 86,998
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 4,646	$ 4,647
Deposits received	15,000	-
	19,646	4,647
NET ASSETS		
Unrestricted	73,582	82,351
	$ 93,228	$ 86,998

ON BEHALF OF THE BOARD

Original Document Signed _Director_

Original Document Signed _Director_

See notes to financial statements

MANITOBA COMBATIVE SPORTS COMMISSION

Statement of Revenue and Expenses

Year Ended March 31, 2017

		2017		2016
REVENUE				
Grant - Province of Manitoba	$	**15,900**	$	15,900
Commission, licenses, and permits		**1,660**		2,200
Event administration fees		**1,500**		3,000
Other		**280**		900
Interest		**152**		158
		19,492		22,158
EXPENSES				
Administration		**-**		5,860
Card expenses - boxing		**296**		857
Conferences		**-**		217
Dues and subscriptions		**125**		100
Event official		**3,746**		3,544
Honoraria		**4,200**		4,200
Interest and bank charges		**48**		6
Office		**830**		3,675
Other		**-**		152
Professional fees		**7,235**		4,696
Meetings, training and travel		**3,244**		2,264
Wages and employee benefits		**8,537**		-
		28,261		25,571
DEFICIENCY OF REVENUE OVER EXPENSES	$	**(8,769)**	$	(3,413)

See notes to financial statements

MANITOBA COMBATIVE SPORTS COMMISSION

Statement of Changes in Net Assets

Year Ended March 31, 2017

		2017		2016
NET ASSETS - BEGINNING OF YEAR	$	**82,351**	$	85,764
Deficiency of revenue over expenses		**(8,769)**		(3,413)
NET ASSETS - END OF YEAR	$	**73,582**	$	82,351

See notes to financial statements

MANITOBA COMBATIVE SPORTS COMMISSION

Statement of Cash Flow

Year Ended March 31, 2017

		2017		2016
OPERATING ACTIVITIES				
Cash receipts from funders and others	**$**	**19,340**	$	22,000
Cash paid to suppliers and employees		**(13,262)**		(29,570)
Interest received		**152**		158
INCREASE (DECREASE) IN CASH		**6,230**		(7,412)
Cash - beginning of year		**86,998**		94,410
CASH - END OF YEAR	**$**	**93,228**	$	86,998

See notes to financial statements

MANITOBA COMBATIVE SPORTS COMMISSION

Notes to Financial Statements

Year Ended March 31, 2017

1. DESCRIPTION OF OPERATIONS

Manitoba Combative Sports Commission was incorporated under the Province of Manitoba by a proclamation dated October 16, 1983.

On June 14, 2012 the Provincial government passed legislation changing the name of the Manitoba Boxing Commission and the name of The Boxing Commission Act. As per section 4 of The Statute Correction and Minor Amendments Act, 2012, the name of commission will be The Manitoba Combative Sports Commission and the Act will be The Boxing Act. The purpose of the organization is to regulate professional combative sport matches in the Province of Manitoba in accordance with regulations set down in the Act

Manitoba Combative Sports Commission is tax-exempt as a registered charity under paragraph 149(1)(f) of the Income Tax Act of Canada.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement. The financial statements have, in management's opinion, been properly prepared within the reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Capital Assets

Capital assets are expensed in the year of acquisition.

Revenue recognition

Revenue is recognized when they are received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Interest revenue is generated through interest received from bank. The revenue is recognized as interest when received.

3. FINANCIAL INSTRUMENTS

The commission is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the commission's risk exposure and concentration as of March 31, 2017.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The commission is exposed to credit risk from customers. In order to reduce its credit risk, the commission reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The commission has a significant number of customers which minimizes concentration of credit risk.

4. ECONOMIC DEPENDENCE

The organization is economically dependent on the Province of Manitoba which provides funding through an annual grant.

MANITOBA COMMUNITY SERVICES COUNCIL INC.

FINANCIAL STATEMENTS

MARCH 31, 2017

Del Halliday
Chartered Professional Accountant Inc.

Del Halliday

Chartered Professional Accountant Inc.

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Email: delhalliday@200partnership.com

Del Halliday, CPA, CMA
Tom Tasker, CPA, CA

INDEPENDENT AUDITOR'S REPORT

To the Members of
Manitoba Community Services Council Inc.

I have audited the accompanying financial statements of Manitoba Community Services Council Inc., which comprise the statement of financial position as at March 31, 2017 and the statements of changes in net assets and operations for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Manitoba Community Services Council Inc. as at March 31, 2017 and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Original Document Signed

Winnipeg, Manitoba
June 20, 2017

Chartered Professional Accountant

MANITOBA COMMUNITY SERVICES COUNCIL INC.

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2017

Assets	2017	2016
Current assets		
Cash	$ 182,513	$ 271,694
Guaranteed investment certificates (note 4)	-	516,475
Accrued interest	6,700	3,846
GST refund	1,146	2,447
Prepaid expense	1,928	2,983
	192,287	797,445
Guaranteed investment certificates (note 4)	523,703	-
Capital assets (note 5)	10,182	14,588
	$ 726,172	$ 812,033

Liabilities	2017	2016
Current liabilities		
Accounts payable and accrued liabilities	$ 9,396	$ 10,644
Allocations not yet paid	378,022	449,484
	387,418	460,128

Net assets	2017	2016
Invested in capital assets	10,182	14,588
Funds for future allocation	328,572	337,317
	338,754	351,905
	$ 726,172	$ 812,033

Approved on Behalf of the Board

Original Document Signed
________________________ Director

Del Halliday
Chartered Professional Accountant Inc.

MANITOBA COMMUNITY SERVICES COUNCIL INC.

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016
Revenue		
Province of Manitoba		
Indigenous and Municipal Relations	$ 1,704,000	$ 1,704,000
Interest	11,682	12,247
	1,715,682	1,716,247
Allocations and expenses		
Administrative expenses		
Amortization	7,312	8,298
Bank charges	1,687	1,353
Communications	1,996	2,172
Computer expense	8,416	8,687
Insurance	2,444	2,395
Meeting costs and volunteer travel	20,447	21,318
Occupancy	36,759	31,333
Office supplies	6,059	6,504
Postage, courier and delivery	1,241	538
Professional and consulting fees	17,271	27,451
Salaries and benefits	182,929	171,524
Telephone	4,892	6,210
	291,453	287,783
Grant allocations - regular	1,354,980	1,239,396
Grant allocations - emergency capital	124,000	172,400
Grant allocations (recovered)	(41,600)	(6,090)
	1,728,833	1,693,489
Excess (deficiency) of revenue over allocations and expenses	$ (13,151)	$ 22,758

MANITOBA COMMUNITY SERVICES COUNCIL INC.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2017

	Invested in Capital Assets	Funds for Future Allocation	Total 2017	Total 2016
Balance, beginning of year	$ 14,588	$ 337,317	$ 351,905	$ 329,147
Excess (deficiency) of revenue over allocations and expenses	(7,312)	(5,839)	(13,151)	22,758
Purchase of capital assets	2,906	(2,906)	-	-
Balance, end of year	$ 10,182	$ 328,572	$ 338,754	$ 351,905

MANITOBA COMMUNITY SERVICES COUNCIL INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

1. Purpose and objectives

Manitoba Community Services Council Inc. was incorporated under The Corporations Act of Manitoba on March 13, 1990 without share capital, created for the purpose of allocating grants and bingo events to non-profit, volunteer community service, recreation and health-related organizations in Manitoba.

2. Summary of significant accounting policies

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

The financial statements include the following significant accounting policies:

a) Statement of cash flows

A statement of cash flows has not been presented since information concerning cash flows is evident from the financial statements presented.

b) Guaranteed investment certificates

Guaranteed investment certificates are carried at cost. Interest earned but unpaid at the date of the statement of financial position is recorded as accrued interest receivable.

c) Capital assets

Capital asset acquisitions are recorded in the year of purchase at cost. Amortization is provided for on a straight-line basis at the following rates which will amortize the cost of the assets over their estimated useful lives:

Computer equipment	20%
Computer software	20%
Furniture and equipment	20%

2. Summary of significant accounting policies, cont'd

d) Revenue recognition

Funding for programs and grant allocations comes from the Province of Manitoba, Indigenous and Municipal Relations. The fiscal period relates to the same fiscal period as the Province and is included in their fiscal budgets. If funding were approved and not received, it would be accrued at the end of the fiscal period.

Interest revenue is accrued based on the investment rate of return over the fiscal period.

3. Financial instruments

The Council's financial instruments consist of cash, guaranteed investment certificates, accrued interest, accounts payable and allocations not yet paid. The Council initially measures its financial assets and liabilities at fair value and subsequently carries all financial assets and liabilities at amortized cost. The Council manages its exposure to the risks associated with financial instruments that have the potential to affect its operating and financial performance in accordance with its Governance Policies. The objective of this policy is to reduce volatility in cash flow and earnings. The Council monitors compliance with risk management policies and reviews risk management policies on an annual basis.

The Council's investment policy is to invest funds not currently needed for operating purposes at the highest rate obtainable consistent with safety of the principal and their most effective possible utilization in serving the best interest of the general public. Investments must be guaranteed by the federal or provincial governments, a chartered bank or credit union or a CDIC member institution. The duration of the term of the deposit is not to exceed a period of three years.

Liquidity risk

Liquidity risk is the risk that the Council will not be able to meet its obligations associated with its financial liabilities. The Council actively manages its cash, adjusts spending as needed and maintains an appropriate level of cash to meet its current obligations, and therefore mitigating liquidity risk.

3. Financial instruments, cont'd

Credit risk

Credit risk is the risk that a third party to a financial instrument fails to meet its obligations under terms of the financial instrument. The Council's financial assets consist primarily of cash and GIC's. The Council's cash and GIC's are held with a large, provincially and federally regulated financial institution in Canada, therefore mitigating credit risk.

Unless otherwise noted, it is management's opinion that the Council is not exposed to significant interest, currency or other price risks arising from these financial instruments.

4. Guaranteed investment certificates

	2017	2016
Assiniboine Credit Union, bearing interest at 1.95%, maturing June 3, 2018.	$ 312,380	$ 308,991
Assiniboine Credit Union, bearing interest at 1.85%, maturing October 28, 2018.	211,323	207,484
	$ 523,703	$ 516,475
Current portion due within one year	$ -	$ 516,475
Long-term portion	523,703	-
	$ 523,703	$ 516,475

5. Capital assets

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	$ 22,371	$ 16,253	$ 19,464	$ 12,069
Computer software	17,908	15,275	17,908	13,901
Furniture and equipment	38,122	36,691	38,122	34,936
	$ 78,401	$ 68,219	$ 75,494	$ 60,906
Cost less accumulated amortization		$ 10,182		$ 14,588

6. Provincial funding

   The Province of Manitoba has committed funding in the amount of $426,000 for the quarter ended June 30, 2017.

7. Commitment

   The Council has leased realty pursuant to a lease agreement, until March 31, 2020. Under the terms of the lease, the Council is responsible for base rent and its proportionate share of property taxes and operating costs of the building. The minimum base rent payment for the year ended March 31, 2018 is $14,715.

8. Pension plan

   The employees of Manitoba Community Services Council Inc. are members of the Community Agencies Retirement Plan, a multi-employer, defined benefit pension plan, covering eligible members of participating community agencies in Manitoba.

   The Plan is registered under the Pension Benefits Act of Manitoba and is funded by employee and agency matching contributions. The contributions are based on each employee's salary. At least every three years an actuarial valuation is performed to determine if the contributions are adequate to finance the benefits accruing under the Plan and finance the amortization of any unfunded liabilities. Should contributions on a matching basis prove to be inadequate, then special payments are required to be made by the agencies.

   An actuarial valuation prepared as at December 31, 2013 estimated that, on the basis of the data, assumptions and methods employed in the valuation, the current contribution rates are adequate to finance all membership service benefits accrued to that date.

   An 18 month review of the pension plan was completed in November 2015 through a specially appointed task group that consisted of 5 trustees, the Plan's actuary and 2 provincial appointees, including an actuary. Based on this review, the Province has determined that:

   - The Plan is very well managed and has taken all of the prudent steps necessary for the health of the Plan;
   - The Plan has been allowed to opt out of solvency funding requirements of the Pension Act. This exemption will reduce the risk to members' benefits and the future of the Plan that can be caused by the volatility of the markets and historically low interest rates.

   While the Community Agencies Retirement Plan is a defined benefit pension plan, it is accounted for as a defined contribution plan – given that it is a multi-employer plan which makes it difficult to differentiate Manitoba Community Services Council Inc.'s portion. Manitoba Community Services Council Inc.'s pension contribution and expense for the year was $9,606 (2016 - $8,415).

9. Bingo events and grants

The Council has been responsible for allocating a certain number of bingo events to various organizations in the province. Manitoba Liquor & Lotteries would pay the organizations directly once they had performed their services at the bingo event.

Effective April 1, 2017, Manitoba Liquor & Lotteries will continue to provide funding under the Bingo Volunteer Program for the 2017 – 2018 fiscal year. Manitoba Liquor & Lotteries will distribute funds directly to the Council on a quarterly basis. The Council will be responsible to issue these funds to the recipient organizations.

Manitoba Liquor & Lotteries has committed funding in the amount of $857,900 for the fiscal year ending March 31, 2018.

Financial Statements of

MANITOBA DEVELOPMENT CORPORATION

Year ended March 31, 2017

MANAGEMENT REPORT

Management's Responsibility for Financial Reporting

The accompanying financial statements are the responsibility of the management of Manitoba Development Corporation and have been prepared in accordance with Canadian public sector accounting standards. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgment regarding all necessary estimates and all other data available to September 20, 2017.

Management maintains internal controls to properly safeguard the assets and to provide reasonable assurance that the books and records from which the financial statements are derived accurately reflect all transactions and that established policies and procedures are followed.

The responsibility of the external audit is to express an independent opinion on whether the financial statements of Manitoba Development Corporation are fairly presented in accordance with Canadian public sector accounting standards. The Independent Auditors' Report outlines the scope of the audit examination and provides the audit opinion.

On behalf of Management,
MANITOBA DEVELOPMENT CORPORATION

Original Document Signed

Jeff Hodge, General Manager

September 20, 2017

KPMG LLP
Suite 2000 - One Lombard Place
Winnipeg MB R3B 0X3
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INDEPENDENT AUDITORS' REPORT

To the Shareholder of Manitoba Development Corporation

We have audited the accompanying financial statements of Manitoba Development Corporation, which comprise the statement of financial position as at March 31, 2017, the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, including Schedules A to D.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

KPMG

Opinion

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

KPMG LLP

Chartered Professional Accountants

September 20, 2017

Winnipeg, Canada

MANITOBA DEVELOPMENT CORPORATION

Statement of Financial Position

March 31, 2017, with comparative information for 2016

	PNP-B	Business support	MTI	2017 Total	2016 Total
Assets					
Cash and cash equivalents	$ 42,293,436	$ 1,516,949	$ 219,805	$ 44,030,190	$ 36,336,538
Accounts receivable (note 3)	253,168	17,705	6,816	277,689	295,756
Loans receivable (note 4)	–	54,382,578	–	54,382,578	73,295,947
Portfolio investments (note 5)	12,306,252	4,250,000	500,000	17,056,252	21,296,105
Restricted funds (note 8)	63,672,652	–	–	63,672,652	53,785,759
Prepaid expenses	–	–	237,830	237,830	–
	$ 118,525,508	$ 60,167,232	$ 964,451	$ 179,657,191	$ 185,010,105
Liabilities and Surplus					
Liabilities:					
Accounts payable and accrued liabilities	$ 4,820,275	$ 397,094	$ 3,767	$ 5,221,136	$ 5,195,217
Deferred revenue (note 6)	–	324,583	16,500	341,083	398,536
Operating advance payable (note 7)	–	–	500,000	500,000	500,000
Funds provided by the Province of Manitoba	–	54,382,578	–	54,382,578	73,295,947
Deposits payable (note 8)	63,672,652	–	–	63,672,652	53,785,759
	68,492,927	55,104,255	520,267	124,117,449	133,175,459
Accumulated surplus (note 9)	50,032,581	5,062,977	444,184	55,539,742	51,834,646
Contingencies (note 10)					
Commitments (note 11)					
	$ 118,525,508	$ 60,167,232	$ 964,451	$ 179,657,191	$ 185,010,105

See accompanying notes to financial statements.

On behalf of the Board:

Original Document Signed Director

Original Document Signed Director

MANITOBA DEVELOPMENT CORPORATION

Statement of Operations and Accumulated Surplus

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

	Budget	2017	2016
Income:			
Income from portfolio investments	$ 437,337	$ 425,749	$ 942,924
Interest income	8,867,653	3,587,470	3,643,819
Deposit retentions (note 8)	7,750,000	9,024,807	5,026,086
Application processing fees (note 8)	1,250,000	1,117,475	783,730
Participation fees	165,000	50,550	426,180
Project revenue	96,000	64,953	5,271
Recovery (reimbursement) of Business Support expenses from (to) the Province of Manitoba:			
Provision for doubtful loans receivable	1,387,156	(206,611)	(1,977,605)
Provision for decline in value of investments	105,000	–	1,315
Provision for loan guarantees	–	500,000	–
	20,058,146	14,564,393	8,851,720
Expenses:			
Program administration	2,153,829	1,475,410	2,092,957
Payment of Business Support interest on loans receivable to the Province of Manitoba	8,810,000	3,005,545	3,263,941
Provision for (reversal of) doubtful loans receivable	1,387,156	(206,611)	(1,977,605)
Provision for decline in value of investments	105,000	–	1,315
Provision for loan guarantees	–	500,000	–
Project costs	96,000	64,953	5,271
	12,551,985	4,839,297	3,385,879
Transfers to the Department of Education and Training (note 12)	4,640,000	3,728,000	3,823,000
Transfers to the Department of Growth, Enterprise and Trade (note 12)	2,732,000	2,292,000	2,322,000
	19,923,985	10,859,297	9,530,879
Accumulated surplus (deficiency)	134,161	3,705,096	(679,159)
Accumulated surplus, beginning of year		51,834,646	52,513,805
Accumulated surplus, end of year		$ 55,539,742	$ 51,834,646

See accompanying notes to financial statements.

MANITOBA DEVELOPMENT CORPORATION

Statement of Changes in Net Financial Assets

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

	2017	2016
Annual surplus (deficiency)	$ 3,705,096	$ (679,159)
Net financial assets, beginning of year	51,834,646	52,513,805
Net financial assets, end of year	$ 55,539,742	$ 51,834,646

See accompanying notes to financial statements.

MANITOBA DEVELOPMENT CORPORATION

Statement of Cash Flows

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

	2017	2016
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficiency)	$ 3,705,096	$ (679,159)
Adjustments for:		
Provision for (reversal of) doubtful loans receivable	(206,611)	(1,977,605)
Provision for decline in value of investments	–	1,315
Provision for loan guarantees	500,000	–
Deposit retentions	(9,024,807)	(5,026,086)
Amortization of bond premiums	236,518	417,232
Capitalized interest	(44,571)	(81,149)
Recovery (reimbursement) of Business Support expenses to the Province of Manitoba	(293,389)	1,976,290
Change in non-cash operating working capital:		
Restricted funds	(9,901,084)	(3,489,891)
Accounts receivable	18,067	202,180
Loan interest receivable	40,977	(2,494)
Prepaid expenses	(237,830)	–
Accounts payable and accrued liabilities	25,919	(515,500)
Deferred revenue	(57,453)	(40,781)
Net change in deposits payable	18,911,700	8,778,844
Cash provided by (used in) operating activities	3,672,532	(436,804)
Investing activities:		
Loans receivable principal repayments	20,423,574	13,635,149
Issuance of loans receivable	(1,300,000)	(14,584,307)
Purchase of portfolio investments	(4,750,000)	(4,751,315)
Redemption of portfolio investments	8,767,526	3,299,182
Cash provided by (used in) investing activities	23,141,100	(2,401,291)
Financing activities:		
Funds provided by (paid to) the Province of Manitoba for Business Support	(19,119,980)	603,459
Increase (decrease) in cash and cash equivalents	7,693,652	(2,234,636)
Cash and cash equivalents, beginning of year	36,336,538	38,571,174
Cash and cash equivalents, end of year	$ 44,030,190	$ 36,336,538
Cash and cash equivalents consists of the following:		
Cash	$ 16,172,172	$ 13,982,784
Cash equivalents	27,858,018	22,353,754
	$ 44,030,190	$ 36,336,538
Supplementary information:		
Cash paid for interest	$ 3,005,545	$ 3,263,941
Cash received for interest	4,274,679	5,214,935

See accompanying notes to financial statements.

1. Nature of operations and economic dependence:

The Manitoba Development Corporation (the "Corporation") provides loans, guarantees and investments under the *Manitoba Development Corporation Act*. The objectives of the Corporation are to provide financial services and financial instruments on behalf of the Province of Manitoba to assist with economic development initiatives. There are three divisions administered by the Corporation: Business Support, the Provincial Nominee Program for Business (PNP-B) and Manitoba Trade and Investment (MTI). Business Support administers the Manitoba Industrial Opportunities Program (MIOP), the Third-Party Investment Funds Program (Investment Program) and other financial assistance (Other Loans). The PNP-B is a program for international entrepreneurs who wish to immigrate and establish a business in Manitoba. MTI delivers targeted programs and services to Manitoba small and medium sized enterprises to promote Manitoba as a destination for foreign direct investment.

The Province provides all financing for these initiatives and ultimately bears all costs, including any exposure for the financial assets due to interest rate fluctuations, changes to their fair value or credit risk relating to the realization of these assets. Losses are the responsibility of the Province and are charged directly against advances received from the Province.

The Corporation considers its capital to comprise its accumulated surplus (including share capital, restricted surplus and unrestricted surplus). There have been no changes to what the Corporation considers to be its capital since the previous period.

As a government enterprise, the Corporation's operations are reliant on revenues generated annually. The Corporation has accumulated retained earnings over its history, which is included in accumulated surplus in the statement of financial position. A portion of these funds is retained as working capital (current assets less current liabilities) which may be required from time to time due to timing delays in receiving its primary funding.

The Province of Manitoba has directed that the balance of restricted accumulated surplus for the year to be equal to three years' operating expenses of the Business Immigration and Investment Branch (based on the most recent year's actual expenses) plus 25 percent of the previous year's PNP-B deposit retentions as a reserve which would not be available for annual distribution to the Province. Any excess beyond that amount, once it has been released by the Province, would then be transferred to unrestricted accumulated surplus. For the year ended March 31, 2017, the Corporation has complied with these restrictions.

2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles as defined by the Chartered Professional Accountants of Canada Public Sector Accounting Handbook.

(a) Revenue recognition:

Income from deposit retentions is recognized when depositors fail to meet their agreement terms thereby forfeiting their deposits. Income from application processing fees is recognized as applications are processed. Interest income from portfolio investments and loans receivable is recognized on an accrual basis in the fiscal period in which it is earned.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, balances with banks and short-term deposits with the Province of Manitoba and banks with maturities of three months or less.

(c) Financial instruments:

Financial instruments are recorded at fair value or exchange amount on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. The Corporation has not elected to carry any such group of financial instruments at fair value.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations.

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

2. Significant accounting policies (continued):

(d) Loans receivable under Business Support:

The Corporation maintains an allowance for loan impairment, which reduces the carrying value of loans receivable to their estimated realizable amounts. Estimated realizable amounts are determined with reference to the Corporation's historical loss experience on similar loans and estimates and assumptions regarding current market conditions, customer analysis and historical payment trends. Interest on loans is recorded as income on an accrual bases except for loans considered impaired. When a loan is classified as impaired, accrual of interest on the loan ceases.

Provisions are established for individual loans for which the estimated realizable amount is less than the carrying value. The amount of initial impairment and any subsequent changes are recorded through the provision for doubtful loans receivable as an adjustment of the provision.

(e) Portfolio investments:

Portfolio investments consist of provincial bonds, term deposits, guaranteed investment certificates (GICs) and equity investments.

The Corporation's investments in provincial bonds are recorded at amortized cost. Discounts and premiums arising on the purchase of these bonds are amortized over the term of the bond to maturity. The Corporation's investments in GICs and term deposits are recorded at cost.

The Corporation's equity investments related to share capital investments are recorded at cost. The Corporation's investment in the CentreStone Ventures Limited Partnership and Manitoba Science and Technology Fund are accounted for using the cost method of accounting.

When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss in the provision for decline in value of investments.

2. Significant accounting policies (continued):

(f) Restricted funds:

Restricted funds are deposits held under the PNP-B (note 8) and consist of balances with banks, provincial bonds and term deposits with maturities of three months or less held with the Province of Manitoba. The provincial bonds are recorded at amortized cost. Discounts and premiums arising on the purchase of these bonds are amortized over the term of the bond to maturity. Term deposits are recorded at cost.

(g) Deferred revenue:

Deferred revenue represents funds received for specific projects for which expenditures will be incurred in future periods as well as fees received in advance of event days for specific trade projects.

(h) Government transfers:

Government transfers are recognized as expenses in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(i) Guarantees:

Manitoba Development Corporation in the normal course of business, may provide a guarantee to honour repayment of debt or loans of an organization.

