PUBLIC ACCOUNTS 2015/16

For the Year Ended March 31, 2016

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, 2016 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 $5,000 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:

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

Volume 4

- Contains a compendium of unaudited financial statements of special funds and audited financial statements of organizations, agencies and enterprises included in the Government Reporting Entity, but is not considered to be part of the Public Accounts of Manitoba.

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CROWN ORGANIZATIONS:

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Pembina Trails School Division	June 30, 2015	301
Pine Creek School Division	June 30, 2015	318
Portage la Prairie School Division	June 30, 2015	333
Prairie Rose School Division	June 30, 2015	346
Prairie Spirit School Division	June 30, 2015	359
Red River Valley School Division	June 30, 2015	371
River East Transcona School Division	June 30, 2015	383
Rolling River School Division	June 30, 2015	402
Seine River School Division	June 30, 2015	419
Seven Oaks School Division	June 30, 2015	432
Southwest Horizon School Division	June 30, 2015	449
St. James-Assiniboia School Division	June 30, 2015	464
Sunrise School Division	June 30, 2015	484
Swan Valley School Division	June 30, 2015	497
Turtle Mountain School Division	June 30, 2015	510
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Niverville Heritage PCH Inc.	March 31, 2016	427
NorWest Co-op Community Health Centre, Inc.	March 31, 2016	438
Odd Fellows and Rebekahs Personal Care Homes Inc. Golden Links Lodge	March 31, 2016	455
Park Manor Care Inc.	March 31, 2016	472
Pembina Place Mennonite Personal Care Home Inc.	March 31, 2016	487
Prairie View Lodge	March 31, 2016	501
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Salem Home Inc.	March 31, 2016	587
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Southeast Personal Care Home Inc.	March 31, 2016	618
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SPECIAL FUNDS

THE ABANDONMENT RESERVE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2016
(with comparative figures for the year ended March 31, 2015)

	2016	2015
	$	$
Balance, beginning of year	1,668,383	1,462,260
RECEIPTS:		
Royalties	277,075	273,250
Interest	16,725	9,054
	293,800	282,304
DISBURSEMENTS:		
Rehabilitation payments	206,399	76,181
Balance, end of year	1,755,784	1,668,383

THE BIODIESEL FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2016
(with comparative figures for the year ended March 31, 2015)

	2016	2015
	$	$
Balance, beginning of year	-	-
RECEIPTS:		
Miscellaneous	-	-
DISBURSEMENTS:		
Payments	-	-
Balance, end of year	-	-

THE COMMUNITY REVITALIZATION FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2016
(with comparative figures for the year ended March 31, 2015)

	2016	2015
	$	$
Balance, beginning of year	158,114	78,917
RECEIPTS:		
Levy Revenues	2,324,024	904,210
Interest	4,061	-
	2,328,085	904,210
DISBURSEMENTS:		
Payments	1,941,519	825,013
Balance, end of year	544,680	158,114

THE ETHANOL FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2016
(with comparative figures for the year ended March 31, 2015)

	2016 $	2015 $
Balance, beginning of period	-	-
RECEIPTS:		
Transfer of Gasoline Tax Revenue	12,697,011	17,144,717
DISBURSEMENTS:		
Payments	12,697,011	17,144,717
Balance, end of period	-	-

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

For the Year Ended March 31, 2016
(with comparative figures for the year ended March 31, 2015)

	2016	2015
	$	$
Balance, beginning of year	549,053	544,307
RECEIPTS:		
Interest Revenue	3,284	4,746
DISBURSEMENTS:		
Claims	-	-
Balance, end of year	552,337	549,053

FINANCIAL LITERACY FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2016
(with comparative figures for the year ended March 31, 2015)

	2016 $	2015 $
Balance, beginning of year	99,668	81,344
RECEIPTS:		
Department of Family Services	22,000	24,500
DISBURSEMENTS:		
Payments	16,555	6,176
Balance, end of year	105,113	99,668

THE FISH AND WILDLIFE ENHANCEMENT FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2016
(with comparative figures for the year ended March 31, 2015)

	2016 $	2015 $
Balance, beginning of year	1,515,121	-
RECEIPTS:		
Miscellaneous	2,224,785	2,162,773
DISBURSEMENTS:		
Payments	1,377,896	647,652
Balance, end of year	2,362,010	1,515,121

LAND TITLES ASSURANCE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2016
(with comparative figures for the year ended March 31, 2015)

	2016 $	2015 $
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, 2016
(with comparative figures for the year ended March 31, 2015)

	2016 $	2015 $
Balance, beginning of year	87,475	93,334
RECEIPTS:		
Department of Justice	85,000	85,000
DISBURSEMENTS:		
Claims	34,649	41,520
Program and Operating Expenses	50,710	49,339
	85,359	90,859
Balance, end of year	87,116	87,475

MANITOBA TRUCKING PRODUCTIVITY IMPROVEMENT FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2016
(with comparative figures for the year ended March 31, 2015)

	2016	2015
	$	$
Balance, beginning of year	1,477,739	1,464,833
RECEIPTS:		
Contributions	-	-
Interest	7,820	12,906
Miscellaneous	-	-
	7,820	12,906
DISBURSEMENTS:		
Payments	-	-
Balance, end of year	1,485,559	1,477,739