Guarantees by Manitoba Development Corporation are made through specific agreements to repay promissory notes, banks loans, lines of credit, mortgages and other securities. The provision for losses on guaranteed loans is determined by a review of individual guarantees. A provision for losses on these guarantees is recorded when it is likely that a loss will occur. The amount of the loss provision represents management's best estimate of probable claims against the guarantees.

(j) Contributed services:

During the year, the Province of Manitoba provided office space and other administrative services to the Corporation at no cost. Because of the difficulty of estimating the fair value of such expenses, no contributed services are recognized in the financial statements.

2. Significant accounting policies (continued):

(k) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant items subject to estimates and assumptions include the carrying amount of loans receivable and portfolio investments and provisions for losses on loan guarantees. Actual results could differ from those estimates.

3. Accounts receivable:

	2017	2016
Accrued interest:		
PNP-B	$ 253,168	$ 266,928
Business support	17,705	5,213
Other receivables	6,816	23,615
	$ 277,689	$ 295,756

4. Loans receivable managed for the Province of Manitoba:

	2017	2016
Business support:		
Manitoba Industrial Opportunities Program - repayable	$ 65,600,122	$ 81,535,454
Other loans receivable	7,440,121	10,624,769
	73,040,243	92,160,223
Provision for doubtful loans receivable	(18,657,665)	(18,864,276)
	$ 54,382,578	$ 73,295,947

4. Loans receivable managed for the Province of Manitoba (continued):

The Manitoba Industrial Opportunities Program (MIOP) provides flexible repayable financing to encourage companies to expand or locate in Manitoba. Loan principal is due as follows:

	2017	2016
2018	$ 8,638,926	$ 7,332,676
2019	9,168,005	9,926,426
2020	7,379,428	10,380,504
2021	7,160,752	8,591,928
2022	7,560,752	8,373,252
Subsequent to 2022	25,108,483	36,350,486
Accrued and capitalized interest	583,776	580,182
	65,600,122	81,535,454
Provision for doubtful loans receivable	(17,907,665)	(18,114,276)
	$ 47,692,457	$ 63,421,178

Interest rates charged for Manitoba Industrial Opportunities Program loans are fixed in reference to the Corporation's cost of borrowing from the Province of Manitoba at the time of the first disbursement of the loan proceeds to the debtor. In some cases, per the terms of individual loan agreements, interest rates may be adjusted during the term of the loan based on the Corporation's cost of borrowing from the Province of Manitoba at a date(s) specified in the loan agreement. In certain cases, the Corporation, under the direction of the Province, may charge interest rates which are less than its cost of borrowing to encourage investment and job creation in Manitoba, but this has not happened since 2003. In other cases, the Corporation charges rates in excess of its cost of borrowing to reflect risk conditions. Interest rates charged on loans are as follows:

	2017	2016
Greater than nil, less than 5%	$ 36,418,132	$ 48,137,556
5% or greater, less than 6%	28,291,547	32,051,049
6% or greater, less than 7%	–	–
7% or greater, less than 8%	306,667	766,667
Accrued and capitalized interest	583,776	580,182
	65,600,122	81,535,454
Provision for doubtful loans receivable	(17,907,665)	(18,114,276)
	$ 47,692,457	$ 63,421,178

4. **Loans receivable managed for the Province of Manitoba (continued):**

When possible, the Corporation obtains various forms of security on the Manitoba Industrial Opportunities loans with priority ranking subject to any prior existing charges.

At March 31, 2017, other loans receivable include non-interest bearing loans (2016 - non-interest bearing loans) and maturities ranging from no fixed terms of repayment to December 2022 (2016 - ranging from no fixed terms of repayment to December 2022). At March 31, 2017, the provision for doubtful loans receivable for these loans is $750,000 (2016 - $750,000).

5. **Portfolio investments:**

Portfolio investments are comprised of the following:

	2017	2016
Provincial bonds	$ 12,806,252	$ 16,530,607
Term deposits	4,250,000	4,500,000
GICs	–	265,498
Equity investments	–	–
	$ 17,056,252	$ 21,296,105

The provincial bonds, which are included in PNP-B, bear interest at rates ranging from 2.40 percent to 4.50 percent (2016 - 2.05 percent to 4.50 percent) and mature between December 2017 and December 2019 (2016 - between December 2016 and December 2019). Interest earned on provincial bonds for the year ended March 31, 2017 totaled $457,767 (2016 - $499,164). Amortization of bond premiums for the year ended March 31, 2017 totaled $222,327 (2016 - $234,442). Fair value of the provincial bonds at March 31, 2017 is $12,502,560 (2016 - $16,837,040).

The GICs and term deposits, which are included in Business Support and MTI, bear interest at rates ranging from 0.69 percent to 1.25 percent (2016 - 0.62 percent to 1.70 percent) and mature between June 2017 and March 2018 (2016 - September 2016 and March 2017). Fair values approximate cost. Interest earned on GICs and term deposits for the year ended March 31, 2017 totaled $75,386 (2016 - $76,201).

5. Portfolio investments (continued):

Equity investments managed for the Province of Manitoba included in Business Support consist of the following:

	2017	2016
CentreStone Ventures Limited Partnership	$ 3,408,522	$ 3,408,522
Manitoba Science and Technology Fund	1,832,233	1,832,233
	5,240,755	5,240,755
Provision for decline in value of investments	(5,240,755)	(5,240,755)
	$ –	$ –

6. Deferred revenue:

	2017	2016
Business Support		
BFO funding (geothermal program)	$ 156,582	$ 214,540
Electric vehicle initiative	143,691	143,691
Manitoba Hydro funding (shallow unconventional shale gas project)	14,605	21,600
Other unearned project receipts	9,705	9,705
	324,583	389,536
MTI	16,500	9,000
Deferred revenue	$ 341,083	$ 398,536

7. Operating advance payable:

The Corporation has a $500,000 non-interest bearing working capital advance from the Province of Manitoba for MTI. The advance is payable on demand.

8. Restricted funds and deposits payable:

As at March 31, restricted funds held under the PNP-B and invested with a Schedule I chartered bank and the Province of Manitoba were as follows:

	2017	2016
Cash and cash equivalents with a chartered bank	$ 11,095,540	$ 10,083,783
Amounts invested with the Minister of Finance	52,577,112	43,701,976
	$ 63,672,652	$ 53,785,759

Included within amounts invested with the Minister of Finance is a provincial bond with a carrying value of $5,032,491 (2016 - $5,044,655) with the remainder consisting of term deposits with maturities of three months or less held with the Province of Manitoba.

The provincial bond bears interest at a rate of 2.45 percent (2016 - 2.45 percent) and matures December 2019 (2016 - matures December 2019).

Interest earned on provincial bonds for the year ended March 31, 2017 totaled $129,114 (2016 - $784,791). Amortization of bond premiums for the year ended March 31, 2017 totaled $14,191 (2016 - $182,790). Fair value of the provincial bond at March 31, 2017 is $5,165,500 (2016 - $5,224,650).

As at March 31, deposits payable under the PNP-B were as follows:

	2017	2016
Deposits payable	$ 63,672,652	$ 53,785,759

The Corporation, Manitoba Growth, Enterprise and Trade (formerly Jobs and the Economy) and Manitoba Education and Training (formerly Labour and Immigration) operate a program known as the Provincial Nominee Program for Business (PNP-B). The PNP-B offers individuals who wish to immigrate to Manitoba to establish and operate a business, the opportunity to obtain a provincial Nomination Certificate. During the 2003 fiscal year, the Corporation began entering into agreements with qualified individuals whereby the immigrants commit to invest specified amounts to establish approved businesses in Manitoba within a specified period of time after landing in Canada.

8. Restricted funds and deposits payable (continued):

As evidence of their commitment, upon approval the immigrants are required to deposit $100,000 (or $75,000 under the Farm Strategic Recruitment Initiative) with the Corporation prior to receiving the Nomination Certificate. These deposits are held by the Corporation and are refundable to the immigrants based on the satisfaction of the conditions set out in the deposit agreements. The final decision as to admission to Canada for permanent residence is made by the Government of Canada. In the event that a nominee is not granted a Permanent Resident visa by the Government of Canada, the Corporation refunds the deposit. The Corporation invests the deposits, retains all interest income earned on the deposits and, should immigrants fail to satisfy the conditions of the agreements, the Corporation also has the right, under the agreements, to retain the deposits.

In 2014, a number of changes were introduced to the PNP-B. The deposit for the PNP-B was raised to $100,000 from $75,000. The Young Farmer Program was replaced by a Farm Strategic Recruitment Initiative (FSRI) which is a special rural economic initiative under the auspices of the PNP-B. Approved immigrants under the FSRI are required to deposit $75,000 with the corporation. Under both the PNP-B and the FSRI, a non-refundable application processing fee of $2,500 was introduced. Total application fees collected during the year were $1,117,475 (2016 - $783,730).

Actual deposits retained during the year amounted to $9,399,985 (2016 - $5,551,088) and are presented net of the reversal of amounts previously retained of $375,178 (2016 - $525,002) as a result of immigrants subsequently satisfying the conditions of the agreements. Net deposits retained are $9,024,807 (2016 - $5,026,086).

9. Accumulated surplus:

Accumulated surplus is made up of the following:

	PNP-B	Business support	MTI	2017	2016
Unrestricted surplus	$ 43,455,577	$ 5,061,977	$ 444,184	$ 48,961,738	$ 45,576,542
Restricted surplus	6,577,004	–	–	6,577,004	6,257,104
Share capital	–	1,000	–	1,000	1,000
	$ 50,032,581	$ 5,062,977	$ 444,184	$ 55,539,742	$ 51,834,646

10. Contingencies:

Manitoba Development Corporation has guaranteed the repayment of debt, bank loans and lines of credit held by others. Debt guaranteed by MDC is guaranteed, as to principal and interest, until the debt is matured or redeemed.

The authorized limits and the outstanding guarantees are summarized as follows:

	Authorized Limit	2017	2016
Friends of the Canadian Museum for Human Rights	$ 25,000,000	$ 10,500,000	$ 15,900,000
Other	3,000,000	2,005,000	2,665,000
	$ 28,000,000	$ 12,505,000	$ 18,565,000

At March 31, 2017, a provision for future losses on guarantees in the amount of $500,000 (2016 - nil) has been recognized in the statement of operations and accumulated surplus.

11. Commitments:

Commitments and undisbursed balances of approved loans and equity investments:

	2017	2016
Manitoba Industrial Opportunities Program	$ 3,475,000	$ 4,775,000
Manitoba Science & Technology Fund	667,767	667,767
CentreStone Ventures Limited Partnership	1,381,525	1,381,525
	$ 5,524,292	$ 6,824,292

12. Growing Through Immigration Strategy and Economic Development Support:

Funds transferred to support the Growing Through Immigration Strategy and Economic Development Support are made up of the following, as approved by Treasury Board:

	2017	2016
Education and Training	$ 3,728,000	$ 3,823,000
Growth, Enterprise and Trade	2,292,000	2,322,000
	$ 6,020,000	$ 6,145,000

13. Related party transactions:

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

14. Financial risks and concentration of risk:

(i) Credit risk:

Credit risk is the risk that one party to a financial instruments fails to discharge an obligation and causes financial loss to another party. Financial instruments that potentially subject the Corporation to credit risk consist principally of cash and cash equivalents, portfolio investments, accounts receivable, loans receivable and trust funds.

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

	2017	2016
Cash and cash equivalents	$ 44,030,190	$ 36,336,538
Accounts receivable	277,689	295,756
Loans receivable	54,382,578	73,295,947
Portfolio investments	17,056,252	21,296,105
Restricted funds	63,672,652	53,785,759
	$ 179,419,361	$ 185,010,105

Cash and cash equivalents and restricted funds: the Corporation is not exposed to significant credit risk as the cash and cash equivalents and restricted funds are primarily held by the Minister of Finance and with a Schedule 1 Canadian chartered bank.

Accounts receivable, loans receivable and portfolio investments: the Corporation establishes an allowance that represents its estimate of potentially uncollectible loans and recoverable portfolio investments. The provision for doubtful loans receivable is determined with reference to the Corporation's historical loss experience on similar loans and management's estimates and assumptions regarding current market conditions, customer analysis and historical payment trends. These factors are considered when determining whether past due accounts are allowed for or written off. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss in the provision for decline in value of estimates.

14. Financial risks and concentration of risk (continued):

Management of credit risk is an integral part of the Corporation's activities with careful monitoring and appropriate remedial actions being taken.

Management has determined that the provision required for loans receivable as at March 31, 2017 is $18,657,665 (2016 - $18,864,276).

Management has determined that the provision required for loan guarantees as at March 31, 2017 is $500,000 (2016 - nil).

Management has determined that the provision required for portfolio investments as at March 31, 2017 is $5,240,755 (2016 - $5,240,755).

(ii) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to term deposits with the Minister of Finance and a Schedule I Canadian chartered bank. The term deposits are interest bearing with short-terms to maturity. As the term deposits are normally held to maturity, changes in interest rates do not affect their value.

(iii) Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they come due.

The Corporation manages liquidity risk by maintaining adequate cash balances and by review from the Province of Manitoba to ensure adequate funding will be received to meet the obligations. Funds provided by the Province of Manitoba have a direct correlation to the loans receivable and equity investments as funds borrowed are used for these purposes. Funding is provided by the Province of Manitoba for the full amount of loans receivable and equity investments that are written off. Subsequently, the Corporation has minimal liquidity risk on its loans receivable and equity investments in respect of the funds provided by the Province of Manitoba.

There have been no significant changes to the Corporation's exposure to financial risks, concentration of risk in how they arise nor how risks are managed since the previous period.

MANITOBA DEVELOPMENT CORPORATION

Schedule of Operations and Accumulated Surplus - PNP-B

Schedule A

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

	Budget	2017	2016
Income:			
Income from portfolio investments	$ 312,337	$ 350,363	$ 866,723
Interest income	492,145	552,062	377,805
Deposit retentions	7,750,000	9,024,807	5,026,086
Application processing fees	1,250,000	1,117,475	783,730
	9,804,482	11,044,707	7,054,344
Expenses:			
Program administration	1,878,829	1,408,666	1,623,129
Transfers to the Department of Education and Training	4,640,000	3,728,000	3,823,000
Transfers to the Department of Growth, Enterprise Enterprise and Trade	2,732,000	2,292,000	2,322,000
	9,250,829	7,428,666	7,768,129
Annual surplus (deficiency)	553,653	3,616,041	(713,785)
Accumulated surplus, beginning of year		46,416,540	47,130,325
Accumulated surplus, end of year		$ 50,032,581	$ 46,416,540

MANITOBA DEVELOPMENT CORPORATION

Schedule of Operations and Accumulated Surplus - Business Support

Schedule B

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

	Budget	2017	2016
Income:			
Interest from portfolio investments	$ 110,000	$ 72,286	$ 72,792
Interest income	8,375,508	3,035,408	3,266,014
Project revenue	96,000	64,953	5,271
Recovery (reimbursement) of Business Support expenses from (to) the Province of Manitoba:			
Provision for doubtful loans receivable	1,387,156	(206,611)	(1,977,605)
Provision for decline in value of investments	105,000	–	1,315
Provision for loan guarantees	–	500,000	–
	10,073,664	3,466,036	1,367,787
Expenses:			
Program administration	110,000	21,929	64,623
Payment of Business Support interest on loans receivable to the Province of Manitoba	8,810,000	3,005,545	3,263,941
Provision for (reversal of) doubtful loans receivable	1,387,156	(206,611)	(1,977,605)
Provision for decline in value of investments	105,000	–	1,315
Provision for loan guarantees	–	500,000	–
Project costs	96,000	64,953	5,271
	10,508,156	3,385,816	1,357,545
Annual surplus (deficiency)	(434,492)	80,220	10,242
Accumulated surplus, beginning of year		4,982,757	4,972,515
Accumulated surplus, end of year		$ 5,062,977	$ 4,982,757

MANITOBA DEVELOPMENT CORPORATION

Schedule of Operations and Accumulated Surplus - MTI

Schedule C

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

	Budget	2017	2016
Income:			
Income from portfolio investments	$ 15,000	$ 3,100	$ 3,409
Participation fees	165,000	50,550	426,180
	180,000	53,650	429,589
Expenses:			
Program administration	165,000	44,815	405,205
Annual surplus	15,000	8,835	24,384
Accumulated surplus, beginning of year		435,349	410,965
Accumulated surplus, end of year		$ 444,184	$ 435,349

MANITOBA DEVELOPMENT CORPORATION

Report of Assistance Granted or to be Granted

Schedule D

Year ended March 31, 2017

Under the *Manitoba Development Corporation Act*, there was no new assistance authorized in the current year.

MANITOBA EAST SIDE ROAD AUTHORITY AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 WERE NOT AVAILABLE AT THE TIME OF PRINTING THE PROVINCE OF MANITOBA PUBLIC ACCOUNTS VOLUME IV

MANITOBA FILM & SOUND RECORDING DEVELOPMENT CORPORATION

Financial Statements

For the year ended March 31, 2017

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BDO Canada LLP
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Independent Auditor's Report

To the Board of Directors of MANITOBA FILM & SOUND RECORDING DEVELOPMENT CORPORATION

We have audited the accompanying financial statements of **MANITOBA FILM & SOUND RECORDING DEVELOPMENT CORPORATION**, which comprise the statement of financial position as at March 31, 2017, and the statement of operations, statement of net assets, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of **MANITOBA FILM & SOUND RECORDING DEVELOPMENT CORPORATION** as at March 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants

Winnipeg, Manitoba
June 20, 2017

MANITOBA FILM AND SOUND RECORDING DEVELOPMENT CORPORATION

Statement of Financial Position

March 31		2017	2016
Assets			
Current Assets			
Cash and bank (Note 2)	$	**1,928,467**	$ 1,514,009
Short-term investment (Note 3)		**75,870**	72,264
Accounts receivable		**5,661**	35,961
Prepaid expenses		**71,254**	47,657
		2,081,252	1,669,891
Capital assets (Note 4)		**78,701**	92,540
	$	**2,159,953**	$ 1,762,431
Liabilities and Net Assets			
Current Liabilities			
Accounts payable and accruals	$	**139,269**	$ 139,539
Carry-over commitments (Note 5)		**1,147,724**	967,735
		1,286,993	1,107,274
Commitments (Note 7)			
Net Assets			
Invested in capital assets		**78,701**	92,540
Unrestricted		**794,259**	562,617
		872,960	655,157
	$	**2,159,953**	$ 1,762,431

Approved on behalf of the Board:

Original Document Signed
_______________________ Director

Original Document Signed
_______________________ Director

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

MANITOBA FILM AND SOUND RECORDING DEVELOPMENT CORPORATION
Statement of Operations

For the year ended March 31	2017	2016
Revenue		
Province of Manitoba	**$ 3,865,600**	$ 3,865,600
Federal film screening initiative (Note 14)	**-**	63,750
Other	**33,697**	14,218
	3,899,297	3,943,568
Expenditures (Schedule)		
Corporate services	**227,088**	235,432
Federal film screening initiative (Note 14)	**-**	63,750
File commission/location services	**349,395**	398,739
Film and television programs	**1,800,110**	1,647,714
Industry support	**189,074**	190,025
Music programs	**604,968**	604,000
Program delivery - film/television, tax credits and music programs (Note 8)	**747,610**	707,754
	3,918,245	3,847,414
Excess (deficiency) of revenue over expenditures before program recoupments	**(18,948)**	96,154
Program recoupments (Note 11)	**236,751**	166,898
Excess of revenue over expenditures	**$ 217,803**	$ 263,052

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

MANITOBA FILM AND SOUND RECORDING DEVELOPMENT CORPORATION
Statement of Changes in Net Assets

For the year ended March 31

	Invested in capital assets	Unrestricted	2017 Total	2016 Total
Net assets, beginning of year	**$ 92,540**	**$ 562,617**	**$ 655,157**	$ 392,105
Excess of revenue over expenditures	**(17,938)**	**235,741**	**217,803**	263,052
Purchase of capital assets	**4,099**	**(4,099)**	**-**	-
Net assets, end of year	**$ 78,701**	**$ 794,259**	**$ 872,960**	$ 655,157

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

MANITOBA FILM AND SOUND RECORDING DEVELOPMENT CORPORATION
Statement of Cash Flows

For the year ended March 31	2017	2016
Cash Flows from Operating Activities		
Excess of revenue over expenditures	**$ 217,803**	$ 263,052
Amortization of capital assets	**17,938**	17,624
	235,741	280,676
Changes in non-cash working capital balances		
Short-term investment	**(3,606)**	(6,949)
Accounts receivable	**30,300**	(34,596)
Prepaid expenses	**(23,597)**	12,046
Accounts payable and accruals	**(270)**	(37,250)
Carry-over commitments	**179,989**	(84,650)
	418,557	129,277
Cash Flows from Investing Activities		
Purchase of capital assets	**(4,099)**	(18,647)
Increase in cash and bank during the year	**414,458**	110,630
Cash and bank, beginning of year	**1,514,009**	1,403,379
Cash and bank, end of year	**$ 1,928,467**	$ 1,514,009

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

1. Nature of the Organization and Summary of Significant Accounting Policies

Nature of the Organization

Manitoba Film & Sound Recording Development Corporation (the "Organization") is a statutory corporation created by the Province of Manitoba through The Manitoba Film and Sound Recording Development Corporation Act and is exempt from income taxes. The main objective of the Organization is to foster growth of the Manitoba film and music recording industries by providing financing and other assistance.

The Organization has been designated by the Minister of Finance to administer the Manitoba Film and Video Production Tax Credit Program, including the registration of productions and review of tax credit applications.

Basis of Accounting

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

Capital Assets

Purchased capital assets are stated at cost less accumulated amortization. Amortization, is provided using the straight line method based on the estimated useful life of the asset, at the following rates:

Computer equipment	30%
Equipment	20%
Furniture and fixtures	20%
Leasehold improvements	5%
Website	30%

Program Funding

The Organization provides grant funding to Manitoba companies and individuals in order to promote Manitoba's film and music recording artists and industries. The grant may take the form of equity financing from which, in the future, there may be a recovery of principal or return on investment.

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

Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue as follows:

a) Province of Manitoba funding

Province of Manitoba funding is based on the Province of Manitoba's annual allocation to the Organization and is recorded as revenue on an accrual basis.

b) Program recoupments

Any recovery of principal or return on investment of programs funded is recorded as program recoupments when received.

c) Jump Start program recoupments

Any recovery of principal or return on investment of programs funded under the Jump Start program must be re-invested in the Organization's Market Driven Television Production and Market Driven Feature Film Production financing programs within the fiscal year that the recoupment occurs, if possible. If not possible, recoupments will be deferred to the following fiscal year and recognized as revenue at that time.

Short-term Investments

Short-term investments consist of guaranteed investment certificates held with the Organization's financial institution, and are measured at cost less impairment.

Use of Estimates

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

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

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. Cash has been designated to be in the fair value category. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost. Due to the nature of the financial instruments held by Manitoba Film & Sound Recording Development Corporation, there are no unrealized gains or losses, and therefore a statement of remeasurement gains and losses are not required for these financial statements.

Pension Costs and Obligations

The Organization provided pension benefits to its employees.

Employees of the Organization are provided pension benefits by the Civil Service Superannuation Fund (the "Fund"). Under paragraph 6 of the Civil Service Superannuation Act, the Organization is described as a "matching employer" and its contribution toward the pension benefits is limited to matching the employees' contribution to the Fund. The Organization's contribution for the year was $59,451 (2016 - $60,049) and is included in employees benefits expense.

In addition, certain employees of the Organization are entitled to enhanced pension benefits. A pension liability has been established for those employees whose annual earnings exceed the limit under the Civil Service Superannuation Fund Plan. The Organization's payments to eligible employees under the enhanced pension benefits plan for the year were $Nil (2016 - $Nil) and are included in the calculation of employees' benefits expense. The cost is actuarially determined using the projected benefit methods and reflects management's best estimate of salary increase and the age at which the employee will retire. The Organization has internally designated its short-term investment (see Note 3) to meet its obligation for providing enhanced pension benefits to eligible employees (see Note 10).

2. Cash and Bank

	2017	2016
Cash	$ 780,743	$ 546,274
Internally designated cash	1,147,724	967,735
	$ 1,928,467	$ 1,514,009

Cash on deposit and internally designated cash earn monthly interest at the Chartered Bank's commercial rates. The Organization has internally designated a portion of its cash as noted above to satisfy commitments made as disclosed in Note 5 for carry-over commitments.

3. Short-term Investment

Short-term investment consists of a guaranteed investment certificate with a maturity date of March 30, 2018, bearing interest at a rate of 0.80% per annum.

4. Capital Assets

	2017			2016		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	$ 71,393	$ 65,783	$ 5,610	$ 68,008	$ 61,025	$ 6,983
Equipment	10,760	9,313	1,447	10,746	8,713	2,033
Furniture and fixtures	59,378	57,878	1,500	59,054	57,079	1,975
Leasehold improvements	145,609	82,684	62,925	145,609	75,404	70,205
Website	42,413	35,194	7,219	42,413	31,069	11,344
	$ 329,553	$ 250,852	$ 78,701	$ 325,830	$ 233,290	$ 92,540

5. Carry-Over Commitments

Due to lead times required to obtain all the resources necessary to complete film, television and music recording projects, the Organization approves applications for funding which may not be disbursed until subsequent fiscal periods. Particulars of such approved funding in fiscal year ended March 31, 2017 and prior years, which were not fully advanced as at March 31, 2017 are as follows:

	Year of Commitment			Total	
	2016-2017	2015-2016	2014-2015 & Older	**2017**	2016
Development Financing Programs	$ 72,223	$ 8,100	$ 7,449	**$ 87,772**	$ 44,099
Production Financing Programs	593,455	64,000	230,000	**887,455**	734,309
Emerging Talent Matching Funds	6,998	3,000	2,900	**12,898**	24,000
Feature Film Marketing Program	2,400	-	-	**2,400**	1,200
Access to Markets/Festivals	5,000	-	-	**5,000**	5,000
	680,076	75,100	240,349	**995,525**	808,608
Sound Recording Production Fund Level 1	6,641	700	-	**7,341**	6,965
Sound Recording Production Fund Level 2	53,256	10,503	2,800	**66,559**	48,721
Sound Recording Production Fund Level 3	-	7,000	3,536	**10,536**	12,536
Sound Recording Production Fund for Out-of-Province Artists	6,050	400	-	**6,450**	4,000
Music Video Fund	8,605	-	-	**8,605**	4,760
Record Product Marketing Fund	28,568	3,000	-	**31,568**	48,450
Recording Artist Touring Fund	12,040	-	-	**12,040**	20,695
Music Business Development Fund	3,600	-	-	**3,600**	7,500
Market Access Fund	5,500	-	-	**5,500**	5,500
	124,260	21,603	6,336	**152,199**	159,127
Total Commitments	$ 804,336	$ 96,703	$ 246,685	**$ 1,147,724**	$ 967,735

6. Industry Support

The Organization indirectly supports the on-going development of creative talent, business skills and capacity building of various film, television and music recording professionals by providing funding for specific programming administered by organizations such as Manitoba Music, On Screen Manitoba, the National Screen Institute Canada and the Winnipeg Film Group. Programs supported include Access to Markets, Aboriginal Music Program, Features First, Drama Prize, Totally Television, New Voices and WFG First Film, Post-Production and Marketing funds.

7. Lease Commitments

The Organization occupies leased premises subject to minimum monthly rent payments until August 2018, plus various equipment leases with quarterly payments until March 2022. Future minimum annual payments are as follows:

2018	$	80,533
2019		32,950
2020		8,875
2021		8,307
2022		8,307

8. Program Delivery

Program Delivery also includes the expenses associated with the delivery of the Manitoba Film & Video Production Tax Credit Program ("MTC"). While the value of the MTC does not flow through the Organization, the management of it does and is therefore determined to be worth noting. A total of 120 applications were received for processing during the 2017 fiscal year (2016 - 110). This represents production activity for projects which took place in the current and prior years, in excess of the $178 million worth of production activity (2016 - $129 million). The tax credits are subject to approval by the Province of Manitoba. The cost to administer the Program in the fiscal year was approximately $77,762 (2016 - $67,194).

9. Capital Management

The Organization's objective when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide financial and other assistance to applicants.

The Organization sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk of characteristics of the underlying assets, In order to maintain or adjust the capital structure, the Organization may decrease expenses or seek other sources of funding.

The Organization manages the following as capital:

		2017		2016
Invested in capital assets	**$**	**78,701**	$	92,540
Unrestricted net assets		**794,259**		562,617
	$	**872,960**	$	655,157

The Organization monitors capital on a quarterly basis, as well as annually, including the Board's input as to the capital management approach to take. There have been no significant changes in the Organization's capital management objectives, policies and processes during the year.

10. Pension Obligations

The Organization measures its accrued enhanced pension benefit obligation as of December 31 each year. The most recent actuarial report was December 31, 2015.

The pension obligation liability at March 31 includes the following components:

	2017	2016
Accrued obligation liability		
Balance, beginning of the year	**$ 72,264**	$ 65,315
Current service costs	**5,080**	4,943
Interest cost	**4,251**	4,162
Effect of changes in assumptions	**142**	840
Experience gain and transitional adjustment	**(5,867)**	(2,996)
Balance, end of year	**$ 75,870**	$ 72,264

The total expenses related to pension benefits at March 31 include the following components:

	2017	2016
Current service costs	**$ 5,080**	$ 4,943
Interest cost	**4,251**	4,162
Effect of changes in assumptions	**142**	840
Experience gain and transitional adjustment	**(5,867)**	(2,996)
Balance, end of year	**$ 3,606**	$ 6,949

Significant long-term actuarial assumptions used in the December 31, 2015 valuation and in the determination of the March 31, 2017 present value of the accrued pension obligation were:

	2017	2016
Discount rate	**6.00%**	6.00%
Rate of compensation increase	**3.75%**	3.75%

These balances are interest-free, payable on demand and have arisen from the sales of product and provision of services referred to above.

11. Program Recoupments

During the year the Organization received total program recoupments of $236,751 (2016 - $166,898) of which $7,479 (2016 - $2,465) related to the Jump Start program. These Jump Start recoupments were reinvested into new projects during the year.

12. Financial Risk Management

In the normal course of operations, the Organization is exposed to various financial risks. Management's close involvement in the operations allows for the identification of risks and variances from expectations. The Organization does not meaningfully participate in the use of financial instruments to control these risks. The Organization has no designated hedging transactions. The financial risks and management's risk management objectives and policies are as follows:

Credit Risk

Credit risk arises from the possibility that entities that owe funds to the Organization may experience financial difficulty and not be able to fulfill their commitment. The maximum exposure to credit risk is equal to the carrying value of the cash, short-term deposits and receivables. The risk has not changed in the year.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as cash flow risk, or on the fair value of other financial instruments known as interest rate price risk.

The Organization is not exposed to interest rate cash flow risk as the Organization does not have any short-term or long-term debt. The risk has not changed in the year.

The Organization does not trade in financial instruments and is not exposed to interest rate price risk. The risk has not changed in the year.

Liquidity Risk

Liquidity risk is the risk that the Organization cannot meet its financial obligations associated with financial liabilities in full. The main source of the Organization's liquidity is government funding and various grants used to finance the Organization's operations and is adequate to meet the Organization's financial obligations associated with financial liabilities.

Contractual cash outflows consist of accounts payable that are due within one year.

Liquidity risk may arise from unanticipated expenditures in excess of the financial capability of the Organization. It is management's opinion that the Organization is not exposed to significant liquidity risk from their financial instruments. The risk has not changed in the year.

13. Economic Dependence

The Organization's primary source of income is derived from the Province of Manitoba in the form of an operating grant.

14. Federal Film Screening Initiative

The Organization has participated in a special initiative along with Telefilm Canada to host an "invitation only" red-carpet screening to profile made-in-Manitoba feature films. Telefilm Canada and other partners/sponsors provide financial assistance. The Organization's contribution is minimal. A screening initiative did not occur in the 2016/17 year however the initiative continued in April 2017 and will appear in the operating results for the 2017/18 year.

MANITOBA FILM AND SOUND RECORDING DEVELOPMENT CORPORATION
Schedule of Expenditures

For the year ended March 31	2017	2016
Corporate Services		
Salaries and benefits	**$ 154,261**	$ 148,291
Operating	**72,827**	87,141
	227,088	235,432
Federal Film Screening Initiative	**-**	63,750
Film Commission/Location Services	**349,395**	398,739
Film and Television Programs		
Development Funding	**140,452**	143,114
Production Financing	**1,596,717**	1,453,135
Emerging Talent Matching Funds	**34,721**	40,000
Feature Film Marketing	**20,741**	9,000
Jump Start	**7,479**	2,465
	1,800,110	1,647,714
Industry Support		
Film industry associations	**50,000**	50,000
Film sponsorships/partnerships	**43,574**	41,025
Music industry associations	**75,000**	75,000
Music sponsorship/partnerships	**20,500**	24,000
	189,074	190,025
Music Programs		
Music Recording Production Levels 1-3	**167,785**	142,670
Music Business Development Fund	**10,549**	-
Music Video	**47,574**	38,750
Record Product Marketing Support	**65,320**	103,244
Recording Artist Touring Support	**248,390**	260,336
Sound Recording Production Fund for Out-of-Province Artists	**10,350**	4,000
Market Access Fund	**55,000**	55,000
	604,968	604,000
Program Delivery - Film/Television, Tax Credits and Music Programs		
Salaries and benefits	**535,459**	524,926
Operating	**212,151**	182,828
	747,610	707,754
Total expenditures	**$ 3,918,245**	$ 3,847,414

FINANCIAL STATEMENTS

2016/17

MANITOBA HABITAT HERITAGE CORPORATION

RESPONSIBILITY FOR FINANCIAL REPORTING

The management of the Manitoba Habitat Heritage Corporation is responsible for the integrity, objectivity and reliability of the financial statements, accompanying notes and other financial information in the annual report.

Management maintains internal control systems to ensure that transactions are accurately recorded in accordance with established policies and procedures. In management's opinion, the financial statements have been properly prepared and out of necessity, include some amounts based upon management's best estimate and judgments up to September 23, 2017.

The responsibility of the Auditor General and staff is to express an independent opinion on whether the financial statements are fairly presented in accordance with Canadian public sector accounting standards. The independent auditor's report outlines the scope of the auditor's examination and provides the audit opinion.

Original Document Signed

Chief Executive Officer

Original Document Signed

Business Manager

September 23, 2017

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors

We have audited the accompanying financial statements of Manitoba Habitat Heritage Corporation, which comprise the statement of financial position as at March 31, 2017 and the statements of operations and changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Manitoba Habitat Heritage Corporation as at March 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Office of the Auditor General

Office of the Auditor General
September 23, 2017
Winnipeg, Manitoba

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

STATEMENT OF FINANCIAL POSITION

As at March 31, 2017
(with comparative figures for 2016)

	2017	2016
ASSETS		
Current Assets		
Cash	$963,883	$557,440
Funds on deposit with Province of Manitoba	369,065	706,063
Accounts receivable		
Government of Canada	605,479	717,282
Province of Manitoba	205,470	158,898
U.S. Governments	589,130	379,070
Non-governement organizations	87,807	19,945
Other	100,774	34,989
Prepaid expenses	60,901	82,670
	2,982,509	2,656,357
Prepaid land use rights	232,785	141,330
Capital Assets (Note 6)	23,559,333	22,552,101
TOTAL ASSETS	**$26,774,627**	**$25,349,788**
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$667,904	$453,932
Deferred contributions related to operations (Note 4)	576,403	414,780
Deferred contributions related to future capital asset acquitions (Note 5)	154,710	223,573
	1,399,017	1,092,285
FUND BALANCES		
Invested in Capital Assets	23,559,333	22,552,101
Unrestricted	953,950	862,219
Internally Restricted (Note 10)	862,327	843,183
	25,375,610	24,257,503
TOTAL LIABILITIES & FUND BALANCES	**$26,774,627**	**$25,349,788**

On Behalf of the Board:

Director Original Document Signed ;

Director Original Document Signed

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

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

For the year ended March 31, 2017
(with comparative figures for 2016)

	North American Waterfowl Management Plan	Conservation Districts Program	Wetland Restoration Program	Wetland Inventory Program	Capital Assets	Inter Plan / Program Eliminations	2017	2016
REVENUE								
Government of Canada	$578,578	$ -	$11,988	$30,000	$ -	$ -	$620,566	$598,676
Province of Manitoba	600,831	80,670	-	212,820	-	-	894,321	844,895
Highways Mitigation Fund, Province of Manitoba	-	-	-	-	-	-	-	48,843
U.S. Governments	380,895	-	-	-	-	-	380,895	269,980
Wildlife Habitat Canada	99,750	-	-	-	-	-	99,750	99,725
Manitoba Cattle Producers Association	57,882	-	-	-	-	-	57,882	-
Conservation districts	-	7,314	-	-	-	-	7,314	91,940
Donations	11,781	-	-	-	-	-	11,781	350
Interest income	2,842	-	-	-	-	-	2,842	6,289
Land use revenue	129,818	-	-	-	-	-	129,818	141,680
Mitigation for property damages	30,245	-	-	-	-	-	30,245	17,194
Management fees (Note 14)	124,128	-	-	-	-	(83,527)	40,601	36,911
	2,016,750	87,984	11,988	242,820	-	(83,527)	2,276,015	2,156,483
EXPENSES								
Loss on disposal of capital assets	-	-	-	-	-	-	-	11,005
Amortization of capital assets	-	-	-	-	37,187	-	37,187	60,175
Service delivery - Schedule 1 (NAWMP)	1,692,769	-	-	-	-	-	1,692,769	1,638,570
- Schedule 2 (CD)	-	87,984	-	-	-	(83,527)	4,457	8,384
- Schedule 3 (WRP)	-	-	187,767	-	-	-	187,767	141,194
- Schedule 4 (WLI)	-	-	-	240,413	-	-	240,413	205,895
	1,692,769	87,984	187,767	240,413	37,187	(83,527)	2,162,593	2,065,223
Excess (deficiency) of revenue over expenses	323,981	-	(175,779)	2,407	(37,187)	-	113,422	91,260
FUND BALANCES								
Fund balances, beginning of year	1,553,760	-	151,642	-	22,552,101	-	24,257,503	22,147,094
Investment in capital assets (Note 6)	-	-	-	-	1,004,685	-	1,004,685	896,649
Donated land and land use rights	-	-	-	-	-	-	-	1,122,500
Interfund transfers (Note 7)	(39,734)	-	-	-	39,734	-	-	-
TOTAL FUND BALANCES	**$1,838,007**	**$ -**	**$(24,137)**	**$2,407**	**$23,559,333**	**$ -**	**$25,375,610**	**$24,257,503**

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

STATEMENT OF CASH FLOWS

For the year ended March 31, 2017
(with comparative figures for 2016)

	2017	2016
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	$113,422	$91,260
Items not affecting cash		
Amortization of capital assets	37,187	60,175
Loss on disposal of capital assets	-	11,005
Net change in non-cash working capital	144,278	(195,126)
Net cash used in operating activities	294,887	(32,686)
CAPITAL ACTIVITIES		
Purchase of capital assets net of disposals	(39,734)	(38,765)
Net change in accounts receivable for acquisition of land rights	(263,450)	(30,849)
Capital Assets (Note 6)	1,004,685	896,648
Acquisition of land rights with restricted grants	(1,004,685)	(896,648)
Net change in accounts payable for acquisition of land rights	146,605	191,177
Decrease in deferred contributions related to capital assets	(68,863)	(45,920)
Received donation of land and land rights	-	1,122,500
Acquisition of donated land and land rights	-	(1,122,500)
Net cash used in capital activities	(225,442)	75,643
INVESTING and FINANCE ACTIVITIES	-	-
Net increase (decrease) in cash	69,445	42,957
Cash and cash equivalents, beginning of year	1,263,503	1,220,546
Cash and cash equivalents, end of year	1,332,948	1,263,503
Cash and cash equivalents consist of :		
Cash	$963,883	$557,440
Funds on deposit with Province of Manitoba	369,065	706,063
	$1,332,948	$1,263,503
Supplementary Information		
Interest received	$2,842	$6,289

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

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2017

1. Nature of Organization

The Manitoba Habitat Heritage Corporation (hereinafter called "the Corporation") was established in 1986 as a Crown Corporation under The Manitoba Habitat Heritage Act. The objectives of the Corporation are the conservation, restoration and enhancement of Manitoba fish and wildlife habitat and the associated fish and wildlife populations. Donations to the Corporation are tax deductible by the donor pursuant to The Income Tax Act, as gifts to Her Majesty. The Corporation is involved in the following initiatives:

a) The North American Waterfowl Management Plan (NAWMP)

Under Order-in-Council 634/89, the Corporation is authorized to be the Provincial agency responsible for coordinating the delivery of the North American Waterfowl Management Plan in Manitoba.

b) The Conservation Districts Program (CD)

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

A management fee is charged by the Corporation for services provided by NAWMP to this program.

c) Wetland Restoration Program (WRP)

In 2008/09, Manitoba Water Stewardship created the Wetland Restoration Incentive Program as a means to sequester carbon to help the Province meet its carbon reduction commitments under the Kyoto Agreement. Core funding was provided by Manitoba's Budgeting for Outcomes. In 2013/14 funding changed from the Province to Environment Canada's Lake Winnipeg Basin Stewardship Fund (LWBSF) and the word "Incentive" was also dropped from the name. This program is a partnership with the Corporation and Ducks Unlimited Canada as delivery agents. The Corporation administers all funds on behalf of the agents.

d) Wetland Inventory Project (WLI)

In 2012/13, Manitoba Sustainable Development provided funds to the Corporation to set-up the Wetland Inventory Project. The project is currently focusing on the mapping of Assiniboine River Basin wetlands in Southern Manitoba. This ongoing work is utilizing remotely sensed data and geographic information system analyses to classify wetland types and size. The program provides the Province and the Corporation information to help manage Manitoba's wetland resources.

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2017

2. Significant Accounting Policies

a) Basis of Accounting

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards for government not-for-profit organizations (GNFPO).

b) Revenue Recognition

The Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Restricted contributions relating to land and land use rights, which are not amortized, are accounted for as increases in the Capital Assets Fund balance when the capital asset is purchased. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Management fees are recognized as revenue in the year the service is provided.

c) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market are reported at fair value, with any unrealized gains and losses reported in the statement of remeasurement gains and losses, if applicable. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost. No remeasurement gains/losses were reported in the year (2016 – nil).

d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and funds on deposit with the Province of Manitoba.

e) Capital Assets

The Capital Assets Fund reports the Corporation's capital assets and related amortization expenses.

Purchased capital assets are recorded at cost and donated capital assets are recorded at fair market value at the date the asset is donated.

Amortization of capital assets is recorded on a straight-line basis over the estimated useful lives of the capital assets at the rates indicated below.

Computer hardware	- 20%
Computer software	- 33%
Equipment	- 10%
Furniture and fixtures	- 10%
Leasehold improvements	- 10%

2. Significant Accounting Policies (continued)

f) Use of Estimates

In preparing the Corporation's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

3. Funds on Deposit with Province of Manitoba

Funds on deposit with the Province of Manitoba will mature no later than June 26, 2017, yielding 0.55%.

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2017

4. Deferred Contributions Related to Operations

Deferred contributions reported in the respective funds relate to restricted funding received that is related to expenses of future periods. Changes in the deferred contributions balance reported in the respective funds are as follows:

	NAWMP	CD	WRP	WLI	2017	2016
Balance, beginning of year	$360,550	$5,180	$36,230	$12,820	$414,780	$93,738
Less: Revenue recognized in the year	(11,937)	(100)	(5,697)	(12,820)	(30,554)	(270,999)
Add: Amounts transferred from/(to) Capital Fund	-	100	-	-	100	16,700
Add: Revenue received related to the following year	100,867	-	91,210	-	192,077	575,341
Balance, end of year	$449,480	$5,180	$121,743	$ -	$576,403	$414,780

NAWMP

At March 31, 2017, the Corporation had $255,450 from Manitoba Infrastructure and Transportation for future mitigation for Highway 10 and Highway 6 construction, $7,245 from CoCo Paving, $35,742 from Manitoba Hydro and $40,000 from ALUS Canada. In addition $37,183 was deferred from U.S. Fish and Wildlife Service revenues, $73,860 from Environment Canada revenues for the amortization of conservation contracts. At March 31, 2016, Manitoba Infrastructure and Transportation's contribution was $255,450, $31,883 from U.S. Fish and Wildlife Service and $73,217 from Environment Canada.

CD

At March 31, 2017, the Whitemud Conservation District had $5,180 remaining for riparian conservation and enhancement activities. At March 31, 2016, the Whitemud Conservation District had $5,180 for riparian conservation and enhancement activities.

WRP

At March 31, 2017, the deferred contributions balance of $121,743 originated from the Environment Canada for the amortization of conservation contracts. At March 31, 2016, the deferred contributions balance of $36,320 originated from the Environment Canada for the amortization of conservation contracts.

WLI

At March 31, 2016, the deferred contributions balance of $12,820 originated from the Manitoba Sustainable Development.

5. Deferred Contributions Related to Capital Assets

Deferred contributions reported in the Capital Assets Fund related to future capital asset acquisitions represent restricted contributions received with which land and land use rights will be purchased in future years. When the land and land use rights are purchased, the related restricted contributions will be transferred from deferred contributions related to future capital asset acquisitions to the Capital Assets Fund balance.

Changes in the deferred contributions balance in the Capital Assets Fund are as follows:

	NAWMP	CD	WRP	WLI	2017	2016
Balance, beginning of year	$50,263	$173,310	$ -	$ -	$223,573	$269,493
Add: Contributions received	68,287	73,615	-	-	141,902	74,500
Add: Amounts invested in capital assets	(29,350)	(181,315)	-	-	(210,665)	(103,720)
Add: Amounts transferred from/(to) Operations Fund	-	(100)	-	-	(100)	(16,700)
Balance, end of year	$89,200	$65,510	$ -	$ -	$154,710	$223,573

The balance of $154,710 is restricted to signed conservation agreements (land use rights) with landowners, and staff time to complete the projects.

The deferred contributions at March 31, 2017 consist of $9,673 from the R.M. of Riverside, $68,287 from Manitoba Hydro, $23,000 from the Turtle Mountain Conservation District, $10,230 from Whitemud Conservation District, $11,240 from Wildlife Habitat Canada, $31,980 from Assiniboine Hills Conservation District, $300 from Pembina Valley Conservation District. The deferred contributions at March 31, 2016 consist of $9,673 from the R.M. of Riverside, $35,900 from the Turtle Mountain Conservation District, $101,900 from East Interlake Conservation District, $10,230 from Whitemud Conservation District, $40,590 from Wildlife Habitat Canada, Assiniboine Hills Conservation District contributed $6,980, $10,800 from Pembina Valley Conservation District and $7,500 from the Seine Rat River Conservation District.

NOTES TO FINANCIAL STATEMENTS
For the year ended March 31, 2017

6. Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2017	2016
Land and land use rights	$23,420,369	$ -	$23,420,369	$22,415,684
Computer hardware	114,751	65,206	49,545	48,037
Computer software	86,882	84,723	2,159	10,681
Equipment	129,117	59,589	69,528	62,561
Furniture and fixtures	29,553	11,821	17,732	15,138
Leasehold improvements	4,942	4,942	-	-
Total capital assets	**$23,785,614**	**$226,281**	**$23,559,333**	**$22,552,101**

Purchases of capital assets in the year are as follows:

	2017	2016
Land and land use rights	$1,004,685	$2,019,148
Computer hardware	17,414	10,889
Computer software	-	562
Equipment	17,387	17,521
Furniture and fixtures	4,932	9,793
	$1,044,418	$2,057,913

The sources of funding for land and land use rights are as follows:

	2017	2016
Environment Canada	$294,930	$215,888
U.S. Fish & Wildlife / Delta Waterfowl Foundation	499,090	497,540
Wildlife Habitat Canada	29,350	-
Manitoba Conservation Districts	181,315	183,220
Donations	-	1,122,500
	$1,004,685	$2,019,148

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2017

7. Interfund Transfers

In 2017, $39,734 was transferred from the NAWMP Operating Fund to the Capital Asset Fund in order to fund the cash outlays for capital asset acquisitions. In 2016 a total of $38,763 was transferred from NAWMP.

8. Operational Commitments

The Corporation leases space under existing leases for six NAWMP offices. The minimum annual lease payments for the next five fiscal years are as follows:

2018	$88,205
2019	$71,554
2020	$36,000
2021	$36,000
2022	$37,800

The Corporation leases vehicles and office equipment under NAWMP. The minimum annual lease payments for the next two fiscal years are as follows:

2018	$7,946
2019	$2,050

9. Capital Commitments

At March 31, 2017, the NAWMP had signed several commitments to purchase Conservation Agreements (CAs). These CAs are to be paid out upon filing of the caveats associated with each CA in the 2017 fiscal year. These commitments at March 31, 2017 totaled approximately $53,150 (2016 - $171,720).

10. Internally Restricted Fund Balances

a) Land Management and Legal Fund

In 2011, the Corporation established an internally restricted fund, funded by non-government revenues, to fund future cash outlays for legal fees required to defend its land and land use rights interests, as well as future management costs associated with these lands and interests. Funds of this nature are a common practice within environmental non-government organizations, such as the Nature Conservancy of Canada and Ducks Unlimited Canada, which have considerable habitat assets protected in perpetuity. The industry standard set by the Canadian Land Trust Alliance is to set aside 15% of total historical asset acquisition costs for this purpose, which would be estimated at $3,513,055 at March 31, 2017 (2016 - $3,362,353) for the Corporation.

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

	2017	2016
Balance, beginning of year	$691,541	$538,275
Less: Approved costs during the year	(3,900)	(25,440)
Add: Non-government operating revenue	162,955	178,356
Add: Donations	11,731	350
Balance, end of year	$862,327	$691,541

b) Wetland Restoration Program

In 2014 the Corporation internally restricted a portion of funds received from Environment Canada (EC) under the Lake Winnipeg Basin Stewardship Fund (LWBSF) for a significant contingent liability in the form of future construction expenses for wetland restoration projects. Now that this three year project is at its conclusion all the associated expenses have now been incurred.