THE MINING COMMUNITY RESERVE
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2016
(with comparative figures for the year ended March 31, 2015)

	2016 $	2015 $
Balance, beginning of year	15,826,811	17,072,382
RECEIPTS:		
Transfer of Mining Tax Revenues	129,868	155,021
Interest received during the year	90,267	88,881
	220,135	243,902
DISBURSEMENTS:		
MEAP Payments	1,696,790	490,670
MPAP Payments	86,113	35,969
First Nations Economic Development Office	250,000	-
Lynn Lake Economic Development Office	-	99,434
Town of Lynn Lake	55,000	-
Leaf Rapids Community Economic Development Office	-	75,000
Leaf Rapids Municipal Budget Shortfall	-	485,400
MGS - New Geoscience Initiative	40,000	303,000
	2,127,903	1,489,473
Balance, end of year	13,919,043	15,826,811

THE MINING REHABILITATION RESERVE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2016
(with comparative figures for the year ended March 31, 2015)

	2016	2015
	$	$
Balance, beginning of year	13,445,569	13,560,897
RECEIPTS:		
Royalties	-	-
Interest	91,435	11,139
	91,435	11,139
DISBURSEMENTS:		
Payments	23,140	126,467
Balance, end of year	13,513,864	13,445,569

THE QUARRY REHABILITATION RESERVE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2016
(with comparative figures for the year ended March 31, 2015)

	2016	2015
	$	$
Balance, beginning of year	4,802,497	5,070,259
RECEIPTS:		
Royalties	2,858,980	2,842,887
Interest	16,508	27,128
	2,875,488	2,870,015
DISBURSEMENTS:		
Rehabilitation payments	3,566,035	3,137,777
Balance, end of year	4,111,950	4,802,497

THE VETERINARY SCIENCE SCHOLARSHIP FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2016
(with comparative figures for the year ended March 31, 2015)

	2016 $	**2015** $
Balance, beginning of year	5,600	7,850
RECEIPTS:		
Repayment of bursaries	11,250	9,000
DISBURSEMENTS:		
Payment of bursaries awarded under the Veterinary Science Scholarship Act	11,250	11,250
Balance, end of year	5,600	5,600

VICTIMS ASSISTANCE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2016
(with comparative figures for the year ended March 31, 2015)

	2016 $	2015 $
Balance, beginning of year	4,605,532	3,112,322
RECEIPTS:		
Surcharge on Provincial Fines	7,825,610	7,343,387
Interest	17,661	22,526
	7,843,271	7,365,913
DISBURSEMENTS:		
Grants	5,858,573	5,872,703
Balance, end of year	6,590,230	4,605,532

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

For the Year Ended March 31, 2016
(with comparative figures for the year ended March 31, 2015)

	2016 $	2015 $
Balance, beginning of year	957,132	9,598
RECEIPTS:		
Levy Revenues	9,819,410	9,890,918
DISBURSEMENTS:		
Municipal Rebates	7,581,512	8,943,384
Program and Operating Expenses	1,759,166	-
	9,340,678	8,943,384
Balance, end of year	1,435,865	957,132

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

For the Year Ended March 31, 2016
(with comparative figures for the year ended March 31, 2015)

	2016 $	2015 $
Balance, beginning of year	45,642	13,142
RECEIPTS:		
Department of Labour and Immigration	56,000	32,500
DISBURSEMENTS:		
Payments	50,064	-
Balance, end of year	51,578	45,642

CROWN ORGANIZATIONS

Addictions Foundation of Manitoba

Financial Statements
March 31, 2016

June 13, 2016

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, 2016 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, 2016 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, 2016

	2016 $	2015 $
Assets		
Current assets		
Cash	9,939,302	10,022,138
Accounts receivable	486,743	635,263
Prepaid expenses	124,911	121,516
Vacation pay recoverable from the Province of Manitoba (note 5)	667,567	667,567
	11,218,523	11,446,484
Capital assets (note 6)	9,946,025	10,196,294
Recoverable from Manitoba Health (note 13)	277,883	313,222
Recoverable from the Province of Manitoba		
Pre-retirement pay (note 8)	1,153,316	1,153,316
Long-term pension funding (note 9)	26,354,406	26,243,533
	48,950,153	49,352,849
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities (note 4)	2,488,230	2,373,624
Accrued vacation pay (note 5)	1,416,685	1,436,716
Current obligations under capital lease (note 7)	44,637	46,371
	3,949,552	3,856,711
Obligations under capital lease (note 7)	55,398	65,577
Credit facility (note 13)	276,416	311,756
Accrued pre-retirement pay (note 8)	2,272,511	2,327,195
Provision for employee pension benefits (note 9)	26,354,406	26,243,533
Deferred contributions (note 10)	7,236,695	7,566,062
	40,144,978	40,370,834
Net assets		
Invested in capital assets	2,898,292	2,806,676
Internally restricted (note 11)	150,000	150,000
Unrestricted	5,756,883	6,025,339
	8,805,175	8,982,015
	48,950,153	49,352,849

Commitments (note 12)

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, 2016

	2016 $	2015 $
Revenue		
Government of the Province of Manitoba		
Operating	21,573,100	21,573,100
Contract funding		
Knowledge Exchange	156,212	3,564
Manitoba Justice - Drug Treatment Court	83,136	-
Long-term pension - net (note 9)	(758,991)	(193,565)
Capital (projects)	164,933	249,450
Manitoba Liquor & Lotteries (Social Responsibility - Gambling)	3,374,400	3,253,100
Manitoba Liquor & Lotteries (Social Responsibility - Liquor)	1,388,000	1,450,811
Manitoba Liquor & Lotteries (Marymound Inc.)	2,712,000	2,712,000
Family Services and Labour Funding - Youth Residential Program	255,700	255,700
Term Credit Facility Funding - interest	5,449	5,982
FASD Addictions Services Program	194,932	210,930
Drug Treatment Court Program - Federal Funding	-	465,231
Amortization of deferred capital contributions (note 10(b))	367,580	383,575
Other (schedule A)	2,292,572	2,514,790
	31,809,023	32,884,668
Expenses		
Salaries	15,814,105	14,954,903
Wages	2,745,103	3,062,724
Amortization	648,465	699,045
Drug Treatment Court Program - Federal Funding	-	441,231
Employee benefits	1,889,226	1,840,124
Grants to external agencies		
Marymound Inc.	2,712,000	2,712,000
Health and post-secondary education tax levy	378,567	384,045
Pension (note 9)	1,847,163	2,063,001
Fees	585,850	634,333
Food and household supplies	756,464	671,215
Materials, repairs and maintenance	984,767	1,087,099
Medical services and supplies	426,322	475,411
Rent, insurance and property taxes (note 12)	1,630,003	1,428,776
Other (schedule B)	1,567,828	1,495,400
	31,985,863	31,949,307
Surplus (deficit)	(176,840)	935,361

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, 2016

				2016	2015
	Invested in capital assets $	Internally restricted $	Unrestricted $	Total $	Total $
Balance - Beginning of year	2,806,676	150,000	6,025,339	8,982,015	8,046,654
Surplus (deficit)	(280,885)	-	104,045	(176,840)	935,361
Investment in capital assets	372,501	-	(372,501)	-	-
Balance - End of year	2,898,292	150,000	5,756,883	8,805,175	8,982,015

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, 2016

	2016 $	2015 $
Cash provided by (used in)		
Operating activities		
Surplus (deficit)	(176,840)	935,361
Items not affecting cash		
Amortization	648,465	699,045
Amortization of deferred capital contributions	(367,580)	(383,575)
	104,045	1,250,831
Changes in non-cash working capital items		
Accounts receivable	148,520	(94,039)
Prepaid expenses	(3,395)	(10,216)
Long-term pension funding commitment	(110,873)	(639,968)
Accounts payable and accrued liabilities	114,606	634,285
Accrued vacation pay	(20,031)	(6,463)
Provision for employee pension benefits	110,873	639,968
Net change in accrued pre-retirement pay	(54,684)	33,999
Net change in deferred contributions related to future expenses	604	(65,824)
	289,665	1,742,573
Investing activities		
Additions to capital assets	(398,196)	(250,374)
Financing activities		
Proceeds (payments) on capital lease obligations	(11,913)	36,243
Deferred contributions received related to capital assets	37,608	94,579
	25,695	130,822
Increase (decrease) in cash during the year	(82,836)	1,623,021
Cash - Beginning of year	10,022,138	8,399,117
Cash - End of year	9,939,302	10,022,138

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 Collective bargaining agreement

In February of 2016, the Foundation and General Employees' Union were able to agree in principle on a new Collective Bargaining Agreement (the Agreement) for the term April 1, 2014 to March 30, 2019. Retro-active pay relating to the Agreement was issued by the Foundation in June of 2016. As a result, $675,500 was accrued in accounts payable and accrued liabilities for the current year of which $647,500 was allocated to salaries expense and $28,000 was allocated to wages expense.

According to the Agreement, $222,000 relates to the prior year while $453,500 relates to the current year. A reasonable estimate for the prior year was not available at the time the March 31, 2015 financial statements were released.

5 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 (2015 - $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, 2016, the liability for accrued vacation pay is $1,416,685 (2015 - $1,436,716).

6 Capital assets

			2016	2015
	Cost $	Accumulated amortization $	Net $	Net $
Land	713,106	-	713,106	713,106
Buildings	13,314,679	5,100,233	8,214,446	8,281,758
Computer equipment	2,206,305	1,822,321	383,984	467,250
Furniture and equipment	961,800	603,056	358,744	361,734
Leasehold improvements	642,125	377,409	264,716	280,225
Construction in progress	11,029	-	11,029	92,221
	17,849,044	7,903,019	9,946,025	10,196,294

Included in computer equipment are assets under capital lease with an original cost of $273,064 (2015 - $235,496) and accumulated amortization of $171,768 (2015 - $122,547).