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

	2017	2016
Balance, beginning of year	$151,642	$190,823
Less: Approved costs during the year	(251,642)	(189,181)
Add: Contributions received	100,000	150,000
Balance, end of year	$ -	$151,642

11. Employment Termination Notice Requirement

Under the terms of the Corporation's employment agreements with its full-time employees, the Corporation has an obligation to provide paid notice of contract termination based on years of service. If the Corporation had ceased operations at March 31, 2017, it would have been required to pay $420,813 (2016 - $385,642) in obligations to its employees, funded by unrestricted fund balances.

NOTES TO FINANCIAL STATEMENTS
For the year ended March 31, 2017

12. Group Registered Pension Plan (RPP) Employee Benefits

Under the terms of the Corporation's RPP program, employee contributions to RPP's are matched by the Corporation on a current basis. As a result, the Corporation has no future pension benefit liability to employees, the plan is accounted for as a defined contribution plan. The amounts paid by the Corporation in 2017 were $39,448 (2016 - $36,686). All funds contributed to the RPP are paid to and administered by Manulife Financial.

13. Trust Assets and Liabilities

a) Critical Wildlife Habitat Program

The Corporation provides support to the Wildlife and Ecosystem Protection Branch of Manitoba Sustainable Development for the Critical Wildlife Habitat Program (CWHP).

The Corporation holds title, in trust, to a portfolio of land and provides banking and financial services for CWHP funds held in trust. A management fee is allowed, under the agreement, to be charged by the Corporation to the CWHP for these services. Disbursements, from the funds held in trust, are made at the direction of the Wildlife and Ecosystem Protection Branch. In prior years this amount reflected cash balances only. A change was made this year to include all current assets which includes accounts receivables. 2016 was re-stated to reflect the changes.

Trust assets held by the Corporation on behalf of this program as at March 31 are as follows:

	2017	2016
Current Assets	$288,557	$373,401
Land portfolio	241,214	241,214
	$529,771	$614,615

These amounts are no longer presented in the statement of financial position of the Corporation.

b) Delta Marsh Rehabilitation Project

The Corporation provides support to the Wildlife and Ecosystem Protection Branch of Manitoba Sustainable Development for the Delta Marsh Rehabilitation Project (DMRP).

The Corporation holds a three year contract with Environment Canada through their National Conservation Program for the Wildlife and Ecosystem Protection Branch in trust, and provides banking and financial services for DMRP funds held in trust. A management fee is allowed, under the agreement, to be charged by the Corporation to the DMRP for these services. Disbursements, from the funds held in trust, are made at the direction of the Wildlife and Ecosystem Protection Branch.

Trust assets held by the Corporation on behalf of this program as at March 31 are as follows:

	2017	2016
Current Assets	$ 1,325	$ -

These amounts are not presented in the statement of financial position of the Corporation.

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2017

14. Management Fees

The Corporation charged the following amounts for services provided by NAWMP to other programs during the year:

	2017	2016
CD	$83,527	$154,215
DMRP	12,500	11,965
CWHP	28,101	24,946
	$124,128	$191,126

15. Economic Dependence

The Corporation is economically dependent on the Province of Manitoba to provide the majority of its operational funding.

16. Related Party Transactions

The Corporation is related in terms of common ownership to all Province of Manitoba 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.

17. Contingencies

A statement of claim filed by the Corporation is ongoing and a statement of defense has has been filed. Subsequent to year-end, a second statement of claim was filed by the Corporation. It is management's opinion that damages for which the Corporation may become responsible, if any, will be covered by the Corporation's internally restricted fund balances (Note 10) and will therefore, not have a material effect on the Corporation's financial position or results of operations. As at the date of approval of the financial statements, the amount and likelihood of the loss cannot be reliably determined.

18. Financial Instrument Risk Management

General Objectives, Policies, and Processes

The Board of Directors has overall responsibility for the determination of the Corporation's financial instrument risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Corporation's Chief Executive Officer and Business Manager. The Board of Directors receives regular reports from the Corporation's Chief Executive Officer and Business Manager and through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The Corporation's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk and liquidity risk.

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

Credit Risk

The Corporation is exposed to credit risk through the possibility of non-collection of its accounts receivable and funds on deposit with the Province of Manitoba. The majority of the Corporation's receivables are from government entities which minimizes the risk of non-collection. The Corporation also makes sure it meets all the eligibility criteria for the amounts to ensure they will collect the amounts outstanding. With respect to credit risk, the Board of Directors receives details of accounts receivable and monitors them regularly. The Corporation's maximum exposure to the credit risk is limited to the amount presented on the face of the statement of financial position for accounts receivable and funds on deposit with the Province of Manitoba.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation has a planning and budgeting process in place to help determine the funds required to support the Corporation's normal operating requirements on an ongoing basis. The Corporation ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Interest Rate Risk

The Corporation is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the cash flows related to its funds on deposit with the Province of Manitoba. The Corporation's interest rate risk is mitigated by following the Corporation's investment policy established by The Manitoba Habitat Heritage Act, S.M. 1985-86, c.15-Cap. H3.

19. Capital Disclosures

The Corporation's objective when managing capital is to maintain sufficient capital to cover its costs of operations and to draw on the maximum funds available for environmental projects which fall under its mandate. Capital consists of the unrestricted fund balances in the amount of $953,950 (2016 - $862,219), $862,327 (2016 - $843,183) internally restricted for land management/legal costs (see note 10), and externally restricted funds recorded as Deferred Contributions (see notes 4 and 5). All externally restricted capital must be disbursed on predetermined expenses outlined by the funder or returned to the funder within a specified time period. There were no changes in the Corporation's approach to capital management during the period.

NORTH AMERICAN WATERFOWL MANAGEMENT PLAN

Schedule of Expenses for the year ended March 31, 2017
(with comparative figures for 2016)

SCHEDULE 1

	2017	2016
EXPENSES		
Habitat Activities		
Salaries and benefits	$437,959	$470,673
Field office operations	82,006	68,724
Staff support costs	113,790	93,678
Habitat development	64,041	58,690
Nest basket program	94,050	128,077
Land securement	11,938	2,190
Mitigation	-	5,000
Mitigation banks	7,186	9,331
Property taxes	58,815	47,731
	869,785	884,094
Evaluation	74,348	74,375
Communications		
Salaries and benefits	20,274	21,256
Program delivery	47,000	27,411
	67,274	48,667
Program Coordination		
Salaries and benefits	433,633	387,726
Rent	37,308	32,463
Office expenses	64,057	59,385
Staff support	19,662	18,851
Board remunerations	21,723	19,884
Professional fees	64,298	71,747
Other	40,681	41,378
	681,362	631,434
TOTAL EXPENSES	**$1,692,769**	**$1,638,570**

CONSERVATION DISTRICTS PROGRAM

Schedule of Expenses for the year ended March 31, 2017
(with comparative figures for 2016)

SCHEDULE 2

	2017	2016
EXPENSES		
Habitat Activities		
Salaries and benefits	$4,223	$6,784
Habitat management fees	66,223	124,596
	70,446	131,380
Evaluation	-	1,600
Program Coordination		
Office expenses	234	-
Program coordination management fees	17,304	29,619
	17,538	29,619
TOTAL EXPENSES	**$87,984**	**$162,599**

WETLAND RESTORATION PROGRAM

Schedule of Expenses for the year ended March 31, 2017
(with comparative figures for 2016)

SCHEDULE 3

	2017	2016
EXPENSES		
Habitat Activities		
Salaries and benefits	$81,002	$48,886
Staff support costs	-	1,741
Land securement	5,698	1,370
Project delivery		
MHHC	50,898	14,197
DUC	50,000	63,683
	187,598	129,877
Evaluation	169	11,317
TOTAL EXPENSES	**$187,767**	**$141,194**

WETLAND INVENTORY PROGRAM

Schedule of Expenses for the year ended March 31, 2017
(with comparative figures for 2016)

SCHEDULE 4

	2017	2016
EXPENSES		
Habitat Activities		
Salaries and benefits	$180,058	$148,771
Field office operations	45,875	34,546
Staff support costs	3,044	1,323
Aerial surveys	1,298	-
	230,275	184,640
Program Coordination		
Salaries and benefits	10,138	21,255
TOTAL EXPENSES	**$240,413**	**$205,895**

MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION

Financial Statements
For the year ended March 31, 2017

BDO

Tel: 204 956 7200
Fax: 204 926 7201
Toll-Free: 866 863 6601
www.bdo.ca

BDO Canada LLP
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Independent Auditor's Report

To the Members of
Manitoba Hazardous Waste Management Corporation

We have audited the accompanying financial statements of **Manitoba Hazardous Waste Management Corporation**, which comprise the balance sheet as at March 31, 2017 and the statement of operations and deficit, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of **Manitoba Hazardous Waste Management Corporation** as at March 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants

Winnipeg, Manitoba
May 12, 2017

MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION
Balance Sheet

March 31	2017	2016
Assets		
Current Assets		
Cash and bank	$ 728,811	$ 669,681
Long-term Investment		
Miller Environmental Corporation (Note 3)	1,509,486	1,509,486
Capital Assets		
Land, at cost	170,305	170,305
	$ 2,408,602	$ 2,349,472
Liabilities and Equity		
Current Liabilities		
Accounts payable and accrued liabilities	$ 10,324	$ 14,283
Contingencies (Note 6)		
Equity		
Share capital (Note 4)	7,500,000	7,500,000
Deficit	(5,101,722)	(5,164,811)
	2,398,278	2,335,189
	$ 2,408,602	$ 2,349,472

On behalf of the Board:

Original Document Signed
________________ Director

Original Document Signed
________________ Director

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

MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION
Statement of Operations and Deficit

For the year ended March 31	2017	2016
Revenue		
Rent - Miller Environmental Corporation (Note 5)	$ **90,000**	$ 90,000
Pattern Energy Wind Rent	**810**	800
	90,810	90,800
Expenses		
General and administrative	**27,721**	36,919
Well capping	**-**	9,524
	27,721	46,443
Net income for the year	**63,089**	44,357
Deficit, beginning of year	**(5,164,811)**	(5,209,168)
Deficit, end of year	$ **(5,101,722)**	$ (5,164,811)

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

MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION
Statement of Cash Flows

For the year ended March 31		2017		2016
Cash Flows from Operating Activities				
Net income for the year	$	**63,089**	$	44,357
Changes in non-cash working capital balances				
Accounts payable and accrued liabilities		**(3,959)**		4,256
Increase in cash and cash equivalents for the year		**59,130**		48,613
Cash and cash equivalents, beginning of year		**669,681**		621,068
Cash and cash equivalents, end of year	$	**728,811**	$	669,681

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

1. Nature of Organization and Summary of Significant Accounting Policies

(a) Nature of the Organization

The Manitoba Hazardous Waste Management Corporation was established under the Manitoba Hazardous Waste Management Corporation Act. The corporation, as an agent of the Government of the Province of Manitoba, is responsible to establish, operate, and maintain in accordance with all applicable laws in the province, a hazardous waste management system in Manitoba. This system must be operated and maintained in a manner that will protect the health and safety of the public and preserve the environment. Effective January 1, 1996, the corporation entered into various agreements with Miller Waste Systems, a division of Miller Paving Limited and Miller Environmental Corporation (Miller) for the continued operation of the hazardous waste management system in Manitoba.

These agreements provide for the transfer of certain assets and liabilities to Miller in exchange for 50% of the common shares and all the Class A special preferred shares of Miller. Under the agreements, the corporation retains title to its land holdings which are being leased to Miller for an indefinite term, contingent on Miller's continued existence and operation of the hazardous waste management system.

(b) Management's Responsibility for the Financial Statements and Basis of Accounting

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

(c) Revenue Recognition

Rental revenue is recognized over the term which it applies and when collectibility is reasonably assured.

(d) Financial Instruments

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

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

(e) Use of Estimates

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

2. Financial Instruments and Financial Risk Management

The corporation is exposed to different types of risk in the normal course of operations. There have been no changes in risk exposure since the prior year.

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the corporation to credit risk consist principally of cash and bank and long-term investments.

The maximum exposure of the corporation to credit risk at March 31, 2017 is:

Cash and bank	$ 728,811
Long-term investment	1,509,486
	$ 2,238,297

Cash and bank: The corporation is not exposed to significant credit risk as the cash and bank deposits are primarily held by a Canadian chartered bank.

Long-term investment: The corporation is not exposed to significant credit risk as the long-term investment is in another reliable organization that had positive cash flows and net earnings for the past year. The long-term investment represents an investment in Miller and was written down to $1,000,000 in 2003 due to it being impaired. Since 2003, the shareholders' equity of Miller has increased, which has resulted in the investment not being a significant credit risk to the corporation. During the 2011 year end, an additional $509,486 was invested in Miller in settlement of rent arrears owing to the corporation.

Liquidity Risk

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

2. Financial Instruments and Financial Risk Management (continued)

Market Risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the corporation's income or the fair values of its financial instruments. The significant market risks the corporation is exposed to are interest rate risk and foreign currency risk.

Interest Rate Risk

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

The interest rate risk on cash and bank is considered to be low because of the short-term nature of these financial instruments.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The corporation is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency.

3. Long-term Investment - Miller Environmental Corporation

The investment in Miller is recorded at cost of $3,000,000 less $2,000,000 writedown in 2003 to represent the estimated value of the investment after taking into consideration an impairment in value at that time. In addition, on August 12, 2010 the outstanding rent receivable of $509,486 (net of a $45,000 payment received) from Miller was converted into an additional 1,242,648 Class A special preferred shares in Miller Environmental Corporation for a total of 4,242,648 shares.

4. Share Capital

The authorized capital of the corporation is 350,000 shares for a maximum consideration of $35,000,000.

The issued capital is as follows:

	2017	2016
75,000 common shares	**$ 7,500,000**	$ 7,500,000

5. Related Party Transactions - Miller Environmental Corporation

On March 1, 2008, a rental agreement was entered into with Miller requiring fixed monthly rent payments of $7,500. The agreement was renewed for the period March 1, 2013 to February 28, 2018 with no change to the rent payments.

6. Contingencies

Under the terms of the agreements with Miller, the corporation would be responsible for any claims prior to January 1, 1996 not disclosed during the due diligence process. Any future removal and site restoration costs would be the responsibility of Miller and the Province of Manitoba. An estimate of these costs cannot be determined and therefore no provision has been made in the financial statements for any such costs.

7. Economic Dependence

The corporation is economically dependent on Miller. The corporation's main future sources of revenue are site lease rental revenue and dividend income from its affiliate.

8. Public Sector Compensation

Pursuant to the disclosure required by the Public Sector Compensation Disclosure Act, the remuneration paid to Board members during the year, in aggregate, totalled $4,500 (11,261 in 2016). No employee's compensation exceeded $50,000 per year.

MANAGEMENT REPORT

Management of Manitoba Health, Seniors and Active Living is responsible to the Minister of Health, Seniors and Active Living for the integrity and objectivity of the financial statements of the Manitoba Health Services Insurance Plan. The financial statements for the year ended March 31, 2017 have been prepared in accordance with Canadian public sector accounting standards.

Manitoba Health, Seniors and Active Living maintains a system of internal control designed to provide management with reasonable assurance that confidential data and other assets are safeguarded and that reliable operating and financial records are maintained. This system includes written policies and procedures, and an organization structure which provides for appropriate delegation of authority and segregation of responsibilities.

The Office of the Auditor General is responsible to express an independent, professional opinion on whether the financial statements are fairly presented in accordance with Canadian public sector accounting standards. The Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

Management has reviewed and approved these financial statements. To assist in meeting its responsibility, an audit committee (equivalent) meets to review audit, financial reporting and related matters.

On behalf of the management,

Original Document Signed

Karen Herd, CA
Deputy Minister of Health, Seniors and Active Living

Original Document Signed

Dan Skwarchuk, CPA, CGA
Assistant Deputy Minister and
Chief Financial Officer

Winnipeg, Manitoba
June 27, 2017

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Minister of Health, Seniors and Active Living

We have audited the accompanying financial statements of the Manitoba Health Services Insurance Plan, which comprise the statement of financial position as at March 31, 2017 and the statements of operations and accumulated surplus and net debt, and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Manitoba Health Services Insurance Plan as at March 31, 2017 and the results of its operations and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Office of the Auditor General

Office of the Auditor General
June 27, 2017
Winnipeg, Manitoba

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

MANITOBA HEALTH SERVICES INSURANCE PLAN
Statement of Financial Position
As At March 31, 2017
(in thousands of dollars)

	2017	2016
Financial Assets		
Cash	$ 17,752	$ 13,180
Funds on deposit with the Province of Manitoba	317,052	364,209
Due from:		
Province of Manitoba	-	2,020
Province of Manitoba - vacation pay (Note 4)	121,663	121,663
Province of Manitoba - post employment benefits (Note 4)	128,177	128,177
Other Provinces and Territories	28,231	26,564
Other	4,031	12,918
	616,906	668,731
Liabilities		
Accounts Payable and Accrued Liabilities (Note 5)	290,284	418,891
Due to:		
Province of Manitoba	76,782	-
Province of Manitoba - vacation pay (Note 4)	121,663	121,663
Province of Manitoba - post employment benefits (Note 4)	128,177	128,177
	616,906	668,731
Accumulated Surplus and Net Debt	$ -	$ -

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

MANITOBA HEALTH SERVICES INSURANCE PLAN
Statement of Operations and Accumulated Surplus and Net Debt
For the Year Ended March 31, 2017
(in thousands of dollars)

	Budget 2017	Actual 2017	Actual 2016
Revenue			
Province of Manitoba - Grants	$ 5,837,638	$ 5,807,315	$ 5,550,453
Inter-provincial reciprocal recoveries - Hospital	65,977	60,432	55,860
Inter-provincial reciprocal recoveries - Medical	16,121	17,894	16,179
Third party recoveries	27,388	52,496	51,327
Miscellaneous	2,000	4,034	2,649
	5,949,124	5,942,171	5,676,468
Expenses			
Health Authorities and Facilities	4,068,637	4,052,424	3,881,561
Medical	1,394,247	1,376,287	1,293,087
Provincial programs	218,454	219,868	213,281
Pharmacare	267,786	293,592	288,539
	5,949,124	5,942,171	5,676,468
Annual Surplus and Net Debt	-	-	-
Accumulated Surplus and Net Debt, Beginning of Year	-	-	-
Accumulated Surplus and Net Debt, End of Year	$ -	$ -	$ -

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

MANITOBA HEALTH SERVICES INSURANCE PLAN
Statement of Cash Flow
For the Year Ended March 31, 2017
(in thousands of dollars)

	2017	2016
Operating Activities		
Annual Surplus (Deficit)	$ -	$ -
Changes in Working Capital:		
Due from:		
Province of Manitoba	2,020	(2,020)
Other Provinces and Territories	(1,667)	11,017
Other	8,887	2,735
Accounts Payable and Accrued Liabilities	(128,607)	(33,060)
Due to:		
Province of Manitoba	76,782	(9,383)
	(42,585)	(30,711)
Decrease in Cash and Funds on deposit	(42,585)	(30,711)
Cash and Funds on deposit with the Province, Beginning of year	377,389	408,100
Cash and Funds on deposit with the Province, End of year	$ 334,804	$ 377,389
Consists of:		
Cash	$ 17,752	$ 13,180
Funds on deposit with Province of Manitoba	317,052	364,209
	$ 334,804	$ 377,389

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

MANITOBA HEALTH SERVICES INSURANCE PLAN
Notes to the Financial Statements
For the Year ended March 31, 2017
(in thousands of dollars)

1. Nature of Operations

The Manitoba Health Services Insurance Plan (the Plan) operates under the authority of the Health Services Insurance Act. The Plan is not a separate entity with the power to contract in its own name and cannot sue or be sued. The mandate of the Plan is to provide health related insurance for Manitobans by funding the costs of qualified hospital, medical, personal care and other health services. The Plan's financial operations are administered outside of the Provincial Consolidated Fund.

2. Significant Accounting Policies

a. General

These financial statements have been prepared in accordance with Canadian public sector accounting standards.

b. Revenue Recognition

Funds drawn from Province of Manitoba appropriations (including supplementary estimates or special warrants), net of any funds to be repaid, are recognized as revenue. Revenue from the Province of Manitoba appropriations is accrued when further eligible expenses were incurred or recoveries from provincial departments are due.

Under inter-provincial reciprocal agreements Canadian residents can obtain necessary hospital and medical services while away from their home provinces or territories. Revenue related to reciprocal recoveries is recognized in the year that the services are provided.

Manitoba Health recovers amounts for hospital and medical services provided to individuals who are covered under other insurance plans, primarily Manitoba Public Insurance. Revenue related to third party recoveries is recognized in the year that the services are provided.

All other revenues are recognized at a gross amount on an accrual basis.

c. Financial Instruments

The financial instruments of the Plan consist of cash, funds on deposit, accounts receivable, accounts payable and accrued liabilities, and amounts due to or from the Province of Manitoba. All of the Plan's financial instruments are carried at cost.

Impaired financial assets are written down to their net recoverable value with the write-down being recognized in the statement of operations.

d. Net Debt

Net Debt is equivalent to accumulated surplus as there are no non-financial assets.

e. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Items requiring the use of significant estimates include any allowance for doubtful accounts related to accounts receivable, and the estimation of accrued liabilities related to Health Authorities, Medical Service Claims, Pharmacare Claims, and General.

Actual results could differ from these estimates.

MANITOBA HEALTH SERVICES INSURANCE PLAN
Notes to the Financial Statements
For the Year ended March 31, 2017
(in thousands of dollars)

f. Administrative and Operating Expenses

The financial statements do not include administrative salaries and operating expenses related to the Plan. These are included in the operating expenses of Manitoba Health.

3. Financial Instrument Risk Management

The Plan has exposure to the following risks from its use of financial instruments: credit; interest rate, and liquidity risk. Based on the Plan's small amount of foreign currency denominated assets, a change in exchange rates would not have a material effect on its Statement of Operations. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Plan to credit risk include cash, funds on deposit, and accounts receivable.

Cash and funds on deposit are not exposed to significant credit risk. Cash is held with a large reputable financial institution and funds on deposit are held by the Province of Manitoba.

Accounts receivable are not exposed to significant credit risk. The majority of the amounts is due from the Province of Manitoba and other provinces and territories; both typically pay in full. No allowance for doubtful accounts is required.

Liquidity risk

Liquidity risk is the risk that the Plan will not be able to meet its financial obligations as they come due.

The Plan manages liquidity risk by maintaining adequate cash balances and by review from the Department of Health to ensure adequate funding will be received to meet its obligations.

MANITOBA HEALTH SERVICES INSURANCE PLAN
Notes to the Financial Statements
For the Year ended March 31, 2017
(in thousands of dollars)

4. Employee Benefits

The Plan revised, in 2005, its funding arrangements related to vacation pay and post-employment benefits. Prior to 2005, the Plan did not fund the annual vacation leave earned by employees of the Regional Health Authorities (Health Authorities) and Health Care Facilities (Facilities) until the year vacations were taken. As well, the Plan did not fund post-employment benefits earned by employees of Health Authorities and Facilities until those post-employment benefits were paid. Funding is now provided as vacation pay and post-employment benefits are earned by employees subsequent to March 31, 2004.

The amount recorded as due from the Province – vacation pay was initially based on the estimated value of the corresponding liability as at March 31, 2004. Subsequent to March 31, 2004, the Province has included in its ongoing annual funding to the Plan, an amount equal to the current year's expense for vacation pay entitlements.

The amount recorded as due from the Province – post employment benefits is the value of the corresponding actuarial liability for post-employment costs as at March 31, 2004. There has been no change to the value subsequent to March 31, 2004 because the Province has provided, in its ongoing annual funding to the Plan, an amount equivalent to the change in the post-employment liability including annual interest accretion related to the receivable. The receivable will be paid by the Province when it is determined that the funding is required to discharge the related post-employment liabilities.

5. Accounts Payable and Accrued Liabilities

	2017	2016
Health Authorities and Facilities	**$150,254**	$288,519
Provincial Health Services	**4,277**	4,735
Medical Service Claims	**91,384**	81,247
Pharmacare Claims	**7,486**	6,878
General	**36,883**	37,512
	$290,284	$418,891

6. Expenditures for Hospital, Medical, and Other Health Services

The following table summarizes expenditures including accrual impact during the fiscal year.

Hospital service payments include services that an insured person is entitled under the Plan to receive at any hospital, surgical facility or personal care home without payment except for any authorized charges that he or she may be liable to pay are:

- in-patient services and out-patient services in a hospital and out-patient services in a surgical facility;
- such services in a hospital as may be specified in the regulations as being additional hospital services that an insured person is entitled to receive under the Plan; and
- subject to any special waiting period in respect of personal care prescribed in the regulations, and subject to meeting the admission requirements for the personal care home personal care provided in premises designated as personal care homes.

Medical service payments include all services rendered by a medical practitioner that are medically required but does not include services excepted by the regulations.

MANITOBA HEALTH SERVICES INSURANCE PLAN
Notes to the Financial Statements
For the Year ended March 31, 2017
(in thousands of dollars)

Other health service payments include chiropractic, optometric, or midwifery services, or to services provided in hospitals by certified oral surgeons, or to the provision of prosthetic or orthotic devices, or to any or all of those services.

	2017	**2016**
Hospital Services	**$3,294,055**	$3,142,780
Medical Services	**1,333,401**	1,254,835
Other Health Services	**51,849**	46,536

7. Economic Dependence

The Plan is economically dependent on the Province of Manitoba for its funding.