7 Obligations under capital lease

	2016 $	2015 $
2016	-	52,224
2017	49,190	38,939
2018	36,987	26,736
2019	14,604	4,353
2020	6,719	-
Net minimum lease payments	107,500	122,252
Less: Amount representing interest	(7,465)	(10,304)
Present value of net minimum capital lease payments	100,035	111,948
Less: Current portion	(44,637)	(46,371)
	55,398	65,577

8 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, 2016, the obligation for pre-retirement pay is estimated to be approximately $2,272,511 (2015 - $2,327,195) 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, 2016, aggregates $1,153,316 (2015 - $1,153,316) and has no specified terms of repayment.

9 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, 2014, the Foundation has recorded an amount of $26,354,406 (2015 - $26,243,533) in its financial statements, representing the estimated unfunded liability for the Foundation's employees as at March 31, 2016. Total net pension expense of $1,847,163 (2015 - $2,063,001) 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 $26,354,406 (2015 - $26,243,533) 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 $869,865 (2015 - $833,533). 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:

	2016 $	2015 $
Balance - beginning of year	26,243,533	25,603,565
Change in trust account held by Province of Manitoba	5,703	(61,056)
Benefits accrued	1,055,371	1,106,479
Interest accrued (6%; 2015 - 6.5%)	1,781,153	1,852,860
Benefits paid	(2,838,043)	(2,338,481)
Amortization of actuarial loss	106,689	80,166
Balance - end of year	26,354,406	26,243,533

The actuarial valuations as at December 31, 2014 and 2013 were completed in December 2015 and 2014, respectively, and the resulting adjustment recorded in the year ended March 31, 2016 and 2015, respectively. This resulted in higher (2015 - higher) pension expense and a corresponding adjustment to long-term pension revenue, net in the statement of revenue and expenses in 2016 and 2015.

There is a net unamortized actuarial loss of $2,400,586 (2015 - $1,436,962) to be amortized on a straight-line basis over the expected average remaining service life of the related employee group (14 years).

10 Deferred contributions

	2016 $	2015 $
Future expenses (a)	288,997	288,392
Capital assets (b)	6,947,698	7,277,670
	7,236,695	7,566,062

a) Future expenses

	2016 $	2015 $
Balance - beginning of year	288,392	354,216
Contributions received in the current year	309,860	272,132
Amount recognized as revenue in the current year	(309,255)	(337,956)
Balance - end of year	288,997	288,392

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:

	2016 $	2015 $
Balance - beginning of year	7,277,670	7,566,666
Add: Contributions received for capital purposes	37,608	94,579
Less: Amortization of deferred contributions	(367,580)	(383,575)
Balance - end of year	6,947,698	7,277,670

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:

	2016 $	2015 $
Thompson facility		
Opening balance	6,453,312	6,893,312
Less: Payments made by Manitoba Health	(440,000)	(440,000)
	6,013,312	6,453,312

11 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 (2015 - $150,000) have been imposed relating to the potential cancellation of Ontario Health referrals.

12 Commitments

The Foundation leases buildings and equipment under long-term operating leases which expire at various dates between 2016 and 2020. 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:

	$
2017	386,929
2018	309,047
2019	270,437
2020	109,086
2021	64,191

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.

13 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 $44,179 (2015 - $45,239).

14 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 7, 8, 9 and 13) 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, 2016

	2016 $	2015 $
Impaired Drivers' Program fees	949,690	1,041,070
School Support Program	667,549	666,469
Recovery of wages, medical and treatment services and travel expenses	467,489	476,517
Rosaire House Contract Funding	-	106,333
Training course fees	41,447	41,827
Donations	19,371	20,534
Interest	89,693	107,706
Property and parking rentals	29,447	29,081
Manitoba Government and General Employees' Union	23,109	20,782
Miscellaneous	4,777	4,471
	2,292,572	2,514,790

Other Expenses

Schedule B

For the year ended March 31, 2016

	2016 $	2015 $
Advertising and exhibits	131,490	106,204
Audit	17,857	22,293
Board of Governors' honorarium	18,385	14,112
Books, journals and audio-visual aids	68,059	71,076
Courier, postage and telephone	385,170	359,874
Interest	11,725	13,884
Miscellaneous	1,463	2,248
Printing, stationery and office supplies	260,393	249,593
Staff development	64,089	43,644
Training	26,941	35,704
Transportation of clients	40,381	36,412
Travel and automobile	290,988	278,966
Utilities	250,887	261,390
	1,567,828	1,495,400

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BDO Canada LLP
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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, 2015, 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, 2015, 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.