8. Related Party Transactions

In addition to those related transactions disclosed elsewhere in these financial statements, the Plan is related in terms of common ownership to all Province of Manitoba created departments, agencies and Crown corporations. The Plan enters into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

9. The Public Sector Compensation Disclosure Act

The Schedule of Payments pursuant to the provisions of The Public Sector Compensation Disclosure Act is included as part of the Annual Report of Manitoba Health.

MANITOBA HORSE RACING COMMISSION

Financial Statements

For the year ended March 31, 2017

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BDO Canada LLP
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Independent Auditor's Report

To the Board of Commissioners of
MANITOBA HORSE RACING COMMISSION

We have audited the accompanying financial statements of **MANITOBA HORSE RACING COMMISSION**, which comprise the statement of financial position as at March 31, 2017, and the statement of operating revenue and expenses and fund balances and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Manitoba Horse Racing Commission as at March 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants

Winnipeg, Manitoba
July 5, 2017

MANITOBA HORSE RACING COMMISSION
Statement of Financial Position

March 31			Restricted Funds					2017	2016
	General Fund	Capital Assets Fund	Pari-Mutuel Levy Fund	Minister of Finance Fund	Rural Fund	H.B.P.A. Fund	C.T.H.S. Fund	Total	Total
Assets									
Current Assets									
Cash (bank indebtedness)	$ 67,274	$ -	$ -	$ 23,841	$ 456	$ 34,359	$ 123,666	$ 249,596	$ 321,131
Accounts receivable	-	-	-	-	-	-	-	-	40
Receivable from the Province of Manitoba - pension	120,897	-	-	-	-	-	-	120,897	74,703
Prepaid expenses	-	-	-	-	-	-	-	-	4,334
	188,171	-	-	23,841	456	34,359	123,666	370,493	400,208
Long-term investment (Note 2)	272,492	-	-	-	-	-	-	272,492	270,611
Capital assets (Note 3)	-	8,633	-	-	-	-	-	8,633	9,961
	272,492	8,633	-	-	-	-	-	281,125	280,572
	$ 460,663	$ 8,633	$ -	$ 23,841	$ 456	$ 34,359	$ 123,666	$ 651,618	$ 680,780
Liabilities and Fund Balances									
Current Liabilities									
Accounts payable and accrued liabilities	$ 50,416	$ -	$ -	$ 23,841	$ 456	$ 34,359	$ 123,666	$ 232,738	$ 214,439
Deferred revenue	-	-	-	-	-	-	-	-	4,320
Provision for employee pension benefits (Note 4)	393,389	-	-	-	-	-	-	393,389	345,314
	443,805	-	-	23,841	456	34,359	123,666	626,127	564,073
Fund Balances									
Unrestricted	16,858	-	-	-	-	-	-	16,858	106,746
Invested in capital assets	-	8,633	-	-	-	-	-	8,633	9,961
	16,858	8,633	-	-	-	-	-	25,491	116,707
	$ 460,663	$ 8,633	$ -	$ 23,841	$ 456	$ 34,359	$ 123,666	$ 651,618	$ 680,780

Approved on behalf of the Commission:

Original Document Signed ______________________ Chairman

Original Document Signed ______________________ Controller

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

MANITOBA HORSE RACING COMMISSION
Statement of Operating Revenue and Expenses and Fund Balances

For the year ended March 31	General Fund	Capital Assets Fund	Pari-Mutuel Levy Fund (Restricted Funds)	Minister of Finance Fund (Restricted Funds)	Rural Fund (Restricted Funds)	H.B.P.A. Fund (Restricted Funds)	C.T.H.S. Fund (Restricted Funds)	2017 Total	2016 Total
Revenue									
Fees, licenses and fines (Note 5)	$ 172,680	$ -	$ -	$ -	$ -	$ -	$ -	$ 172,680	$ 165,287
Grant from Manitoba Agriculture, Food and Rural Development	62,500	-	-	-	269,457	-	-	331,957	544,000
Interest	389	-	-	-	-	-	-	389	335
Pari-mutuel levy	-	-	2,240,838	-	-	-	-	2,240,838	2,213,057
Sundry	31	-	-	-	-	-	-	31	621
	235,600	-	2,240,838	-	269,457	-	-	2,745,895	2,923,300
Expenditures									
General Fund operating expenses (Schedule 1)	549,431	-	-	-	-	-	-	549,431	563,823
Overnight purse support thoroughbred	-	-	-	336,126	-	1,321,526	349,200	2,006,852	1,982,815
Owners/breeders incentive thoroughbred	-	-	-	-	-	-	-	-	-
Quarter Horse support	-	-	-	-	-	-	-	-	-
Amortization of capital assets	-	1,328	-	-	-	-	-	1,328	1,328
Standard rural	-	-	-	-	279,500	-	-	279,500	347,500
Other	-	-	-	-	-	-	-	-	-
	549,431	1,328	-	336,126	279,500	1,321,526	349,200	2,837,111	2,895,466
Excess (deficiency) of revenue over expenditures for the year	(313,831)	(1,328)	2,240,838	(336,126)	(10,043)	(1,321,526)	(349,200)	(91,216)	27,834
Pari-Mutuel Levy Fund transfer	223,943	-	(2,240,838)	336,126	10,043	1,321,526	349,200	-	-
Fund balances, beginning of year	106,746	9,961	-	-	-	-	-	116,707	88,873
Fund balances, end of year	$ 16,858	$ 8,633	$ -	$ -	$ -	$ -	$ -	$ 25,491	$ 116,707

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

MANITOBA HORSE RACING COMMISSION
Statement of Cash Flows

For the year ended March 31		2017		2016
Cash Flows from Operating Activities				
Excess (deficiency) of revenue over expenditures	$	(91,216)	$	27,834
Amortization of capital assets		1,328		1,328
		(89,888)		29,162
Changes in non-cash working capital balances				
Accounts receivable		40		-
Receivable from Province of Manitoba - pension		(46,194)		(16,132)
Prepaid expenses		4,334		(4,334)
Accounts payable and accrued liabilities		18,299		(73,308)
Deferred revenue		(4,320)		4,320
Provision for employee pension benefits (Note 4)		48,075		17,211
		(69,654)		(43,081)
Cash Flows from Investing Activities				
Net change in investments		(1,881)		(1,079)
Decrease in cash and bank during the year		(71,535)		(44,160)
Cash, beginning of year		321,131		365,291
Cash, end of year	$	249,596	$	321,131

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

1. Nature of the Organization and Significant Accounting Policies

Nature of the Organization

Manitoba Horse Racing Commission (the "Organization") was established under The Horse Racing Commission Act to govern, direct, control and regulate horse racing and the operations of horse race tracks in Manitoba. The Commission's sustainability is dependent upon on-going financial resources realized through The Horse Racing Commission Act.

The operating expenses of the Commission in excess of revenue derived from its regulatory activities are funded by a grant from the Department of Agriculture, Food and Rural Development, interest earned on the General Fund, as well as a proportionate share of the Pari-Mutuel Levy according to the Plan for Distribution.

Revenues and expenses related to program delivery and administrative activities of the Commission are reported in the General Fund.

Capital Asset Fund represents the net investment of the Commission in capital assets.

Effective April 1, 1997, Pari-Mutuel Levy Act (the "Act") was enacted. The Act provides for the establishment of a Pari-Mutuel Levy Fund for the promotion of horse racing in Manitoba. The levy is collected by the Commission and distributed in accordance with a Plan For Distribution, as required by the Act.

The Minister of Finance Fund is used for levies deducted and paid to the Minister of Finance as per the Act.

The Rural Fund is used for funding of the rural circuit as well as Quarter Horse racing. Funding for the Rural Fund is provided through a grant from the Department of Agriculture, Food and Rural Development.

Horsemen's Benevolent Protection Association (H.B.PA) Fund is to be used for overnight purses at Assiniboia Downs. Funding for the H.B.PA Fund is provided through the Pari-Mutuel Levy Act based on the Plan For Distribution approved by the minister responsible for the administration of the Act.

Canadian Thoroughbred Horsemen Society (C.T.H.S) Fund is to be used for breeder's and owner's incentives at Assiniboia Downs. Funding for the C.T.H.S Fund is provided through the Pari-Mutuel Levy Act based on the Plan For Distribution approved by the minister responsible for the administration of the Act.

Basis of Accounting

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

1. Nature of the Organization and Significant Accounting Policies (continued)

Basis of Accounting (continued)

Fund Accounting

The Commission follows the restricted fund method of accounting for contributions, and maintains seven funds: General Fund, Capital Asset Fund, Pari-Mutuel Levy Fund, Minister of Financial Fund, Rural Fund, H.B.PA Fund, and C.T.H.S. Fund.

Revenue Recognition

Restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be estimated and collection is reasonably assured.

Funding from the Province of Manitoba includes the Commission's share of provisions recorded for unfunded pension liabilities.

Pension Costs

Employees of the Commission are pensionable under the Civil Service Superannuation Act. Pension costs consist of the employer's share of pension benefits paid to retired employees, as well as the increase in the employee pension benefits liability during the fiscal year. This liability is determined actuarially every three years with the balances for the intervening years determined by formula provided by the actuary. The most recent valuation was completed as at December 31, 2014. Actuarial gains and losses are amortized over the average remaining service life of employees, commencing in the year following when the actuarial gain or loss arises.

Measurement Uncertainty (Use of Estimates)

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

1. Nature of the Organization and Significant Accounting Policies (continued)

Basis of Accounting (continued)

Fund Transfers

i) Capital asset fund transfer

Fund transfers represent allocations from the General Fund to the Capital Asset Fund for capital acquisitions.

ii) Pari-mutuel levy fund transfer

A pari-mutuel levy is collected by the Commission for the promotion of horse racing in Manitoba. The Pari-mutuel Levy Fund is then distributed in accordance with the Plan for Distribution.

Capital Assets

Capital assets are recorded at cost. Amortization is provided on a straight-line basis over the assets' estimated useful lives as follows:

Security equipment	10 years
Computer equipment	5 years
Furniture and fixtures	10 - 20 years

Financial Instruments

The financial instruments of the Commission consist of cash, receivable from the Province of Manitoba - pension, long term investment, and accounts payable and accrued liabilities.

All of the Commission's financial instruments are carried at cost or amortized cost.

If an impairment loss is determined by The Commission and there is no realistic prospect of recovery the financial asset(s) are written down to net recoverable value with the writedown being recognized in the statement of operating revenue and expenses and fund balances.

2. Long-term Investment

The Province of Manitoba has confirmed that it intends to pay in full the March 31, 2008 receivable balance related to prior years' funding for the pension liability. This payment was placed in an interest bearing trust account on March 31, 2009 and is held on behalf of the Manitoba Horse Racing Commission until the cash is required to discharge the related liabilities. Accordingly, this receivable is classified as long term.

For the year ended March 31, 2017

3. Capital Assets

	2017			2016		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Security equipment	$ 13,118	$ 9,997	$ 3,121	$ 13,118	$ 8,848	$ 4,270
Furniture and fixtures	7,571	7,285	286	7,571	7,233	338
Computer equipment	12,299	7,073	5,226	12,299	6,946	5,353
	$ 32,988	$ 24,355	$ 8,633	$ 32,988	$ 23,027	$ 9,961

4. Provision for Employee Pension Benefits

The Commission follows the accrual method of accounting for its employee pension benefits liability.

An actuarial valuation of the employee pension benefit liability as at December 31, 2015 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The key actuarial assumptions were a rate of return of 6.00% (6.00% in 2014), 2.00% inflation (2.00% in 2014), salary rate increases of 3.75% (3.75% in 2014), discount rate of 6.00% (6.00% in 2014) and post retirement indexing at 2/3 of the inflation rate. The service to date projected benefit method was used and the liabilities have been estimated to March 31, 2017 using a formula provided by the actuary and adjusted for a provision for adverse experience and a trust fund credit.

The average remaining service life of employees is 0.78 years. During 2017 amortization of the net actuarial loss was $8,252.

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

	2017	2016
Accrued benefit obligation, beginning of year	$ 345,314	$ 328,103
Benefits accrued	12,595	12,382
Interest accrued on benefits	13,064	18,356
Benefits paid	(17,962)	(27,874)
Accrued benefit obligation, end of year	353,011	330,967
Unamortized actuarial gain	40,378	14,347
Provision, end of year	$ 393,389	$ 345,314

4. Provision for Employee Pension Benefits (continued)

The Commission's pension plan costs consist of the following:

	2017	2016
Benefits accrued	$ 12,595	$ 12,382
Interest accrued on benefits	13,064	18,356
Amortization of actuarial loss	(8,252)	(12,910)
Pension cost	$ 17,407	$ 17,828

5. Fees, Licenses and Fines

	2017	2016
Assiniboia Downs		
Daily licenses	$ 134,865	$ 135,220
Fees and licenses	29,560	25,702
Fines	5,630	3,790
	170,055	164,712
Rural Circuit		
Fees and licenses	1,325	500
Fines	1,300	75
	2,625	575
	$ 172,680	$ 165,287

6. Financial Instruments

The Commission has exposure to the following risks from its use of financial instruments:

Liquidity Risk

Liquidity risk arises from the possibility of the Commission having insufficient financial resources to meet its financial obligations when they come due. The Commission mitigates this risk through cash management. Accounts payable and accrued liabilities are typically paid when due.

6. Financial Instruments (continued)

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to cash and long term investment. The interest rate risk on cash and long term investment is considered to be low due to their short term nature and the long term investment is reinvested annually.

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Commission to credit risk consist principally of cash, long term investment, accounts receivable and receivable from Province of Manitoba - pension.

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

Long term investment and receivable from Province of Manitoba - pension are not exposed to significant credit risk as both are with the Province of Manitoba.

Accounts receivable is not exposed to significant credit risk as payment in full is typically collected when due. No allowance for doubtful accounts is required.

Foreign Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Commission is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency.

7. Related Party Transactions

In addition to those related party transactions disclosed elsewhere in these financial statements, the Commission is related in terms of common ownership to all Province of Manitoba created departments, agencies and Crown corporations. The Commission enters into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

MANITOBA HORSE RACING COMMISSION
Schedule of General and Administrative Expenses

For the year ended March 31	2017	2016
Commissioners' per diem and honoraria	$ 8,461	$ 8,736
Drug, alcohol and security	14,211	16,141
Employee benefits	65,593	60,048
Equipment and office furniture	9,747	1,367
Insurance	2,015	1,944
Membership and dues	816	5,432
Office	11,942	21,773
Pension cost	17,407	17,828
Professional fees	16,014	6,546
Repairs and maintenance	(5,785)	26,061
Salaries		
Administration	174,907	185,965
Security	7,252	6,609
Stewards and judges	126,380	113,980
Veterinarian services	52,912	53,981
Support grant	25,835	11,839
Telephone	11,531	10,685
Travel	10,193	14,888
	$ 549,431	$ 563,823

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

Independent Auditor's Report

To the Legislative Assembly of Manitoba
To the Board of Directors of The Manitoba Housing and Renewal Corporation

We have audited the accompanying financial statements of The Manitoba Housing and Renewal Corporation, which comprise of the statement of financial position as at March 31, 2017, and the statements of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of The Manitoba Housing and Renewal Corporation as at March 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Office of the Auditor General

Office of the Auditor General
August 10, 2017
Winnipeg, Manitoba

THE MANITOBA HOUSING AND RENEWAL CORPORATION

Statement of Financial Position

Year ended March 31, 2017, with comparative figures for 2016

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents (note 3)	$ 49,296,481	$ 54,384,596
Accounts receivable (note 4)	87,056,638	24,942,399
Prepaid expenses	1,628,627	1,382,947
Current portion of loans and mortgages receivable (note 5)	8,455,606	8,272,007
	146,437,352	88,981,949
Other long-term receivables (note 4)	21,982,150	23,367,512
Loans and mortgages receivable (note 5)	93,631,215	103,188,002
Land inventory (note 6)	59,806,187	74,225,685
Capital assets (note 8)	814,570,702	742,993,713
	$ 1,136,427,606	$ 1,032,756,861
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 52,914,591	$ 57,016,730
Current portion of long-term debt (note 9)	57,268,725	52,115,475
	110,183,316	109,132,205
Long-term debt (note 9)	1,048,434,256	1,022,929,099
Other long-term liabilities (note 10)	14,800,419	14,680,263
Deferred revenue (note 11)	7,667,564	11,527,071
Deferred contributions: (note 12)		
Expenses of future periods	8,266,877	8,230,684
Capital assets	22,717,179	20,177,478
Funds held for third party expenses	51,729,465	8,571,853
Housing Development and Rehabilitation Fund	4,741,149	734,208
	87,454,670	37,714,223
Net assets:		
Unrestricted	(132,112,619)	(163,226,000)
Contingencies (note 24)		
Commitments (note 26)		
Guarantees (note 27)		
	$ 1,136,427,606	$ 1,032,756,861

See accompanying notes to financial statements

On behalf of the Board:

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Director

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Director

THE MANITOBA HOUSING AND RENEWAL CORPORATION

Statement of Operations

Year ended March 31, 2017, with comparative figures for 2016

	2017	2016
Revenue:		
Grants from the Province of Manitoba (note 13)	$ 127,135,829	$ 80,129,455
Contributed services (note 14)	794,000	2,360,800
Rental revenue (note 15)	79,286,188	79,694,089
Other government contributions (note 16)	59,931,183	61,897,090
Housing Development and Rehabilitation Fund (note 12)	11,153,223	19,734,766
Recoveries related to advance agreement (note 17)	1,559,333	1,943,423
Amortization of deferred contributions (note 12)	924,191	925,878
	280,783,947	246,685,501
Interest:		
Loans and mortgages	8,776,054	9,478,927
Bank and other	267,535	261,320
	9,043,589	9,740,247
Sales of land:		
Waverley West (note 12)	31,524,043	30,919,335
Other land holdings	20,000,000	1,926,000
	51,524,043	32,845,335
Gain on disposal of capital assets	1,070,796	2,493,865
Other	3,852,678	1,923,167
Total revenue	346,275,053	293,688,115
Expenses:		
Housing operations - excluding amortization and interest (note 15)	129,242,227	129,466,928
Housing operations amortization (note 15)	40,335,377	35,826,507
Housing operations interest (note 15)	33,485,229	31,059,789
Rental subsidies (note 18)	39,785,555	38,816,894
Grants and subsidies (note 19)	4,923,914	5,056,892
Interest expense	9,950,075	10,730,325
Administrative services	3,702,400	4,380,700
Provision for loss and write downs	546,625	15,450
Cost of land sales - joint venture (note 7)	-	143,248
Cost of land sales - Waverley West (note 12)	31,524,043	30,919,335
Cost of land sales - other land holdings	3,024,013	483,262
Housing program supports (note 20)	16,505,910	17,294,229
Pension (note 21)	(26,003)	(944,252)
Expenses related to advance agreement (note 17)	1,559,333	1,943,423
Other amortization	157,988	177,378
Other	544,986	557,414
	315,261,672	305,927,522
Excess (deficiency) of revenue over expenses	$ 31,013,381	$ (12,239,407)

See accompanying notes to financial statements

THE MANITOBA HOUSING AND RENEWAL CORPORATION

Statement of Changes in Net Assets

Year ended March 31, 2017, with comparative figures for 2016

	2017	2016
Net assets, beginning of year	$ (163,226,000)	$ (150,986,593)
Excess (deficiency) of revenue over expenses	31,013,381	(12,239,407)
Contributed land (note 25)	100,000	-
Net assets, end of year	$ (132,112,619)	$ (163,226,000)

See accompanying notes to financial statements

THE MANITOBA HOUSING AND RENEWAL CORPORATION

Statement of Cash Flows

Year ended March 31, 2017, with comparative figures for 2016

	2017	2016
Operating activities:		
Excess (deficiency) of revenue over expenses	$ 31,013,381	$ (12,239,407)
Non-cash changes in operations:		
Amortization of capital assets	40,335,377	35,826,507
Amortization of other capital assets	157,988	177,378
Amortization of deferred contributions related to capital assets	(924,191)	(925,878)
Provision for loss and write downs	546,625	15,450
Gain on disposal of capital assets	(1,070,796)	(2,493,865)
Change in non-cash working capital:		
Accounts receivable	(62,114,239)	2,269,882
Prepaid expenses	(245,680)	3,216,347
Other long-term receivables	1,385,362	5,049,511
Land inventory	14,419,498	(3,490,262)
Accounts payable and accrued liabilities	(4,102,139)	4,310,781
Other long-term liabilities	120,156	(534,622)
Net increase/(decrease) in deferred revenue	(3,859,507)	306,837
Net increase in deferred contributions related to expenses of future periods	36,192	37,240
Net increase/(decrease) in deferred contributions related to Housing Development and Rehabilitation Fund	4,006,941	(10,660,263)
Net increase/(decrease) in deferred contributions related to funds held for third party expenses	43,157,612	(4,508,592)
	62,862,580	16,357,044
Capital activities:		
Net increase in deferred contributions related to capital assets	3,463,892	1,289,422
Proceeds from disposal of land	15,100	-
Proceeds from disposal of capital assets	2,144,971	8,711,241
Purchase of capital assets	(113,059,627)	(164,234,384)
	(107,435,664)	(154,233,721)
Investing activities:		
Additions to loans and mortgages receivable	(445,604)	(7,014,913)
Proceeds from repayment of loans and mortgages receivable	9,272,168	8,372,674
	8,826,564	1,357,761
Financing activities:		
Repayment of long-term debt	(220,217,065)	(225,680,569)
Proceeds from long-term debt	250,875,470	342,775,129
	30,658,405	117,094,560
Net decrease in cash	(5,088,115)	(19,424,356)
Cash and cash equivalents, beginning of year	54,384,596	73,808,952
Cash and cash equivalents, end of year	$ 49,296,481	$ 54,384,596

See accompanying notes to financial statements

1. General

The Manitoba Housing and Renewal Corporation (MHRC) operates under the authority of The Housing and Renewal Corporation Act, being Chapter H 160 Revised Statutes of Manitoba 1987. The purposes and objectives of the Act are:

a) to ensure that there is an adequate supply of housing stock in Manitoba;
b) to enhance the affordability of, and accessibility to, adequate housing for Manitobans, particularly those of low and moderate income and those with specialized needs;
c) to maintain and improve the condition of existing housing stock; and
d) to stimulate and influence the activities of the housing market to the benefit of Manitobans as a whole.

MHRC is under the management and control of a Board of Directors appointed by the Lieutenant Governor in Council. The board shall consist of not fewer than five members and not more than 13 members and the Lieutenant Governor in Council may designate one of the members of the board as chairperson and one member as vice-chairperson.

MHRC is economically dependent on the Government of the Province of Manitoba.

2. Significant accounting policies

a) Basis of presentation

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

b) Revenue recognition

MHRC follows the deferral method of accounting for contributions. Under the deferral method of accounting for contributions, restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the related capital assets.

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

Rental revenue is recognized in the fiscal period during which the service is provided.

Land sales are recognized in the period in which the ownership is transferred, except for the profit component associated with land development revenue. Land development profits are restricted as to the use by Legislation approved by the Province of Manitoba and therefore revenue recognition is deferred until the profits are used to support eligible expenditures (note 12).

Interest is recognized on an accrual basis in the fiscal period in which it is earned.

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks.

d) Financial instruments

Financial instruments are recorded at fair value or exchange amount on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost using the effective interest method, unless management has elected to carry a group of financial instruments at fair value in accordance with its risk management or investment strategy. MHRC has not elected to carry any such group of financial instruments at fair value.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations.

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

2. Significant accounting policies (continued)

e) Loans and mortgages receivable

MHRC maintains an allowance for loan impairment, which reduces the carrying value of loans and mortgages receivable to their estimated realizable amounts. Depending on the program under which the loan or mortgage is made, estimated realizable amounts are determined with reference to MHRC's historical loss experience on similar loans or the appraised value of the project financed by the loan or mortgage.

Specific allowances are established for individual loans and mortgages for which the estimated realizable amount is less than the carrying value. MHRC does not provide an additional non-specific, general provision for loan impairment. MHRC's Board of Directors has approved a policy which defines whether an individual mortgage or loan balance is to be considered impaired based on the time period that it has been in arrears.

Loan forgiveness for forgivable loans is approved in accordance with the terms of the loan agreements. MHRC records an asset valuation allowance equal to the amount of the loan at the time the loan is granted. As forgiveness conditions are met by the borrower, MHRC records the annual forgiveness by reducing both the forgivable loan and the accompanying valuation allowance. Any Federal Government contributions towards forgivable loans are recorded as revenue as loans are disbursed.

f) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Construction in progress is transferred to the appropriate capital asset category when the project is completed and the asset is placed in service at which time, amortization commences. Cost includes direct construction costs, land acquisition costs and interest and other related carrying charges incurred during the period of construction. Repairs and maintenance costs are charged to expense. Betterments which extend or improve the life of an asset are capitalized. When a capital asset no longer contributes to MHRC's ability to provide services, its carrying amount is written down to its residual value. Amortization is provided on a straight-line basis at the following rates:

Asset	Rate
Buildings	25 and 40 years
Building improvements	15 years
Leasehold improvements	Over the lease term
Computer - major application	15 years
Computer software - other	4 years
Computer system - hardware	4 years
Furniture and equipment	8 years

g) Land inventory

Land under development includes the value of land and all costs directly related to the land improvement. Development costs include, but are not limited to, site preparation, architectural, engineering, surveying, fencing, landscaping and infrastructure for electrical, roads and underground works.