BDO Canada LLP

Chartered Professional Accountants

Brandon, Manitoba
October 14, 2015

ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2015
(in thousand $)

ASSETS	June 30, 2015	June 30, 2014
CURRENT		
Cash and short term investments (note 2)	9,378	8,038
Accounts receivable (note 3)	1,688	2,293
Inventories (note 4)	53	55
Prepaids	852	824
	11,971	**11,210**
NON-CURRENT		
Due from Province of Manitoba (note 5)	1,999	1,999
CAPITAL ASSETS (note 6)		
Land, buildings and equipment	11,936	11,484
Library holdings	661	661
	12,597	**12,145**
	26,567	**25,354**

LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (note 7)	6,468	6,385
Deferred revenue (note 8)	3,016	2,980
Current portion of long term debt (note 9)	125	120
	9,609	**9,485**
NON-CURRENT		
Long term loan (note 9)	120	245
Accrued sick leave (note 10)	658	552
Accrued severance liability (note 11)	2,919	2,692
	3,697	**3,489**
DEFERRED CONTRIBUTIONS		
Deferred contributions related to capital assets (note 12)	6,870	6,117
NET ASSETS		
Net assets invested in capital assets	5,481	5,663
Net assets internally restricted (note 13)	595	595
Unrestricted net assets	315	5
	6,391	**6,263**
	26,567	**25,354**

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, 2015
(in thousand $)

	Budget (unaudited)	2015	2014
REVENUES			
Academic training fees	3,689	3,700	3,514
Grants	28,562	28,562	27,671
Market driven training	2,981	2,734	2,873
Continuing studies	1,934	2,139	1,553
Ancillary services	165	196	177
Apprenticeship training	2,911	3,031	2,677
Other revenue	727	764	818
Amortization of deferred contributions	1,301	1,301	1,419
	42,270	**42,427**	**40,702**
EXPENDITURES			
Academic	24,916	24,625	23,196
Administration	7,306	7,886	7,517
Program support	2,219	2,269	2,159
Plant	4,751	4,536	4,512
Management information services	1,090	992	919
Library	331	334	312
Ancillary services	20	20	30
Amortization of capital assets	1,637	1,637	1,646
	42,270	**42,299**	**40,291**
EXCESS OF REVENUES OVER EXPENDITURES	**-**	**128**	**411**

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, 2015
(in thousand $)

	2015	2014
Cash from operating activities		
Excess of revenues over expenditures	128	411
Amortization of capital assets	1,637	1,646
Amortization of deferred capital contributions	(1,301)	(1,419)
Change in non-cash working capital items	910	1,743
Net cash generated through operating activities	**1,374**	**2,381**
Financing and investing activities		
Purchase of capital assets	(2,068)	(1,272)
Donated capital assets	(20)	-
Contributions received for capital purposes	2,054	1,603
Net cash used in financing and investing activities	**(34)**	**331**
Net increase in cash and short term investments	**1,340**	**2,712**
Cash and short term investments, beginning of year	8,038	5,326
Cash and short term investments, end of year	**9,378**	**8,038**

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

ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2015
(in thousand $)

	INVESTED IN CAPITAL ASSETS	INTERNALLY RESTRICTED	UNRESTRICTED	2015 TOTAL	2014 TOTAL
Balance - beginning of year	5,663	595	5	6,263	5,852
Excess of revenue over expenditures			128	128	411
Transfer to internally restricted					
Investment in capital assets	(182)		182		
Balance - end of year	5,481	595	315	6,391	6,263

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

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

	2015	2014
Cash	**1,230**	151
Term deposits - Manitoba Finance	**8,148**	7,887
	9,378	8,038

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

3. Accounts Receivable

	2015	2014
Current		
Tuition and contract training	**1,412**	1,986
Goods and Services Tax rebate	**23**	36
Allowance for doubtful accounts	**(186)**	(200)
	1,249	1,822
Non-current		
Payroll advance	**439**	471
	1,688	2,293

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

	2015	2014
Books and supplies	**53**	55

Inventory expensed during the fiscal year was $1,728,633 (in actual $) (2014 - $1,832,963).

5. Due from Province of Manitoba

	2015	2014
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 $1,784,251 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

	2015		2014	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land	**4**	**-**	4	-
Buildings	**3,340**	**455**	3,206	286
Computer systems, equipment and electronics	**11,580**	**9,510**	10,679	8,826
Furniture and equipment	**17,952**	**13,882**	17,272	13,153
Leasehold improvements	**4,384**	**1,542**	4,072	1,491
Laptop program	**168**	**107**	107	107
Vehicles	**10**	**6**	10	3
	37,438	**25,502**	35,350	23,866
Net book value		**11,936**		11,484

	2015	2014
Library holdings, at estimated value	**661**	661

7. Accounts Payable and Accrued Liabilities

	2015	2014
Trade payables	**1,478**	1,684
Accrued wages and vacation pay	**4,990**	4,701
	6,468	6,385

8. Deferred Revenue

	2015	2014
Opening tuition and commitment fees	**278**	316
Opening contract training fees	**839**	744
Opening other deferrals/revenue	**418**	304
Opening provincial grant	**1,445**	761
Total opening deferred revenue	**2,980**	2,125
Tuition and commitment fees received	**594**	393
Contract training fees received	**5,693**	9,117
Other deferrals/revenue received	**211**	367
Provincial grant received	**7,284**	5,898
Total received	**13,782**	15,775
Tuition and commitment fees recognized	**(475)**	(431)
Contract training fees recognized	**(6,153)**	(9,022)
Other deferrals/revenue recognized	**(300)**	(253)
Provincial grant recognized	**(6,818)**	(5,214)
Total recognized	**(13,746)**	(14,920)
Ending tuition and commitment fees	**397**	278
Ending contract training fees	**379**	839
Other deferrals/revenue	**329**	418
Ending provincial grant	**1,911**	1,445
	3,016	2,980

9. Long-term Debt

	2015	2014
Loan payable to Province of Manitoba at the rate of 4.75%, due in 2017, repayable in monthly installments of $11,193 principal and interest.	**245**	365
Less amounts due within one year included in current liabilities	**125**	120
	120	245

Long-term Debt (continued)

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

2016	125
2017	120
	245

10. Accrued Sick Leave

Assiniboine Community College provides sick days to their employees. The most recent actuarial valuation was at June 30, 2015.

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:

	2015	2014
Accrued sick pay obligation	**658**	552

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

	2015	2014
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, 2015.

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:

	2015	2014
Accrued severance liability on statement of financial position	**2,919**	2,692
Interest cost	**176**	164
Current service cost	**199**	200
Current year severance expense	**375**	364
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:

	2015	2014
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.

	2015	2014
Net book value, beginning of year	**6,117**	5,933
Add: Capital contributions during the year	**2,054**	1,603
Less: Current year amortization	**(1,301)**	(1,419)
Net book value, end of year	**6,870**	6,117

13. Net Assets Internally Restricted

	2015	2014
General Reserve, opening balance	**595**	595
Appropriations	-	-
Withdrawals	-	-
General Reserve, ending balance	**595**	595

14. COPSE Grants

	2015	2014
Grants Received	**29,809**	29,089
Add:		
Less:		
Deferred capital contributions	**(1,247)**	(1,418)
	28,562	27,671

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):

2015/16	2,639,149
2016/17	1,232,876
2017/18	991,448
2018/19	661,434
2019/20	660,756

17. Economic Dependence

The College presently receives annual funding of approximately $28,562,290 (2014 - $27,670,990) 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 $14,764 (2014 - $20,299) (in actual $). In the year, the college received interest of $99,743 (2014 - $104,462) (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	104,905
Accounts receivable	24,337
Other assets	550
Investments	3,083,640
Equipment	5,753
Accounts payable	7,937
Deferred revenue	1,841,839
Deferred contributions	68,173
Unrestricted net assets	(13,131)
Endowment funds	1,308,614
Invested in capital assets	5,753
Revenue	359,182
Expenditures	356,370

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BDO Canada LLP
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Brandon MB R7A 4E6 Canada

Auditor's Comments on Supplementary Financial Information

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, 2015, and the statement of operations, statement of changes in net assets, and cash flow statement for the year then ended, and a summary of significant accounting polices and other explanatory information, and have issued our report thereon dated October 14, 2015 which contained an unmodified opinion on those financial statements. The audit was performed to form an opinion on the financial statements as a whole. The supplementary information is presented for the purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting records and other records used to prepare the financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves.

BDO Canada

Chartered Professional Accountants

Brandon, Manitoba
October 14, 2015

ASSINIBOINE COMMUNITY COLLEGE
UNAUDITED SCHEDULE OF REVENUES
YEAR ENDED JUNE 30, 2015
(in thousand $)

Schedule 1

	Budget (unaudited)	2015	2014
Academic Training Fees			
Day program tuition fees	3,689	3,700	3,514
Grants			
Provincial (note 14)	28,562	28,562	27,671
Market Driven / Contract Training (schedule 2)	2,981	2,734	2,873
Continuing Studies (schedule 3)	1,934	2,139	1,553
Ancillary Services (schedule 4)	165	196	177
Apprenticeship Training (schedule 5)	2,911	3,031	2,677
Sundry and Other Revenue			
Interest	91	100	104
Other	636	664	712
	727	764	816
Amortization of Deferred Capital Contributions	1,301	1,301	1,419
Total Revenue	42,270	42,427	40,702

ASSINIBOINE COMMUNITY COLLEGE
UNAUDITED SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2015
(in thousand $)

Schedule 1
Continued

	Budget (unaudited)	2015	2014
Academic			
Salaries			
Instructional	14,749	14,770	13,966
Administrative	3,355	3,224	2,917
Program Support	327	269	210
Fringe Benefits	2,520	2,438	2,199
Operating	3,965	3,924	3,904
	24,916	24,625	23,196
Administration			
Salaries	4,222	4,697	4,002
Fringe Benefits	1,160	1,249	1,052
Operating	1,924	1,940	2,463
	7,306	7,886	7,517
Program Support			
Salaries	1,762	1,789	1,713
Fringe Benefits	258	261	244
Operating	199	219	203
	2,219	2,269	2,160
Plant			
Salaries	686	709	660
Fringe Benefits	111	110	99
Operating	3,954	3,717	3,753
	4,751	4,536	4,512
Management Information Services			
Salaries	523	534	517
Fringe Benefits	77	76	70
Operating	490	382	332
	1,090	992	919
Library			
Salaries	226	226	209
Fringe Benefits	35	34	32
Operating	70	74	71
	331	334	312
Ancillary Services (schedule 4)	20	20	30
Amortization of Capital Assets	1,637	1,637	1,646
Total Expenditures	42,270	42,299	40,292