Land held for future development or sale is valued at the lower of cost or appraised value adjusted for estimated disposition costs. Cost includes the original purchase price and related acquisition costs.

h) Interest in joint ventures

The interest in joint venture is recognized using the proportionate consolidation method. Proportionate consolidation is a method of accounting and reporting whereby MHRC's pro-rata share of each of the assets, liabilities, revenues and expenses of the joint venture is combined on a line by line basis with similar items in MHRC's financial statements.

2. Significant accounting policies (continued)

i) Employee future benefits

MHRC accrues its obligations under the defined benefit plans as the employees render the services necessary to earn the pension, severance, compensated absences and other retirement benefits. The actuarial determination of the accrued benefit obligations for pensions and other retirement benefits uses the projected benefit method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors).

Actuarial gains/(losses) on plan assets arise from the difference between the actual return on plan assets for a period and the expected return on plan assets, if applicable, for that period. Actuarial gains/(losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The net accumulated actuarial gains/(losses) are amortized over the expected average remaining service life (EARSL) of active employees. The average remaining service period of the active employees covered by the pension plan is 10 years (2016 - 11 years).

Past service costs arising from plan amendments are recognized immediately in the period the plan amendments occur.

Current service contributions for Direct Managed employees are recognized as operating expenses.

j) Contributed services

Under an agreement entered into between MHRC and the Province of Manitoba in 1984, the Departments of the Province of Manitoba provide administrative services to MHRC at no cost. The value of these contributed and administrative services is recorded as revenue and expenses.

k) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets, accounts receivable, loans and mortgages receivable, accrued liabilities, and other long-term liabilities. Actual results could differ from those estimates.

3. Cash and cash equivalents

	2017	2016
Bank	$ 41,022,006	$ 46,146,287
Risk Reserve related to Social Housing Agreement	8,266,876	8,230,684
Petty cash	7,599	7,625
	$ 49,296,481	$ 54,384,596

4. Accounts receivable

	2017	2016
Current accounts receivable:		
Canada Mortgage and Housing Corporation	$ 63,162,466	$ 7,173,594
Government of the Province of Manitoba and its agencies	872,208	1,375,028
Rent receivables - net of allowance of $6,973,202 (2016 - $7,098,709)	3,085,325	3,078,077
Accrued interest on loans and mortgages receivable	307,761	244,757
City of Winnipeg	774,650	820,436
Other - net of allowance of $24,555 (2016 - $16,213)	18,854,228	12,250,507
	$ 87,056,638	$ 24,942,399

	2017	2016
Other long-term receivables:		
Government of the Province of Manitoba:		
Pension recoverable (note 21)	$ 8,687,238	$ 8,713,241
Severance benefits (note 22)	1,446,105	1,446,105
	10,133,343	10,159,346
Securities for Waverley West installation of services - City of Winnipeg	11,848,807	10,200,008
Other long-term receivables	-	3,008,158
	$ 21,982,150	$ 23,367,512

5. **Loans and mortgages receivable**

a) Composition of loans and mortgages receivable

	2017	2016
Federal/Provincial Housing Programs:		
Private Non-Profit Housing	$ 63,226,284	$ 68,527,912
Rural and Native Housing	121,077	207,728
Urban Native Housing	9,227,819	10,295,304
	72,575,180	79,030,944
Market Rental Programs:		
Co-operative HomeStart	4,603,262	4,907,510
Co-operative Index Linked	941,822	1,763,876
	5,545,084	6,671,386
Other Programs:		
Community Residences	1,131,965	1,303,691
Homeowner Rehabilitation	18,893	26,012
Affordable Rental Housing	18,035,288	17,983,636
Other	8,230,098	9,384,633
	27,416,244	28,697,972
	105,536,508	114,400,302
Less - allowance for loan impairment	(3,449,687)	(2,940,293)
Subtotal repayable loans and mortgages receivable	102,086,821	111,460,009
Forgivable loans	269,319,527	255,685,314
	371,406,348	367,145,322
Less - forgivable loans asset valuation allowance	(269,319,527)	(255,685,314)
Loans and mortgages receivable	$ 102,086,821	$ 111,460,009
Current portion of loans and mortgages receivable	$ 8,455,606	$ 8,272,007
Long-term portion of loans and mortgages receivable	93,631,215	103,188,002
Loans and mortgages receivable	$ 102,086,821	$ 111,460,009

Loans and mortgages receivable bear interest at various rates between 0% and 14.25% (2016 - 0% and 14.25%) with maturities at various dates to 2053.

The loans and mortgages receivable for Federal/Provincial Housing Programs, Market Rental Programs, Community Residences and Affordable Rental Housing are secured by a mortgage on the underlying property.

Principal repayments on the loans and mortgages maturing in the next five years are estimated as follows:

2018	$ 8,455,606
2019	8,509,122
2020	8,771,207
2021	9,249,656
2022	9,606,441
Thereafter	60,944,476
	$ 105,536,508

b) Allowance for loan impairment

The allowance for loan impairment is comprised of the following specific provisions:

	2017	2016
Other programs	$ 3,449,686	$ 2,940,293
	$ 3,449,686	$ 2,940,293

6. Land inventory

		2017		2016
Land under development	$	59,057,563	$	73,462,272
Future development or sale		748,624		763,413
	$	59,806,187	$	74,225,685

7. Joint venture

MHRC contributed 179 acres of land, at appraised value, to a joint venture with Ladco Company Limited on May 11, 1989. The joint venture activities include the servicing, development and sale of approximately 476 acres of land in the City of Winnipeg, Manitoba.

Joint venture profits are recorded to deferred contributions - Housing Development and Rehabilitation Fund (HDRF) until such time as the profits are required for applicable expenditures. The amount of increase in 2017 from the joint venture profit was $149,207 (2016 - $143,248 decrease).

The following is a summary of MHRC's pro rata share at 37.60% of the assets, liabilities, revenues and expenses of the Ladco Company Limited joint venture.

		2017		2016
Current assets:				
Cash	$	772,290	$	776,871
Prepaid expenses		4,111		5,140
Accounts receivable from land sales		175		108
		776,576		782,119
Long-term assets:				
Development costs to complete		(180,634)		(335,335)
	$	595,942	$	446,784
Current liabilities:				
Accounts payable and accrued liabilities	$	2,250	$	2,299
Net assets		593,692		444,485
	$	595,942	$	446,784

		2017		2016
Sales of land	$	-	$	-
Cost of land sales		(154,700)		141,938
Gross margin		154,700		(141,938)
Expenses		5,493		1,310
Excess (deficiency) of revenue over expenses	$	149,207	$	(143,248)

8. Capital assets

	2017	2016
Land	$ 32,465,024	$ 32,041,809
Buildings and improvements	1,121,644,992	1,013,778,916
Less - accumulated amortization	(514,093,246)	(477,088,296)
Buildings - net book value	607,551,746	536,690,620
Under construction	167,063,250	168,113,748
Total land and buildings	807,080,020	736,846,177
Other assets	10,156,739	8,462,507
Less - accumulated amortization	(2,666,057)	(2,314,971)
Other assets - net book value	7,490,682	6,147,536
Net book value	$ 814,570,702	$ 742,993,713

MHRC has capitalized $1,921,257 (2016 - $2,432,466) of interest during 2017 to construction in progress.

9. Long-term debt

	2017	2016
Government of the Province of Manitoba:		
Advances, interest only payments until construction is complete, at which point it is converted into long-term advances. The interest rate as at March 31, 2017 was 1.95% (2016 - 1.95%).	$ 266,374,473	$ 304,071,170
Long-term advances, at interest rates from 2.63% to 11.32% (2016 - 2.63% to 13.38%) maturing at various dates to 2055 and requiring annual principal and interest payments of $81,997,952 (2016 - $75,903,607).	742,734,701	666,113,775
Canada Mortgage and Housing Corporation:		
Long-term advances, at interest rates from 5.67% to 5.93% (2016 - 5.67% to 8.00%) maturing at various dates to 2030 and requiring annual principal and interest payments of $14,449,688 (2016 - $14,449,688).	96,233,045	104,477,829
Mortgages payable (assumed on property acquisitions), at an interest rate of 10.50% (2016 - 10.50%) maturing at various dates to 2027 and requiring annual principal and interest payments of $50,337 (2016 - $50,337).	360,762	381,800
	$ 1,105,702,981	$ 1,075,044,574
Current portion of long-term debt	$ 57,268,725	$ 52,115,475
Long-term debt	1,048,434,256	1,022,929,099
	$ 1,105,702,981	$ 1,075,044,574

Principal repayments on the long-term debt, excluding unfixed term advances of $266,374,473 are estimated as follows:

2018	57,268,725
2019	57,392,973
2020	60,321,009
2021	63,999,428
2022	64,630,566
Thereafter	535,715,807
	$ 839,328,508

10. Other long-term liabilities

	2017	2016
Pension liability (note 21)	$ 8,687,238	$ 8,713,241
Severance liability (note 22)	5,410,756	5,219,853
Sick leave liability	702,425	747,169
	$ 14,800,419	$ 14,680,263

11. Deferred revenue

	2017	2016
Tenant prepaid rent	$ 2,783,460	$ 2,475,829
Prepaid land lease	34,744	36,282
Lot options - land under development	4,846,860	6,013,960
Deposit for future sales	2,500	3,001,000
	$ 7,667,564	$ 11,527,071

12. Deferred contributions

a) Expenses of future periods

Deferred contributions related to expenses of future periods represent restricted funding received under various agreements primarily to mitigate future operating risks.

	2017	2016
Balance, beginning of year	$ 8,230,684	$ 8,193,444
Amount reclassified from accounts payable and accrued liabilities	3,469	3,444
Amount recovered from loans and mortgages receivable	32,724	33,796
Balance, end of year	$ 8,266,877	$ 8,230,684

b) Capital assets

Deferred contributions related to capital assets represent the unamortized amount of grants and other contributions received for the construction and rehabilitation of capital assets.

	2017	2016
Balance, beginning of year	$ 20,177,478	$ 19,813,934
Contributions received	3,463,892	1,289,422
Amount amortized to revenue in the year	(924,191)	(925,878)
Balance, end of year	$ 22,717,179	$ 20,177,478

12. Deferred contributions (continued)

c) Funds held for third party expenses

Deferred contributions related to funds held for third party expenses represents restricted funding received under two agreements with the Federal Government. They consist of the Investment in Affordable Housing (IAH) and the Affordable Housing Initiative (AHI) agreements. The balances as of March 31, 2017 for IAH was $51,671,815 (2016 - $8,566,853) and AHI was $57,650 (2016 - $5,000).

	2017	2016
Balance, beginning of year	$ 8,571,853	$ 13,080,444
Contributions received	58,154,152	9,764,151
Amounts recognized as other government contributions	(14,996,540)	(14,272,742)
Balance, end of year	$ 51,729,465	$ 8,571,853

d) Housing Development and Rehabilitation Fund

On November 8, 2007, The Housing and Renewal Corporation Amendment Act provided for the establishment of a fund known as the "Housing Development and Rehabilitation Fund".

The fund is to be credited with suburban land development profits realized by MHRC in respect of land owned and developed by it or by a partnership or joint venture in which MHRC is or was a participant. The gross proceeds from land development was $46,604,607 (2016 - $39,886,400) and the cost of land sales was $31,524,043 (2016 - $30,919,335) during the year ended March 31, 2017. Interest earned on the amount is to be credited to the fund. The fund may be used to provide support for housing projects in areas of need within a municipality in which MHRC realized profits, including the development of new housing or the rehabilitation, repair and maintenance of existing housing.

All costs allocated to the portions of land sold in a land development project are deducted from the gross proceeds realized from sale of those portions of land in order to determine land development profits. MHRC uses the net yield method to allocate costs to the individual portions which are sold as part of a land development project. Common costs for the development project are allocated to portions which are sold based on acreage, and the cost allocation includes both an allocation of actual land development costs incurred as well as an allocation of costs which are required to complete those portions of the land which are reported as sold.

	2017	2016
Balance, beginning of year	$ 734,208	$ 11,394,471
Land development profits	15,080,564	8,967,065
Interest earned	79,600	107,438
Amounts recognized as Housing Development and Rehabilitaion Fund revenue	(11,153,223)	(19,734,766)
Balance, end of year	$ 4,741,149	$ 734,208

13. Grants from the Province of Manitoba

	2017	2016
Department of Families		
MHRC operating programs	$ 107,195,762	$ 63,097,816
MHRC administration	16,459,079	14,392,121
Grants and subsidies	3,412,159	3,484,063
	127,067,000	80,974,000
Grants recovered from the Department of Finance:		
School Tax Assistance for Tenants 55 Plus Program	94,832	99,706
Change to pension obligation (note 21)	(26,003)	(944,251)
	68,829	(844,545)
	$ 127,135,829	$ 80,129,455

14. Contributed services

	2017	2016
Administrative services provided by Departments of the Province of Manitoba were allocated as follows:		
Included in Statement of Operations, administrative services	$ 164,900	$ 905,100
Included in administrative expenses in note 15, direct managed housing operations	546,400	1,158,600
Included in administrative expenses in note 15, sponsor managed housing operations	15,900	28,700
Included in rental subsidies, note 18	48,900	137,700
Included in Statement of Operations, housing program supports, note 20	17,900	130,700
	$ 794,000	$ 2,360,800

15. Housing operations

The management and operation of all MHRC owned social housing projects are direct managed and sponsor managed. The operating results are as follows:

	2017			2016		
	Direct Managed	Sponsor Managed	Total	Direct Managed	Sponsor Managed	Total
Revenue:						
Rental revenue	$ 60,559,629	$ 18,726,559	$ 79,286,188	$ 60,171,336	$ 19,522,753	$ 79,694,089
Expenses:						
Administrative (note 14)	38,107,366	4,529,100	42,636,466	38,318,449	4,457,238	42,775,688
Property operating	54,469,389	15,263,235	69,732,624	54,324,060	15,361,778	69,685,838
Grants in lieu of taxes	13,406,878	3,466,260	16,873,137	13,926,792	3,078,610	17,005,402
Amortization	31,540,314	8,795,062	40,335,377	27,156,263	8,670,244	35,826,507
Interest	24,161,867	9,323,362	33,485,229	23,430,435	7,629,354	31,059,789
	161,685,814	41,377,019	203,062,833	157,155,999	39,197,224	196,353,224
Operating loss	$ 101,126,185	$ 22,650,460	$ 123,776,645	$ 96,984,663	$ 19,674,471	$ 116,659,135

16. Other government contributions

Pursuant to the Social Housing Agreement executed by MHRC and CMHC, CMHC will pay pre-established annual contributions to MHRC for individual housing projects over the remainder of the CMHC subsidy commitment period. The Agreement took effect October 1, 1998 and has a funding expiration date of August 31, 2031.

	2017	2016
Federal contributions	$ 59,347,892	$ 61,272,737
Municipal contributions	583,291	624,353
	$ 59,931,183	$ 61,897,090

17. Advance agreement

During 2014, the agreement with Little Saskatchewan First Nation was terminated and unexpended funds of $2,001,114 were returned to MHRC in March 2014 and included in deferred contributions held for third party expenses. MHRC, on behalf of the Province of Manitoba, entered into an Advance Agreement with Dauphin River First Nation and the Government of Canada for the acquisition and installation of 47 homes at Dauphin River First Nation. The $2,001,114 included in deferred contributions were applied to the new agreement with Dauphin River First Nation and were utilized by MHRC in fiscal 2015 and 2016 to fund costs incurred under the Advance Agreement.

In 2016, MHRC moved 41 homes to Dauphin River First Nation and started site and foundation works. The total cost incurred to March 31, 2017 is $4,796,628 with $1,559,333 (2016- $1,943,423) incurred during fiscal 2017. The costs incurred during fiscal 2017 were funded through a contribution from the Province of Manitoba (2016 - costs were funded through utilization of $707,242 from deferred contributions and $1,236,181 contribution from the Province of Manitoba).

18. Rental subsidies

Rental subsidies are provided in accordance with project operating agreements with third parties which establish the basis of eligibility for subsidy assistance. The net rental subsidies required by these organizations are as follows:

	2017	2016
Not-for-Profit Housing	$ 24,316,261	$ 25,418,765
Co-operative Housing	3,673,176	3,947,803
Private Landlords	11,796,118	9,450,326
	$ 39,785,555	$ 38,816,894

19. Grants and subsidies

	2017	2016
Portable Housing Benefit	$ 1,755,207	$ 1,827,111
Emergency Shelter Assistance	1,656,952	1,656,952
School Tax Assistance for Tenants 55 Plus	94,832	99,708
Elderly & Infirm Persons Housing	143,973	143,973
Co-op HomeStart	86,860	97,538
Homeless Strategy	1,186,090	1,231,610
	$ 4,923,914	$ 5,056,892

20. Housing program supports

	2017	2016
Forgivable loans	$ 13,366,747	$ 14,238,988
Administration and delivery agent fees	3,139,163	3,055,241
	$ 16,505,910	$ 17,294,229

21. Pension obligations

Employees of MHRC and Direct Managed employees are eligible for pensions under the Manitoba Civil Service Superannuation Fund (Superannuation Fund). This pension plan is a defined benefit plan. The extrapolation of the most recent actuarial valuation of the Superannuation Fund at December 31, 2016 reported the Superannuation Fund had a deficiency of net assets over actuarial value of pension obligations of $4.3 billion. For Direct Managed employees, MHRC is required to contribute an amount approximately equal to the employees' contribution to the Superannuation Fund for current services. Such payments are charged to housing operations as incurred and MHRC has no further liability associated with the annual cost of pension benefits earned by Direct Managed employees. Pension expense recorded for Direct Managed employees for the year ended March 31, 2017 was $2,027,931 (2016 - $1,716,236).

MHRC has a liability associated with the annual cost of pension benefits earned by employees of MHRC. This liability is determined by an actuarial valuation each year based on data provided by MHRC with the balance for the intervening year being estimated by a formula provided by the actuary. The most recent valuation was completed at March 31, 2017.

	2017	2016
Pension liability per actuarial valuation:		
Balance at beginning of year	$ 9,170,078	$ 9,958,606
Interest cost on benefit obligations	550,205	597,517
Current service costs	687,282	641,039
Benefits paid	(1,306,392)	(2,209,157)
Experience loss (amortized over EARSL)	470,943	182,073
Balance at end of year	9,572,116	9,170,078
Unamortized actuarial loss	(884,878)	(456,837)
Pension liability balance at end of year	$ 8,687,238	$ 8,713,241

At March 31, 2017, the unamortized actuarial loss to be recognized in future periods are as follows:

	2017	2016
Unamortized actuarial loss:		
Balance at beginning of year	$ (456,837)	$ (301,114)
In year loss amortized over EARSL - 2017 - 10 years (2016 - 11 years)	(470,943)	(182,073)
Amortization of actuarial loss	42,902	26,350
Balance at end of year	$ (884,878)	$ (456,837)

	2017	2016
Change to pension obligation:		
Interest cost on benefit obligations	$ 550,205	$ 597,517
Current service costs	687,282	641,039
Benefits paid	(1,306,392)	(2,209,157)
Amortization of actuarial loss	42,902	26,350
Change to pension obligation	$ (26,003)	$ (944,251)

The above liability is in respect of active employees only and does not reflect any liability with respect to retired or former employees. The key actuarial assumptions were a rate of return of 6.00% (2016 - 6.00%), 2.00% inflation (2016 - 2.00%), general salary rate increases of 2.75% (2016 - 2.75%), excluding the 1.0% service and merit increases and post retirement indexing at 2/3 of the inflation rate. The projected benefit method was used and the liability has been calculated as at March 31, 2017 by the actuary.

The Province of Manitoba has accepted responsibility for funding MHRC's liability and related expense which includes an interest component. Therefore, MHRC has recorded a receivable from the Province of Manitoba equal to the estimated value of its actuarially determined pension liability of $8,687,238 as of March 31, 2017 (2016 - $8,713,241) and has recorded a decrease in revenue for fiscal 2017 equal to the related pension liability decrease of $26,003 (2016 - $944,251 decrease). The Province of Manitoba makes payments on the receivable when it is determined that the cash is required to discharge the related pension obligation.

22. Severance

a) Severance pay liability

Effective April 1, 1998, MHRC commenced recording the estimated liability for accumulated severance pay benefits for its Direct Managed employees. The amount of this estimated liability is determined and recorded annually using the method of calculation set by the Province of Manitoba.

Severance pay, at the Direct Managed employee's date of retirement, will be determined by multiplying the eligible employee's years of service by the employee's weekly salary (to a maximum compensation of 22 weeks). Eligibility will require that the employee has achieved a minimum of ten years of service and that the employee is retiring from MHRC.

Severance pay, at the Former Department of Family Services and Housing employee's date of retirement, will be determined by multiplying the eligible employee's years of service by the employee's weekly salary (to a maximum compensation of 23 weeks). Eligibility will require that the employee has achieved a minimum of nine years of service and that the employee is retiring from MHRC.

An actuarial report was completed for the severance pay liability as at March 31, 2017. MHRC's actuarially determined liability relating to the Direct Managed employees as at March 31, 2017 was $3,683,040 (2016 - $3,512,458). The report provides a formula to update the liability on an annual basis.

MHRC recorded a severance liability as at April 1, 2003 in the amount of $569,000 associated with the severance benefits earned by the former Department of Family Services and Housing employees who were transferred to MHRC on February 8, 2003. The amount of this estimated liability is determined and recorded annually using a method of calculation set by the Province of Manitoba.

An actuarial report was completed for the severance pay liability as at March 31, 2017. MHRC's actuarially determined liability relating to the former Department of Family Services and Housing employees as at March 31, 2017 was $1,271,578 (2016 - $1,192,049). The report provides a formula to update the liability on an annual basis.

	2017	2016
Severance liability per actuarial valuation:		
Direct Managed employees:		
Balance at beginning of year	$ 3,512,458	$ 3,364,228
Interest cost on benefit obligations	210,747	201,854
Current service costs	295,626	284,430
Benefits paid	(299,996)	(144,261)
Experience gain (amortized over EARSL)	(35,795)	(193,793)
Balance at end of year	3,683,040	3,512,458
Former Department of Family Services and Housing employees:		
Balance at beginning of year	1,192,049	1,255,040
Interest cost on benefit obligations	71,524	75,302
Current service costs	85,774	75,100
Benefits paid	(120,943)	(107,233)
Experience loss/(gain) (amortized over EARSL)	43,174	(106,160)
Balance at end of year	1,271,578	1,192,049
Unamortized actuarial gain	456,138	515,346
Severance liability balance at end of year	$ 5,410,756	$ 5,219,853

22. Severance (continued)

At March 31, 2017, the unamortized actuarial gain to be recognized in future periods are as follows:

		2017		2016
Unamortized actuarial gain/(loss):				
Direct Managed employees:				
Balance at beginning of year	$	274,649	$	89,154
In year gain amortized over EARSL - 2017 - 10 years (2016 - 10 years)		35,795		193,793
Amortization of actuarial gain		(27,678)		(8,298)
Direct Managed employees balance at end of year		282,766		274,649
Former Department of Family Services and Housing employees:				
Balance at beginning of year		240,697		149,038
In year gain amortized over EARSL - 2017 - 10 years (2016 - 11 years)		(43,174)		106,159
Amortization of actuarial gain		(24,151)		(14,500)
Former Department of Family Services and Housing employees balance at end of year		173,372		240,697
Balance at end of year	$	456,138	$	515,346

		2017		2016
Change to severance obligation:				
Direct Managed employees:				
Interest cost on benefit obligations	$	210,747	$	201,854
Current service costs		295,626		284,430
Benefits paid		(299,996)		(144,261)
Amortization of actuarial gain		(27,678)		(8,298)
		178,699		333,725
Former Department of Family Services and Housing employees:				
Interest cost on benefit obligations		71,524		75,302
Current service costs		85,774		75,100
Benefits paid		(120,943)		(107,233)
Amortization of actuarial gain		(24,151)		(14,500)
		12,204		28,669
Change to severance obligation	$	190,903	$	362,394

The key actuarial assumptions were a rate of return of 6.00% (2016 - 6.00%), 2.00 % inflation (2016 - 2.00%), and general salary rate increases of 2.75%, excluding the 1.00% service and merit increases (2016 - 2.75%). The projected benefit method was used and the liability has been calculated as at March 31, 2017 by the actuary.

b) Severance pay receivable

The Province of Manitoba has accepted responsibility for the severance pay benefits accumulated to March 31, 1998 by MHRC's employees. Accordingly, MHRC recorded effective April 1, 1998, a receivable of $877,105 from the Province of Manitoba, which was initially based on the estimated value of the corresponding actuarially determined liability for severance pay as at March 31, 1998. Subsequent to March 31, 1998, the Province provides annual grant funding for severance expense. As a result the change in the severance liability each year is fully funded. The interest component related to the receivable is reflected in the funding for severance expense. The receivable for severance pay will be paid by the Province when it is determined that the cash is required to discharge the related severance pay liabilities.