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

ASSINIBOINE COMMUNITY COLLEGE
MARKET DRIVEN TRAINING
UNAUDITED SCHEDULE OF REVENUE AND EXPENDITURES
YEAR ENDED JUNE 30, 2015
(in thousand $)

Schedule 2

	Budget (unaudited)	2015	2014
Revenue			
Tuition fee contracts	438	512	176
Contract training	908	397	1,140
Grants	1,570	1,678	1,313
Other revenue	65	147	244
Total Revenue	2,981	2,734	2,873
Expenditures			
Direct Expenditures			
Instructional salaries	1,481	1,403	1,346
Fringe benefits	200	169	162
Operating	442	569	635
	2,123	2,141	2,143
Indirect Expenditures			
Administrative salaries	272	144	181
Fringe benefits	37	21	25
Operating	55	46	61
	364	211	267
Total Expenditures	2,487	2,352	2,410
Excess of Revenue over Expenditures	494	382	463

ASSINIBOINE COMMUNITY COLLEGE Schedule 3
CONTINUING STUDIES
UNAUDITED SCHEDULE OF REVENUE AND EXPENDITURES
YEAR ENDED JUNE 30, 2015
(in thousand $)

	Budget (unaudited)	2015	2014
Revenue			
Brandon campus	473	669	553
Dauphin campus	176	182	78
Winnipeg campus	189	187	167
Regional centres	1,096	1,101	755
Total Revenue	1,934	2,139	1,553
Expenditures			
Direct Expenditures			
Instructional salaries	671	656	387
Fringe benefits	78	68	35
Operating	357	345	203
	1,106	1,069	625
Indirect Expenditures			
Administrative salaries	501	445	405
Fringe benefits	74	68	63
Operating	121	81	140
	696	594	608
Total Expenditures	1,802	1,663	1,233
Excess of Revenue over Expenditures	132	476	320

ASSINIBOINE COMMUNITY COLLEGE
ANCILLARY SERVICES
UNAUDITED SCHEDULE OF REVENUE AND EXPENDITURES
YEAR ENDED JUNE 30, 2015
(in thousand $)

Schedule 4

	Budget (unaudited)	2015	2014
Revenue	165	196	177
Expenditures			
Salaries & benefits	0	1	0
Operating	20	19	30
Total Expenditures	20	20	30
Excess of Revenue over Expenditures	145	176	147

ASSINIBOINE COMMUNITY COLLEGE
APPRENTICESHIP
UNAUDITED SCHEDULE OF REVENUE AND EXPENDITURES
YEAR ENDED JUNE 30, 2015
(in thousand $)

Schedule 5

	Budget (unaudited)	2015	2014
Revenue			
Tuition Revenue	2,911	3,031	2,677
Expenditures			
Direct Expenditures			
Instructional salaries	2,065	1,993	2,027
Fringe benefits	302	279	275
Operating	474	493	465
Total Expenditures	2,841	2,765	2,767
Excess (deficiency) of Revenue Over Expenditures	70	266	(90)

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

For the year ended June 30		2015
Alexander Murray	$	1,800
Heather Dodds		1,500
Ilarion Makarikhin		1,050
John Andrew		1,800
Laura Kempthorne		1,800
Martijn Van Luijn		3,000
Michael Cox		2,400
Randolph Brown		1,800
Raymond Berthelette		1,500
Richard Baker		1,800
Tamara Studer		300
Thomas MacNeill		450
Tylor Johnson		450
Terry Parlow		1,800
Vickie Hanwell-McLean		150
	$	21,600

(In actual dollars)

BRANDON UNIVERSITY

Responsibility for Financial Statements

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

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

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William Schaffer
Treasurer, Board of Governors

Original Document Signed

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

July 21, 2016

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Brandon University, which comprise the statement of financial position as at March 31, 2016, 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, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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Norm Ricard, CPA, CA
Auditor General

July 21, 2016
Winnipeg, Manitoba

Brandon University

Statement of Financial Position
as at March 31, 2016

	2016	2015
ASSETS		
Current Assets		
Cash and cash equivalents	$ 5,469,719	$ 4,036,348
Short-term investments	1,500,000	1,000,000
Accounts receivable (note 3)	1,479,345	1,984,779
Inventories (note 4)	127,025	605,245
Prepaid expenses	325,992	375,019
	8,902,081	8,001,391
Long-term Investments (note 5)	-	1,000,000
Capital Assets and Collections (notes 2(l) and 6)	61,582,426	62,205,261
	$ 70,484,507	$ 71,206,652
LIABILITIES & NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	$ 3,618,273	$ 3,948,772
Unearned revenue	190,834	169,099
Deferred contributions (note 9)	3,097,858	3,048,627
Current portion of long-term debt (note 10)	93,423	85,217
	7,000,388	7,251,715
Long-Term Liabilities		
Pension liability (note 11)	18,342,000	21,559,000
Post-employment benefits (note 12)	1,630,122	1,512,729
Mortgages payable (note 10)	1,305,750	1,110,174
	21,277,872	24,181,903
Unamortized Deferred Capital Contributions (note 9)	48,879,967	50,263,259
Net Assets		
Unrestricted net assets		
Operating	3,193,298	2,057,154
Post-employment benefits and compensated absences	(1,712,895)	(1,705,380)
Pension liability	(18,342,000)	(21,559,000)
Vacation pay	(925,930)	(900,838)
	(17,787,527)	(22,108,064)
Internally restricted net assets (note 13)	1,106,693	1,310,588
Investment in capital assets and collections	10,007,114	10,307,251
	(6,673,720)	(10,490,225)
	$ 70,484,507	$ 71,206,652