The amount recorded as a receivable from the Province for severance pay of $569,000 for former Department of Family Services and Housing employees was initially based on the estimated value of the corresponding actuarially determined liability for severance pay as at April 1, 2003. Subsequent to April 1, 2003, the Province provides annual grant funding for severance expense. As a result the change in the severance liability each year is fully funded. The interest component related to the receivable is reflected in the funding for severance expense. The receivable for severance pay will be paid by the Province when it is determined that the cash is required to discharge the related severance pay liabilities.

23. Financial instruments and financial risk management

Financial instruments comprise the majority of MHRC assets and liabilities. MHRC risk management policies are designed to: identify and analyze risk, set appropriate risk limits and controls, and monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Board of Directors approves these policies and management is responsible for ensuring that the policies are properly carried out. The Board of Directors receives confirmation that the risks are being appropriately managed through regular reporting, third party compliance reporting and by reviews conducted by MHRC.

MHRC is exposed to credit, interest, and liquidity risks in respect of its use of financial instruments.

a) Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. The financial instruments that potentially subject MHRC to credit risk consist principally of accounts receivable, loans and mortgages receivable and guarantees on loans.

MHRC's maximum possible exposure to credit risk is as follows:

	2017	2016
Accounts receivable (note 4)	$ 109,038,787	$ 48,309,911
Loans and mortgage receivable (note 5)	102,086,821	111,460,009
Loan guarantees (note 27)	9,087,756	9,557,125
	$ 220,213,364	$ 169,327,045

MHRC establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is based on MHRC's estimates and assumptions regarding customer analysis, historical payment trends and statutes of limitations. These factors are considered when determining whether past due accounts are allowed for or written off.

The change in the allowance for doubtful accounts during the year was as follows:

	2017	2016
Balance, beginning of the year	$ 7,114,922	$ 6,488,989
Provision for receivable impairment	556,053	875,342
Amounts written off	(673,218)	(249,409)
Balance, end of the year	$ 6,997,757	$ 7,114,922

As at March 31, 2017, $4,567,965 (2016 - $3,734,919) of accounts receivable and $227,988 (2016 - nil) of loans and mortgages receivable were past due, but not impaired.

Accounts receivable

The accounts receivable partially consists of $63,162,466 (2016 - $7,173,594) due from Canada Mortgage and Housing Corporation, $11,005,550 (2016 - $11,534,374) from the Province of Manitoba and $12,623,458 (2016 - $11,020,444) from the City of Winnipeg.

Loans and mortgage receivable

Impairment provisions are provided for losses that have been estimated as of the Statement of Financial Position date. Management of credit risk is an integral part of MHRC's activities with careful monitoring and appropriate remedial actions being taken. To mitigate credit risk, loans and mortgage recievable are mostly secured by registering a mortgage on title of the applicable property.

23. Financial instruments and financial risk management (continued)

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The interest rate exposure relates to deposit with the banks, loans and mortgages receivable, and long-term debt.

Loans and mortgage receivable/loans from the Province of Manitoba

MHRC borrows funds for lending operations from the Province of Manitoba at fixed rates and normally lends those funds to clients at a reasonable percentage above the associated borrowing rate. For long-term advances that have fixed interest rates for the full term of the advance, MHRC only offers fixed interest rate loans to its clients. Due to this corresponding arrangement, MHRC does not incur significant interest rate risk. However, some interest rate risk may result due to MHRC's lending policy of allowing prepayment of loans without penalty, given that MHRC does not have the offsetting ability to prepay the associated advances from the Province of Manitoba without penalty. MHRC mitigates this risk by closely matching the cash flow from client loan payments, including estimated annual prepayments, to the cash flow required to repay advances from the Province of Manitoba.

In addition, MHRC's advances from the Province of Manitoba have variable interest rates which expose MHRC to cash flow interest rate risk. At March 31, 2017, had prevailing interest rates increased or decreased by 1.00%, the estimated impact on interest expense would be approximately $2,663,745 (2016 - $3,040,712).

c) Liquidity risk

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

Advances from the Province of Manitoba have a direct correlation to the loans receivable as the funds borrowed are directly lent to MHRC clients. Funding is provided by the Province of Manitoba for the full amount of loans that are written off. As a result, MHRC has minimal liquidity risk on its lending portfolio in respect of advances from the Province of Manitoba.

24. Contingencies

MHRC is involved in legal proceedings arising in the normal course of business, the outcome of which cannot be predicted at this time. In the opinion of management, the disposition of these cases will not materially affect the financial position of MHRC. Any settlement will be recognized in the year the settlement occurs.

25. Contributed land

In accordance with the development agreement MHRC entered into with the City of Selkirk to build a crisis shetler that will be owned by MHRC and will be managed by Nova House, the City of Selkirk contributed the land to MHRC during the year.

26. Commitments

MHRC has the following commitments as at March 31, 2017:

Capital assets:

a) Housing project enhancements and new construction	$	115,274,103
b) Third party repair, renovation and new construction	$	9,055,890

Public housing operations:

As a result of the Social Housing Agreement dated September 3, 1998, MHRC is fully responsible for the funding commitments of all Social Housing Projects in Manitoba. These commitments will expire on a staggered basis over the period ending 2031, concurrent with the Social Housing Agreement funding expiration date of August 31, 2031. An estimate of these commitments for each of the next five years is as follows:

2018	$	130,221,600
2019		144,010,700
2020		153,433,800
2021		160,927,800
2022		169,816,000

27. Guarantees

MHRC has guaranteed the repayment of mortgages and has issued letters of credit which guarantee the terms and conditions of land development agreements and construction contracts. The total authorized for MHRC is $20,000,000. The outstanding guarantees are as follows:

	2017	2016
Waverley West Letters of Credit	$ 9,086,596	$ 9,552,496
Mobile Home Loan Guarantee Program	1,160	4,629
	$ 9,087,756	$ 9,557,125

28. Related party transactions

MHRC is related in terms of common ownership to all Province of Manitoba created departments, agencies and Crown corporations. MHRC enters into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

29. Comparative figures

Certain comparative figures in the financial statements have been restated to conform with the presentation of the current year.

Financial Statements of

MANITOBA OPPORTUNITIES FUND LTD.

Year ended March 31, 2017

MANAGEMENT REPORT

Management's Responsibility for Financial Reporting

The accompanying financial statements of Manitoba Opportunities Fund Ltd. are the responsibility of the management and have been prepared in accordance with Canadian public sector accounting standards. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgment regarding all necessary estimates and all other data available to September 20, 2017.

Management maintains internal controls to properly safeguard the assets and to provide reasonable assurance that the books and records from which the financial statements are derived accurately reflect all transactions and that established policies and procedures are followed.

The responsibility of the external audit is to express an independent opinion on whether the financial statements of Manitoba Opportunities Fund Ltd. are fairly presented in accordance with Canadian public sector accounting standards. The Independent Auditors' Report outlines the scope of the audit examination and provides the audit opinion.

On behalf of Management,

Manitoba Opportunities Fund Ltd.

Jeff Hodge, General Manager

September 20, 2017

KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Shareholder of Manitoba Opportunities Fund Ltd.

We have audited the accompanying financial statements of Manitoba Opportunities Fund Ltd., which comprise the statement of financial position as at March 31, 2017, the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. These financial statements have been prepared in accordance with Canadian public sector accounting standards.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

KPMG

Opinion

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

KPMG LLP

Chartered Professional Accountants

September 20, 2017

Winnipeg, Canada

MANITOBA OPPORTUNITIES FUND LTD.

Statement of Financial Position

March 31, 2017, with comparative information for 2016

		2017		2016
Financial Assets				
Cash equivalents (note 4)	$	16,388,423	$	16,692,485
Portfolio investments (note 5)		119,479,649		171,189,297
Accrued interest receivable		8,437		7,641
	$	135,876,509	$	187,889,423
Liabilities				
Accounts payable and accrued liabilities	$	475,000	$	342,544
Borrowings (note 6)		120,984,502		175,302,642
		121,459,502		175,645,186
Net financial assets	$	14,417,007	$	12,244,237
Non-Financial Assets				
Deferred charges	$	1,909,538	$	3,695,947
Accumulated surplus	$	16,326,545	$	15,940,184

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

On behalf of the Board:

Original Document Signed ______ Director

Original Document Signed ______ Director

MANITOBA OPPORTUNITIES FUND LTD.

Statement of Operations and Accumulated Surplus

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

	Budget	2017	2016
Investment income	$ 2,649,600	$ 2,770,628	$ 4,129,913
Expenses:			
Amortization of deferred charges	1,774,200	1,818,266	2,549,621
Amortization of bond premium (note 5)	–	–	144,158
Program administration	20,000	4,001	4,405
	1,794,200	1,822,267	2,698,184
Operating income for the year	855,400	948,361	1,431,729
Growing Through Immigration Strategy and Economic Development Support (note 7)	4,110,000	562,000	74,000
Annual surplus	(3,254,600)	386,361	1,357,729
Accumulated surplus, beginning of year	15,940,184	15,940,184	14,582,455
Accumulated surplus, end of year	$ 12,685,584	$ 16,326,545	$ 15,940,184

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

MANITOBA OPPORTUNITIES FUND LTD.

Statement of Changes in Net Financial Assets

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

	2017	2016
Annual surplus	$ 386,361	$ 1,357,729
Deferred charges:		
Additions of deferred charges	(31,857)	(112,907)
Amortization of deferred charges	1,818,266	2,549,621
	1,786,409	2,436,714
Increase in net financial assets	2,172,770	3,794,443
Net financial assets, beginning of year	12,244,237	8,449,794
Net financial assets, end of year	$ 14,417,007	$ 12,244,237

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

MANITOBA OPPORTUNITIES FUND LTD.

Statement of Cash Flows

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

	2017	2016
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 386,361	$ 1,357,729
Amortization of deferred charges	1,818,266	2,549,621
Amortization of bond premium	–	144,158
Increase in present value of portfolio investments	(2,679,647)	(3,900,242)
Changes in:		
Accrued interest receivable	(796)	7,459
Accounts payable and accrued liabilities	132,456	(2,596)
Net cash provided by (used) in operating activities	(343,360)	156,129
Investing activities:		
Purchase of portfolio investments	(410,333)	(13,135,380)
Redemption of portfolio investments	54,799,628	76,343,540
Net cash provided by investing activities	54,389,295	63,208,160
Financing activities:		
Repayment of borrowings	(54,795,768)	(66,380,152)
Advances of borrowings	445,771	1,744,042
Net cash used in financing activities	(54,349,997)	(64,636,110)
Decrease in cash equivalents	(304,062)	(1,271,821)
Cash equivalents, beginning of year	16,692,485	17,964,306
Cash equivalents, end of year	$ 16,388,423	$ 16,692,485

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

1. Nature of operations and economic dependence:

Manitoba Opportunities Fund Ltd. (the organization) was incorporated under the laws of Manitoba on April 3, 2003. The organization was formed due to the requirements of the Fund Agreement between the Minister of Citizenship and Immigration and the Manitoba Fund dated October 21, 2003 to function as an "approved fund" under the Federal Immigrant Investor Program (FIIP). In addition, the organization administers the Manitoba Innovation Growth Side Car Fund on behalf of the Province of Manitoba. The Minister of Finance holds the one class A common share issued as a designated representative of Her Majesty the Queen in Right of the Province of Manitoba with a value of nil. The organization considers itself to be an Other Government Organization as defined by the Chartered Professional Accountants of the Canada Public Sector Accounting Handbook.

As an approved fund under the FIIP, the objective is to hold and invest the provincial allocation of immigrants' investments made through the Federal Department of Immigration, Refugees and Citizenship Canada (IRCC) Immigrant Investor Program. The FIIP sought to attract experienced persons and capital to Canada. Prior to December 1, 2010 investors had to demonstrate business experience, a minimum net worth of CDN $800,000 and make an investment of CDN $400,000. In 2010, IRCC made changes to the FIIP. Effective December 1, 2010, applicants were required to meet a minimum personal net worth requirement of $1.6 million, and make an investment deposit of $800,000. The funds invested are distributed among participating provinces. After five years, the organization returns the provincial allocation, without interest, to IRCC who then returns the funds to the individual investors who have become permanent residents of Canada. However, prior to the approval and issuance of a Permanent Resident's Visa, an investor may be refused or withdraw from the program and IRCC will request that the organization repay the provincial allocation of the individual investment at such time.

Manitoba, as a participating province, through the organization invests the provincial allocation funds for a period of five years. The purpose of the interest income generated on the funds is to create jobs and help the Manitoba economy grow.

In February 2014, IRCC announced the phase out the Federal Immigrant Investor Program. The FIIP is no longer open to new applications, but IRCC continues to process previously submitted applications and provincial allocations continue. The organization continued to invest allocations throughout 2016-17 in accordance with program requirements. Once IRCC stops allocating to provinces, there will be a five-year repayment period during which the organization will continue to operate.

The organization is economically dependent on the Province of Manitoba as the Province of Manitoba is liable for the borrowings payable to the Federal Government.

2. Basis of accounting:

The organization's financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles as defined by the Chartered Professional Accountants of Canada Public Sector Accounting Handbook.

3. Significant accounting policies:

(a) Revenue recognition:

Interest revenue on temporary investments is recorded on an accrual basis. Investment income on portfolio investments is determined by the difference in the present value of the term note and the cost of the term note.

(b) Government transfers:

Government transfers are recognized as expenses in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(c) Contributed services:

During the year, the Province of Manitoba provided office space and other administrative services to the organization at no cost. Because of the difficulty of estimating the fair value of such expenses, no contributed services are recognized in the financial statements.

(d) Deferred charges:

Deferred charges, which reflect the handling fee to be paid to the Government of Canada upon repayment of funds, are amortized over the five year term the related deposits are held.

(e) Cash equivalents:

Cash equivalents include term deposits with the Province of Manitoba with maturities of up to three months.

3. Significant accounting policies (continued):

(f) Portfolio investments:

Portfolio investments consist of provincial bonds, term notes with the Province of Manitoba and equity investments.

The organization's investments in provincial bonds are recorded at amortized cost. Discounts and premiums arising on the purchase of these bonds are amortized over the term of the bond to maturity. The term notes are recorded at cost which represents the discounted value of the term notes. Over time, the value of the term notes increases equal to the effective interest rates on the term notes. The increase in the present value of term notes during the year is recorded as an increase in the portfolio investments and as investment income.

The organization's equity investments relate to share capital and are recorded at cost.

When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss in the provision for decline in value of investments.

(g) Financial instruments:

Financial instruments are recorded at fair value or exchange amount on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. The organization has not elected to carry any such group of financial instruments at fair value.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations.

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

3. Significant accounting policies (continued):

(h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant items subject to estimates include the carrying value of portfolio investments. Actual results could differ from those estimates.

4. Cash equivalents:

Cash equivalents consist of 30 to 90 days term deposits held by the Province of Manitoba.

5. Portfolio investments:

Portfolio investments are comprised of the following:

	2017	2016
Term notes	$ 118,479,649	$ 170,189,297
Equity investments	1,000,000	1,000,000
	$ 119,479,649	$ 171,189,297

Term notes are made up of five-year zero coupon term notes which the organization purchases from the Province of Manitoba to correspond with provincial allocations received. The maturity dates range monthly from April 2017 to March 2022 (2016 - April 2016 to March 2021). The effective interest rates range from 0.79 percent to 2.18 percent (2016 - 0.79 percent to 2.73 percent) payable at the end of the five-year term.

During the year ended March 31, 2016, the organization held a provincial bond that bore interest at a rate of 4.30 percent and matured in March 2016. Interest earned on the provincial bond for the year ended March 31, 2016 totaled $156,612. Amortization of the bond premium for the year ended March 31, 2016 totaled $144,158.

5. Portfolio investments (continued):

Equity investments managed for the Province of Manitoba under the Manitoba Innovation Growth Side Car Fund consist of the following:

	2017	2016
Cubresa Inc.	$ 500,000	$ 500,000
Librestream Technologies Ltd.	500,000	500,000
	$ 1,000,000	$ 1,000,000

6. Borrowings:

The borrowings represent the provincial allocation of immigrants' investments repayable to the Federal Government five years after the Federal Government has distributed these funds to Manitoba Opportunities Fund Ltd. A handling fee is deducted prior to the funds being advanced to Manitoba Opportunities Fund Ltd.

2018	$ 34,194,999
2019	64,895,989
2020	19,625,850
2021	1,856,952
2022	410,712
	$ 120,984,502

7. Growing Through Immigration Strategy and Economic Development Support:

Funds transferred to support the Growing Through Immigration Strategy and Economic Development Support are made up of the following, as approved by the Treasury Board:

	2017	2016
Education and Training	$ 251,000	$ 88,000
Growth, Enterprise and Trade	311,000	(14,000)
	$ 562,000	$ 74,000

8. Financial risks and concentration of risk:

(i) Credit risk:

Credit risk is the risk that one party to a financial instruments fails to discharge an obligation and causes financial loss to another party. Financial instruments that potentially subject the Organization to credit risk consist principally of cash equivalents and portfolio investments.

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

	2017	2016
Cash equivalents	$ 16,388,423	$ 16,692,485
Portfolio investments	119,479,649	171,189,297
	$ 135,868,072	$ 187,881,782

The organization is not exposed to significant credit risk as the term deposits and term notes are primarily held by the Minister of Finance.

(ii) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to term deposits with the Minister of Finance. The term deposits are interest bearing with short-term to maturity. As the term deposits are normally held to maturity, changes in interest rates do not affect their value.

(iii) Liquidity risk:

Liquidity risk is the risk that the organization will not be able to meet its financial obligations as they come due.

The organization manages liquidity risk by maintaining adequate cash and cash equivalent balances and matching its purchasing of five-year zero coupon bonds with the allocation of immigrants' investments and the related borrowings.

There have been no significant changes to the Organization's exposure to financial risks and concentration of risk and how they arise nor how they are managed since the previous period.

MANITOBA POTASH CORPORATION AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 WERE NOT AVAILABLE AT THE TIME OF PRINTING THE PROVINCE OF MANITOBA PUBLIC ACCOUNTS VOLUME IV

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors of The Manitoba Water Services Board

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Office of the Auditor General

Office of the Auditor General
August 21, 2017
Winnipeg, Manitoba

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

THE MANITOBA WATER SERVICES BOARD

Statement of Financial Position

As at March 31, 2017

	March 31, 2017	Restated March 31, 2016 (Note 16)
Financial assets		
Cash	$ -	$ 3,098,925
Accounts Receivable	15,494,529	6,624,906
Due from Province of Manitoba	746,743	822,537
Accrued Interest	15,533	10,295
Unbilled construction costs to Municipalities (note 4)	19,237,116	34,059,608
	35,493,921	44,616,271
Liabilities		
Bank Indebtedness (note 15)	1,430,295	-
Accounts payable and accrued charges	9,214,387	11,629,970
Advances from The Province of Manitoba payable on demand (note 13)	30,300,000	36,100,000
	40,944,682	47,729,970
Net Debt	(5,450,761)	(3,113,699)
Non-financial assets		
Tangible capital assets (note 5)	10,310	10,494
Prepaid supplies	66,060	64,472
	76,370	74,966
Accumulated deficit (note 6)	$ (5,374,391)	$ (3,038,733)

Commitments (note 9)
Contingencies (note 10)

See accompanying notes to financial statements.

On behalf of Board:

Original Document Signed Chair

THE MANITOBA WATER SERVICES BOARD

Statement of Operations

For the year ended March 31, 2017

		Budget (note 14)		2017		Restated 2016 (Note 16)
Revenues:						
Sale of Water	$	4,800,000	$	4,818,375	$	4,501,602
Administrative expenses paid by the Province of Manitoba (note 8)		2,610,000		2,658,788		2,352,248
Building Manitoba Fund		16,813,000		16,510,784		15,971,868
Interest		4,000		5,238		1,216
		24,227,000		23,993,185		22,826,934
Expenses:						
Direct expenses for water supply plants:						
Interest expense		500,000		728,971		689,226
Interest allocated to new construction		(600,000)		(779,215)		(830,738)
		(100,000)		(50,244)		(141,512)
Chemicals		443,000		810,852		336,596
Heat, telephone, light and power		1,355,000		1,308,082		1,027,395
Professional services		650,000		745,010		709,774
Salaries and benefits		1,475,000		1,683,256		1,321,281
Repairs and maintenance		943,000		1,055,747		660,497
Administrative (note 8)		2,610,000		2,658,788		2,352,248
		7,376,000		8,211,491		6,266,279
Grants to Municipalities		16,813,000		16,510,784		15,971,868
		24,189,000		24,722,275		22,238,147
Annual surplus (deficit)		38,000		(729,090)		588,787
Accumulated deficit, beginning of year		(3,038,733)		(3,038,733)		(3,198,976)
Net disbursements to municipalities (note 6)		(875,000)		(1,606,568)		(428,544)
Accumulated deficit, end of year	$	(3,875,733)	$	(5,374,391)	$	(3,038,733)

See accompanying notes to financial statements.

THE MANITOBA WATER SERVICES BOARD

Statement of Change in Net Debt

For the year ended March 31, 2017

	Budget (note 14)	2017	2016 Restated (Note 16)
Annual Surplus (Deficit)	$ 38,000	$ (729,090)	$ 588,787
New construction costs	(82,686,400)	(70,704,451)	(86,282,076)
Funds recovered from:			
Building Manitoba Fund	25,231,300	16,510,784	15,971,868
Municipalities	57,455,100	69,016,159	56,219,303
Change in unbilled construction costs	-	(14,822,492)	14,090,905
	-	-	-
Decrease (increase) in prepaid supplies	1,000	(1,588)	105
Tangible capital assets	-	184	-
Net disbursements to municipalities	(875,000)	(1,606,568)	(428,544)
Increase (decrease) in net debt	(836,000)	(2,337,062)	160,348
Net debt, beginning of year	(3,113,699)	(3,113,699)	(3,274,047)
Net debt, end of year	$ (3,949,699)	$ (5,450,761)	$ (3,113,699)

See accompanying notes to financial statements.

THE MANITOBA WATER SERVICES BOARD

Statement of Cash Flows

For the year ended March 31, 2017

	2017	2016 Restated (Note 16)
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	$ (729,090)	$ 588,787
Change in non-cash operating working capital:		
Accounts receivable	(8,869,623)	(1,097,390)
Due from Province of Manitoba	75,794	(822,537)
Prepaid supplies	(1,588)	105
Accounts payable and accrued charges	(2,415,583)	4,096,527
Accrued Interest	(5,238)	(1,216)
Cash provided by (used in) operating activities	(11,945,328)	2,764,276
Financing activities:		
Advances received	16,400,000	24,700,000
Advances repaid	(22,200,000)	(9,700,000)
Cash provided by (used in) financing activities	(5,800,000)	15,000,000
Capital activities:		
New construction costs	(70,704,451)	(86,282,076)
Funding recovered from:		
Province of Manitoba	16,510,784	15,971,868
Municipalities	69,016,159	56,219,303
Increase (decrease) in unbilled construction costs	14,822,492	(14,090,905)
Tangible capital assets	184	-
Net disbursements to municipalities	(1,606,568)	(428,544)
Cash used in capital activities	13,216,108	(14,519,449)
Increase (decrease) in cash	(4,529,220)	3,244,827
Cash, beginning of year	3,098,925	(145,902)
Cash, end of year	$ (1,430,295)	$ 3,098,925

Supplementary Financial Information

Interest paid $728,971 (2016 - $689,226)
Interest received $779,215 (2016 - $830,738)

THE MANITOBA WATER SERVICES BOARD

Notes to Financial Statements

For the year ended March 31, 2017

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1. Nature of operations:

The Manitoba Water Services Board (the Board) was established in July 1972 under The *Manitoba Water Services Board Act* to assist in the provision of water and sewage facilities to the residents of rural Manitoba. The Board assists municipalities with the development of sustainable water and wastewater works, including; water supply, treatment, storage and distribution; collection and treatment of sewage; the disposal of treated effluent and waste sludge in an environmentally sustainable manner and the provision of drought resistant, safe water supplies to rural residents for domestic and livestock needs.

2. Significant accounting policies:

(a) Basis of accounting:

The financial statements have been prepared using Canadian public sector accounting standards established by the Public Sector Accounting Board.

(b) Tangible capital assets and unbilled construction costs:

Tangible capital assets are recorded at cost and amortization is calculated on a straight-line basis over the following terms:

Asset	Term
Plants constructed prior to January 1, 1972:	
Equipment	18 years
Buildings	35 years
Plants constructed after January 1, 1972:	
Equipment	20 years
Buildings	20 years

Unbilled construction costs represents costs incurred to date, net of recoveries, for capital projects managed by the board on behalf of municipalities. Financing costs are included in the unbilled construction costs amounts.

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

(c) Revenue recognition:

Revenue from the sale of water is recognized in the period when consumed by the town or municipality.

(d) Administrative expenses paid by the Province of Manitoba:

Administrative expenses are paid by the Province of Manitoba on behalf of the Board and recorded at the exchange amount agreed to by the related parties in the financial statements.

(e) Pension costs and obligations:

The Board's employees are eligible for membership in the provincially-operated Civil Service Superannuation Plan. The pension liability for Board employees is included in the Province of Manitoba's liability for the Civil Service Superannuation Fund. Accordingly, no provision is recorded in the financial statements related to the effects of participation in the pension plan by the Board and its employees.

(f) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of accounts receivable and tangible capital assets. Actual results could differ from those estimates.

3. Financial instruments and financial risk management:

(a) Classification and measurement of financial instruments:

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

The Board records its financial assets at cost or amortized cost, which include cash and cash equivalents, accounts receivable and accrued interest. The Board also records its financial liabilities at cost or amortized cost, which include accounts payable and accrued charges and advances from the Province of Manitoba.

Amortized cost is determined using the effective interest method.

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

The Board did not incur any remeasurement gains and losses during the year (2016 - nil).

3. Financial instruments and financial risk management (continued):

(b) Financial risk management - overview:

The Board has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk, and
- Foreign currency risk

The Board manages its exposure to risks associated with financial instruments that have the potential to affect its operating performance. The Board's Directors have the overall responsibility for the establishment and oversight of the Board's objectives, policies and procedures for measuring, monitoring and managing these risks.

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

Credit risk:

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Board to credit risk consist principally of accounts receivable and accrued interest.

The maximum exposure of the Board's credit risk is as follows:

		March 31, 2017		March 31, 2016
Accounts receivable	$	16,241,272	$	7,447,443
Accrued interest		15,533		10,295
	$	16,256,805	$	7,457,738

3. Financial instruments and financial risk management (continued):

Accounts receivable: The Board is not exposed to significant credit risk as the receivables are with Municipal and other government entities and payment in full is typically collected when it is due. Credit evaluations are done for each Rural Municipality.

The aging of accounts receivable are as follows:

	March 31, 2017	March 31, 2016
Current	$ 8,198,719	$ 4,325,529
30-60 days past billing date	8,042,553	3,114,169
60-90 days past billing date	-	7,745
	$ 16,241,272	$ 7,447,443

Accrued Interest: The Board is not exposed to significant credit risk as the accrued interest relates to one receivable with a municipality for ongoing construction and payment is anticipated at the completion of the work.

Liquidity risk:

Liquidity risk is the risk that the Board will not be able to meet its financial obligations as they come due. The Board manages liquidity risk by maintaining adequate cash balances and by appropriately utilizing working capital advances as required. The Board prepares and monitors detailed forecasts of cash flows from operations and anticipated investing and financing activities. Identified capital supply requirements are reviewed and approved by the Minister of Finance to ensure adequate funding will be available to meet the Board's obligations utilizing bridge financing through The *Loan Act.* The Board continuously monitors and reviews both actual and forecasted cash flows through periodic financial reporting.

Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to accounts receivable, accrued interest, accounts payable and accrued charges, and advances from the Province of Manitoba.

The interest rate risk on the above exposures is considered to be low because of their short-term nature.

4. Unbilled Construction costs to Municipalities:

	March 31, 2017	March 31, 2016
Balance, beginning of year	$ 34,059,608	$ 19,968,703
New construction costs	70,704,451	86,282,076
	104,764,059	106,250,779
Funding recovered from:		
Municipalities	69,016,159	56,219,303
Province of Manitoba	16,510,784	15,971,868
	85,526,943	72,191,171
Unbilled Construction costs to Municipalities	$ 19,237,116	$ 34,059,608

5. Tangible capital assets:

March 31, 2017	Cost	Accumulated amortization	Net book value
Land and easements	$ 10,310	$ —	$ 10,310

March 31, 2016	Cost	Accumulated amortization	Net book value
Land and easements	$ 10,494	$ —	$ 10,494

6. Accumulated Surplus/(Deficit):

Accumulated surplus/(deficit) consist of accumulated excess revenues over expenses pertaining to the water supply plants operated by the Board for the benefit of municipalities and pertaining to plants operated by the Board under agreements with municipalities. Separate equity accounts are maintained for each plant operated by the Board. Municipalities are responsible for any deficit balances and are given credit for surplus balances whenever plant operating responsibilities are transferred to the municipalities.

	No.	March 31, 2017	No.	March 31, 2016
Plants operated by the Board:				
Plants with a deficit	6	$ (6,530,911)	7	$ (4,257,280)
Plants with a surplus	4	1,056,520	4	1,118,547
Total funds retained (deficit), water supply plants	10	(5,474,391)	11	(3,138,733)
Interest and adjustment fund account (note 7)		100,000		100,000
		$ (5,374,391)		$ (3,038,733)

The Board is responsible for all ongoing capital repairs and improvements necessary for the water plants it operates. Costs relating to this during 2016/2017 include capital works approved by the Board for regional systems operated by the Board including, Cartier Regional ($986,180), Southwest Regional ($575,451), Whitehead Regional (-$88,877), the Yellowhead Regional ($61,613) Water Co-operatives and the Notre Dame Water Plant (RM of Lorne) ($90,000) amounted to $1,624,367 (2016 - $644,973). The Board received a resolution from the Rural Municipality of Oakview to take over all operating and maintenance costs for the Oak River Water Treatment Plant as at January 1, 2017. The debt of $17,799 relating to the takeover was paid to the Board for the year ended March 31, 2017. Net disbursement to municipalities therefore totaled $1,606,568.

7. Interest and adjustment fund account:

The Board allocates interest costs to construction projects and to the operations of water supply plants at a rate comparable to the Board's cost of borrowing. The interest allocated and the actual net interest costs incurred by the Board are recorded in the Interest Adjustment Fund Account. Board policy is to maintain a balance of $100,000 in the Interest Adjustment Fund Account to absorb any shortfall in the allocation of actual net interest costs for the year. Interest costs were fully allocated for both the current and the preceding year.

8. Administrative expenses paid by the Province of Manitoba:

Administrative expenses paid by the Province of Manitoba and included in expenses are as follows:

	2017	2016
Professional services	$ 13,218	$ 8,988
Salaries and benefits	2,527,222	2,232,806
Telephone and utilities	20,727	17,800
Travel	677	325
Other administrative	96,944	92,329
	$ 2,658,788	$ 2,352,248

9. Commitments:

	March 31, 2017	March 31, 2016
Signed agreements and offers for construction of sewer and water systems for municipalities and cooperatives	$161,489,091	$ 82,686,400
These commitments are expected to be funded as follows:		
Subsidization of construction costs – Province of Manitoba	34,344,800	25,231,300
Recovery of construction costs – Municipalities and cooperatives	127,144,291	57,455,100
	$161,489,091	$ 82,686,400

10. Contingencies:

The Board is involved in legal proceedings arising in the normal course of business, the outcome of which cannot be predicted at this time. In the opinion of management, the disposition of these cases will not materially affect the financial position of the Board. Any settlement will be recognized in the year the settlement occurs.

11. Related party transactions:

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

12. Economic dependency:

The Board is economically dependent on the Province of Manitoba.

13. Advances from The Province of Manitoba payable on demand:

The Board finances construction in progress by borrowing advances from the Province through The *Loan Act.* The Board pays interest on these unfixed advances. Interest payable is set at Prime less 0.75 percent. During 2016/2017 the rate of interest charged remained consistent at 1.95 percent on a quarterly basis. These advances are repaid once funding is received from the municipalities and cooperatives for their share of the eligible project costs.

As at March 31, 2017, the Province had unused authority of $81,731,000 under The *Loan Act* - 2016 to provide future financing to the Board for construction of municipal sewer and water facilities on behalf of municipalities and cooperatives.

14. Budgeted figures:

The budgeted figures presented in these financial statements have been derived from the estimates approved by the Board.

15. Bank Indebtedness:

The Board does not have an overdraft in place on its bank account. However, funds could be borrowed from the Province of Manitoba as needed to fund cash deficits. At March 31, 2017, the bank indebtedness is $1,430,295 and is a result of outstanding cheques that have not been cashed at March 31, 2017. The Board anticipates it will have sufficient funds in place to cover these outstanding disbursements. The bank indebtedness for 2016 was nil.

16. Restatement of Prior Period:

During the year, the Board decided to disclose provincial appropriations on the Statement of Operations. Accordingly, funds received from the Building Manitoba Fund appropriation of $16,510,784 and the related Grants to Municipalities in the same amount for the year ending March 31, 2017, were separately disclosed on the Statement of Operations.

In addition, the Board decided to disclose the unbilled construction costs to Municipalities under financial assets. Previously they were disclosed as construction in progress under non-financial assets.

The Board retroactively restated the prior year figures. There was no impact on the accumulated deficit, but the net debt previously reported for the year ended March 31, 2016 was $(37,173,307) and changed to $(3,113,699) while the non-financial assets previously reported were $34,134,574 and changed to $74,966.

	As previously reported	Adjustment	Restated
Construction in progress	$ 34,059,608	$ (34,059,608)	$ -
Unbilled construction costs to Municipalities	-	34,059,608	34,059,608
Accounts Receivable	7,447,443	(822,537)	6,624,906
Due from Province of Manitoba	-	822,537	822,537
Building Manitoba Fund	-	(16,510,784)	(16,510,784)
Grants to Municipalities	-	16,510,784	16,510,784
Opening Net Debt	$ (23,242,750)	$ 19,968,703	$ (3,274,047)

METIS CHILD AND FAMILY SERVICES AUTHORITY

Financial Statements
For the year ended March 31, 2017

Tel: 204 956 7200
Fax: 204 926 7201
Toll-Free: 866 863 6601
www.bdo.ca

BDO Canada LLP
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Independent Auditor's Report

To the Directors of the METIS CHILD AND FAMILY SERVICES AUTHORITY

We have audited the accompanying financial statements of the **METIS CHILD AND FAMILY SERVICES AUTHORITY**, which comprise the statement of financial position as at March 31, 2017, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **METIS CHILD AND FAMILY SERVICES AUTHORITY** as at March 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Unaudited Information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedules on pages 15 through 18 of the **METIS CHILD AND FAMILY SERVICES AUTHORITY** financial statements.

BDO Canada LLP

Chartered Professional Accountants

Winnipeg, Manitoba
August 23, 2017

METIS CHILD AND FAMILY SERVICES AUTHORITY
Statement of Financial Position

March 31	2017	2016 (Restated)
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	$ 1,341,162	$ 963,859
Accounts receivable (Note 3)	658,744	279,480
Prepaid expenses	60,895	17,372
	2,060,801	1,260,711
Advances due from agencies (Note 5)	4,567,500	4,567,500
Capital assets (Note 4)	77,475	147,105
	$ 6,705,776	$ 5,975,316
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities (Note 6)	$ 882,368	$ 550,607
Deferred revenue (Note 7)	105,005	58,293
	987,373	608,900
Advances due to Province of Manitoba (Note 5)	4,567,500	4,567,500
Deferred contributions related to capital assets (Note 8)	77,475	147,105
	5,632,348	5,323,505
Commitments (Note 11)		
Net Assets		
Unrestricted net assets (Page 5)	1,073,428	651,811
	$ 6,705,776	$ 5,975,316

Approved on behalf of the Board of Directors:

Original Document Signed ____________ Director

Original Document Signed ____________ Director

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

METIS CHILD AND FAMILY SERVICES AUTHORITY
Statement of Operations and Changes in Net Assets

For the year ended March 31	2017 Budget	2017 Actual	2016 (Restated) Actual
Revenue			
Province of Manitoba (Note 9)	**$ 18,937,560**	**$ 19,072,018**	$ 18,641,688
Amortization of deferred contributions (Note 8)	**37,000**	**36,385**	35,428
Interest	**10,000**	**8,633**	8,474
	18,984,560	**19,117,036**	18,685,590
Expenses			
Agency operations (Schedules 3 and 4)	**15,394,984**	**15,499,033**	15,053,544
Salaries and benefits	**2,909,219**	**2,553,131**	2,605,462
Office	**275,000**	**279,220**	284,879
Agency education and training	**127,000**	**92,644**	111,233
Professional fees	**58,000**	**59,342**	63,189
Board expenses	**50,000**	**56,691**	43,892
Information technology	**70,000**	**50,235**	65,857
Amortization of capital assets	**37,000**	**36,385**	35,428
Staff expenses	**15,306**	**28,664**	29,077
Annual general meeting	**16,000**	**14,689**	17,917
Insurance	**11,051**	**11,232**	11,002
Professional development	**15,000**	**8,338**	7,312
Standing committee programming	**-**	**2,750**	216,896
Communications	**5,000**	**1,743**	3,018
Bank charges	**1,000**	**1,322**	911
Other	**-**	**-**	1,453
	18,984,560	**18,695,419**	18,551,070
Excess of revenue over expenses	**$ -**	**421,617**	134,520
Net assets, beginning of year as previously stated		**135,884**	135,884
Prior period adjustment (Note 12)		**515,927**	381,407
Net assets, beginning of year, restated		**651,811**	517,291
Net assets, end of year		**$ 1,073,428**	$ 651,811

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

METIS CHILD AND FAMILY SERVICES AUTHORITY
Statement of Cash Flows

For the year ended March 31		2017		2016 (Restated)
Cash Flows from (used in) Operating Activities				
Excess of revenue over expenses	**$**	**421,617**	$	134,520
Adjustments for non-cash items				
Amortization of capital assets		**36,385**		35,428
Amortization of deferred contributions related to capital assets		**(36,385)**		(35,428)
		421,617		134,520
Changes in non-cash working capital items				
Accounts receivable		**(379,264)**		(166,146)
Prepaid expenses		**(43,523)**		234,315
Accounts payable and accrued liabilities		**331,762**		96,401
Deferred revenue		**46,712**		(216,899)
		377,304		82,191
Cash Flows from Investing Activities				
Disposal of capital assets		**42,075**		-
Purchase of capital assets		**(8,829)**		(26,067)
Contributions received for purchase of capital assets		**8,829**		26,067
Contributions for capital assets - disposal		**(42,075)**		-
		-		-
Increase in cash and cash equivalents for the year		**377,304**		82,191
Cash and cash equivalents, beginning of year		**963,859**		881,668
Cash and cash equivalents, end of year	**$**	**1,341,163**	$	963,859

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

1. Nature of the Organization and Summary of Significant Accounting Policies

Nature of the Organization

The Metis Child and Family Services Authority (the "Authority") was incorporated on November 24, 2003 under the Province of Manitoba through The Child and Family Services Authority Act, S.M. 2002, c. 35 excerpt section 20; the Act came into force by proclamation on November 24, 2003.

The Authority was established as a non-profit organization with the responsibility for administering and providing for the delivery of a system of child and family services to Metis and Inuit people. In partnership with the Manitoba Metis Federation and the Province of Manitoba, the Authority is committed to establishing a jointly coordinated child and family services system that recognizes the distinct rights and authorities of Metis and Inuit people in Manitoba.

The Authority is a non-profit organization and as such is exempt from income taxes under The Income Tax Act (the "Act"). In order to maintain its status as a non-profit organization under the Act, the Authority must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

Basis of Accounting

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards for not-for-profit organizations.

Revenue Recognition

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

Capital Assets

Capital assets funded by the Province of Manitoba are recorded at cost less accumulated amortization and the related funding is recorded as deferred contributions.

Deferred contributions are amortized in accordance with the estimated useful lives of the assets to which they relate.

Other capital assets are recorded at cost less accumulated amortization.

Capital assets are amortized on a straight-line basis as follows:

Computer equipment	5 years
Office furniture and equipment	5 years

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

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalent consist of cash on hand, bank balances and investments in cashable instruments.

Pension Plan

The Authority maintains defined contribution pension plans for its personnel. Expenses for this plan are equal to the Authority's required contribution for the year.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

2. Cash and Cash Equivalents

Cash and cash equivalents contains guaranteed investment certificates in the amount of $10,347. The GICs bear interest rate of 0.50% and mature in August and November 2017.

3. Accounts Receivable

	2017	2016
Due from Province of Manitoba	**$ 567,577**	$ 243,645
GST receivable	**25,108**	13,538
Other	**66,059**	22,297
	$ 658,744	$ 279,480

4. Capital Assets

			2017			2016
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Computer equipment	**$ 278,516**	**$ 219,373**	**$ 59,143**	$ 271,103	$ 190,185	$ 80,918
Furniture and fixtures	**101,545**	**83,213**	**18,332**	100,128	76,016	24,112
Leasehold improvements	**-**	**-**	**-**	46,125	4,050	42,075
	$ 380,061	**$ 302,586**	**$ 77,475**	$ 417,356	$ 270,251	$ 147,105

5. Advances due from Agencies and Advance due to Province of Manitoba

The Province of Manitoba advanced the Authority a working capital advance in the amount of $4,567,500 ($4,567,500 in 2016), which in turn was advanced by the Authority to the Agencies. The advances are repayable by the Authority if the Authority's operations cease. The amounts due from the Agencies have no fixed terms of repayment and are non-interest bearing.

	2017	2016
Metis Child, Family and Community Services	**$ 3,513,048**	$ 3,513,048
Michif Child and Family Services	**1,054,452**	1,054,452
	$ 4,567,500	$ 4,567,500

6. Accounts Payable and Accrued Liabilities

	2017	2016
Due to agencies	**$ 411,602**	$ -
Trade payables	**70,960**	70,281
Accrued expenses	**399,806**	480,326
	$ 882,368	$ 550,607

7. Deferred Revenue

Deferred revenue represents funds received during the year, which have been deferred to periods when their specified expenditures are expected to be incurred.

	2017	2016 (Restated)
Balance, beginning of year	**$ 58,293**	$ 293,197
Unspent contributions received:		
Province of Manitoba - Core operations	**194,977**	518,679
Province of Manitoba - Standing Committee	**50,001**	189,392
	244,978	708,071
Less amounts recognized as revenue in the year		
Core operations	**1,674**	(536,686)
Standing Committee	**(199,940)**	(406,289)
	(198,266)	(942,975)
Balance, end of year	**$ 105,005**	$ 58,293

Deferred contributions are restricted for the following programs as at March 31:

	2017	2016
Core operations	**$ 50,001**	$ (1,674)
Standing committee operations	**55,004**	59,967
	$ 105,005	$ 58,293

8. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represents funds received during the year for the purpose of purchasing furniture, computers and other equipment. These contributions are deferred and subsequently amortized on the same basis as the related assets.

	2017	2016
Balance, beginning of year	**$ 147,105**	$ 156,466
Funds received by Province of Manitoba	**8,829**	26,067
Amortization	**(36,385)**	(35,428)
Disposals	**(42,074)**	-
Balance, end of year	**$ 77,475**	$ 147,105

9. Revenue from Province of Manitoba

	2017	2016 (Restated)
Revenue as per Province of Manitoba confirmation	**$ 19,595,394**	$ 18,443,139
Add		
Deferred revenue amounts recognized as revenue in the year	**198,266**	924,969
Funding claims subsequent to confirmation	**-**	93,588
	198,266	1,018,557
Deduct		
Unspent contributions received	**244,978**	708,071
Grants related to capital assets	**8,829**	26,067
Funding of prior year accounts receivable	**99,768**	85,870
Other	**368,067**	-
	721,642	820,008
Revenue from Province of Manitoba	**$ 19,072,018**	$ 18,641,688

10. Related Party Disclosures

The Authority rents office space from the Manitoba Metis Federation Inc. as disclosed in Note 11. Manitoba Metis Federation Inc. is related by virtue of its appointment of the Board of Directors of the Authority.

This transaction is in the normal course of operations and is measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value for the leased premises.

11. Commitments

The Authority leases office space from the Manitoba Metis Federation Inc. The Authority expects the minimum annual lease payments of $120,146 until May 31, 2022.

Minimum annual lease payments over the next five years are as follows:

2018	$	144,247
2019		127,403
2020		121,627
2021		121,627
2022		120,146

12. Prior Period Adjustment

Due to the external restrictions imposed on Provincial contributions, a clause in the Authority's Purchased Service Agreement (PSA) stating revenues are unearned until spent, and the ability granted through the PSA to retain any surplus funds for future use any surplus or deficit spending was adjusted against deferred revenue resulting in reporting nil Surplus/Deficit in fiscal periods 2010/2011 to 2015/2016. The Financial Reporting Requirements (FRR) accompanying the Authority's PSA are ambiguous in this area and this practice was believed to be compliant with these requirements. However, after discussing with the Province of Manitoba Agency Accountability and Services Unit it was determined this treatment was not in line with the intention of the FRR. The result was a directive to restate prior period financial statements and to change the Authority's policy on deferral of Provincial contributions related to operations. This change has resulted in the following adjustments to prior year figures:

Changes in Statement of Financial Position	Previously Stated	Adjustment	Restated
Deferred revenue, March 31, 2016	$ 574,219	$ (515,926)	$ 58,293
Changes in Revenues			
Province of Manitoba, March 31, 2016	18,507,169	134,519	18,641,688
Changes in Net Assets			
Balance as at April 1, 2015	135,884	381,407	517,291
Balance as at March 31, 2016	135,884	515,927	651,811

13. Financial Risk Management

The Authority is exposed to different types of risk in the normal course of operations, including credit risk, market risk and liquidity risk. The Authority's objective in risk management is to optimize the risk return trade-off, within set limits, by applying integrated risk management and control strategies, policies and procedures throughout the Authority's activities.

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Authority to credit risk consist principally of accounts receivable.

The Authority's maximum exposure to credit risk without taking account of any collateral or other credit enhancements is $658,744 ($279,480 at March 31, 2016).

The Authority is not exposed to significant credit risk as the majority of the receivables are from the Province of Manitoba and agencies funded by the Authority.

Market Risk

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

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Authority is not exposed to significant interest rate risk as its cash and investments are held in short-term or variable rate products.

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

Liquidity Risk

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

Fair Value

The carrying values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

14. Pension

During the year the Authority contributed $54,149 ($54,594 in 2016) to a defined contribution pension plan. Contributions are made at 3% of employee salaries and invested in RRSPs held with Great-West Life.

15. Comparative Amounts

Comparative amounts have been restated as a result of the current year presentation.

16. Economic Dependence

The Authority's primary source of income is the grant funding received from the Province of Manitoba Department of Family Services and Housing. The Authority's ability to continue viable operations is dependent upon maintaining its ability to obtain funding. As at the date of these financial statements, the Authority believes that the grant funding from the Province of Manitoba will continue.

METIS CHILD AND FAMILY SERVICES AUTHORITY
Schedule 1 - Statement of Program Operations: Core Operations (Unaudited)

For the year ended March 31	2017 Budget	2017 Actual	2016 Actual
Revenue			
Grant - Province of Manitoba			
Core	$ 2,001,591	$ 2,025,842	$ 1,857,506
Other	330,200	355,015	331,225
Education and training	127,000	127,658	127,225
Centralization	888,810	866,746	865,898
Standing committee IT revenue	36,000	36,000	36,000
Amortization of deferred contributions related to capital assets	37,000	36,385	35,428
Interest	10,000	8,633	8,474
	3,430,601	3,456,279	3,261,756
Expenses			
Salaries and benefits	2,760,550	2,403,297	2,456,318
Office	275,000	279,220	284,879
Agency education and training	127,000	92,644	111,233
Professional fees	58,000	59,342	63,189
Information technology	70,000	50,235	65,857
Board expenses	50,000	56,691	43,892
Amortization of capital assets	37,000	36,385	35,428
Annual general meeting	16,000	14,689	17,917
Other	-	-	811
Staff expenses	10,000	28,431	26,179
Professional development	10,000	8,338	6,602
Insurance	11,051	11,232	11,002
Communications	5,000	1,743	3,018
Bank charges	1,000	1,322	911
	3,430,601	3,043,569	3,127,236
Excess of revenue over expenses	$ -	$ 412,710	$ 134,520

METIS CHILD AND FAMILY SERVICES AUTHORITY
Schedule 2 - Statement of Program Operations: Office of the Child and Family Services Standing Committee
(Unaudited)

For the year ended March 31	2017 Budget	2017 Actual	2016 Actual
Revenue			
Grant - Province of Manitoba			
Current year funding	$ **194,975**	$ **197,724**	$ 189,393
Prior year funding	**-**	**-**	216,896
	194,975	**197,724**	406,289
Expenses			
Professional fees	**15,000**	**15,000**	15,000
Salaries and benefits	**148,669**	**149,834**	149,144
Office	**18,000**	**18,000**	18,641
Information technology	**3,000**	**3,000**	3,000
Staff expenses	**5,306**	**233**	2,898
Professional development	**5,000**	**-**	710
Standing committee programming	**-**	**2,750**	216,896
	194,975	**188,817**	406,289
Excess of revenue over expenses	$ **-**	$ **8,907**	$ -

METIS CHILD AND FAMILY SERVICES AUTHORITY
Schedule 3 - Statement of Program Operations: Metis Child, Family and Community Services Agency Inc.
(Unaudited)

For the year ended March 31	2017 Budget	2017 Actual	2016 Actual
Revenue			
Grant - Province of Manitoba			
Core and operational	**$ 10,195,020**	**$ 10,055,963**	$ 9,636,607
Expenses			
Grant to Agency			
Core and operational	**10,195,020**	**10,055,963**	9,636,607
Excess of revenue over expenses	**$ -**	**$ -**	$ -

METIS CHILD AND FAMILY SERVICES AUTHORITY
Schedule 4 - Statement of Program Operations: Michif Child and Family Services Inc.
(Unaudited)

For the year ended March 31	2017 Budget	2017 Actual	2016 Actual
Revenue			
Grant - Province of Manitoba			
Core and operational	**$ 5,199,964**	**$ 5,443,070**	$ 5,416,937
Expenses			
Grant to Agency			
Core and operational	**5,199,964**	**5,443,070**	5,416,937
Excess of revenue over expenses	**$ -**	**$ -**	$ -