Approved by the Brandon University
Board of Governors on July 21, 2016

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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, 2016

	Unrestricted Net Assets	Internally Restricted Net Assets	Investment in Capital Assets and Collections	Total 2016	Total 2015
Balance, beginning of year	$ (22,108,064)	$ 1,310,588	$ 10,307,251	$ (10,490,225)	$ (14,507,692)
Excess of revenues over expenses	3,814,670			3,814,670	4,017,467
Direct increases to net assets					
Donations of capital assets			1,835	1,835	
Transfers					
Internally funded					
Capital asset additions	(1,080,825)		1,080,825		
Capital disposals (net)	14,110		(14,110)		
Mortgage - 1718 Princess	289,000		(289,000)		
Amortization	1,164,904		(1,164,904)		
Repayment of long-term debt	(85,217)		85,217		
Allocation to internally restricted net assets	(166,488)	166,488			
Internally restricted net asset purchases	370,383	(370,383)			
Balance, end of year	$ (17,787,527)	$ 1,106,693	$ 10,007,114	$ (6,673,720)	$ (10,490,225)

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

Brandon University

Statement of Operations

for the year ended March 31, 2016

	2016	2015
Revenues		
Tuition fees and other student fees	$ 9,448,229	$ 9,092,676
Grants		
Advanced Learning Division	39,344,910	38,199,149
Province of Manitoba	376,468	329,236
Government of Canada	1,340,397	1,519,438
Sales of goods and services	7,182,457	6,518,608
Brandon University Foundation	2,370,250	2,992,490
Amortization of deferred capital contributions	2,155,703	2,267,059
Interest income	134,095	60,628
Miscellaneous	1,459,161	921,771
	63,811,670	61,901,055
Expenses		
Salaries - academic	23,760,580	24,104,292
Salaries - support	14,233,381	13,499,928
Benefits	4,673,298	4,128,956
Travel	1,856,970	1,652,251
Supplies and consumable expenses	7,106,221	6,778,069
Major renovations	197,649	239,347
Property taxes	114,381	105,392
Utilities	937,848	986,342
Cost of goods sold (note 4)	1,806,051	1,609,131
Scholarships and bursaries	1,896,758	1,332,688
Interest on long-term debt	82,725	79,532
Amortization expense	3,320,607	3,363,672
Loss on disposal of capital assets	10,531	3,988
	59,997,000	57,883,588
Excess of revenues over expenses	$ 3,814,670	$ 4,017,467

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

Brandon University

Statement of Cash Flow

for the year ended March 31, 2016

	2016	2015
Cash Provided By (Used In) Operating Activities		
Net excess of revenues over expense before interest	$ 3,763,300	$ 4,036,371
Interest received	134,095	60,628
Interest paid	(82,725)	(79,532)
Excess of revenues over expenses	3,814,670	4,017,467
Items not affecting cash flow		
Amortization of deferred capital contributions	(2,155,703)	(2,267,059)
Amortization of capital assets	3,320,607	3,363,672
Loss on disposal of capital assets	(10,531)	(3,988)
Net change in non-cash operating working capital		
Accounts receivable	505,434	604,686
Accounts payable and accrued liabilities	(330,499)	192,631
Deferred contributions	49,231	240,977
Unfunded post-employment benefits and compensated absences	117,393	30,768
Unfunded pension liability	(3,217,000)	(3,539,000)
Other non-cash working capital	548,982	129,138
	2,642,584	2,769,292
Cash Provided By (Used In) Capital Activities		
Capital asset additions	(2,743,281)	(4,678,496)
Proceeds on disposal of capital assets	56,039	8,857
	(2,687,242)	(4,669,639)
Cash Used In Investing Activities		
Purchase of short-term investments	(500,000)	(300,000)
Sale/(Purchase) of long-term investments	1,000,000	(400,000)
	500,000	(700,000)
Cash Provided By (Used In) Financing Activities		
Long-term debt repayments	(85,217)	(74,687)
Mortgage on 215 & 223 18th Street		500,000
Mortgage on 1718 Princess Avenue	289,000	
Capital contributions	774,246	3,735,211
	978,029	4,160,524
Increase in cash and cash equivalents	1,433,371	1,560,177
Cash and cash equivalents, beginning of year	4,036,348	2,476,171
Cash and cash equivalents, end of year	$ 5,469,719	$ 4,036,348

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 Advanced Learning Division (ALD), 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 ALD, 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

	2016	2015
Student receivables	$ 606,348	$ 939,591
Brandon University Foundation	440,095	757,645
Province of Manitoba	163,577	118,318
Miscellaneous	296,325	196,225
Less: allowance for doubtful accounts	(27,000)	(27,000)
	$ 1,479,345	$ 1,984,779

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:

	2016	2015	2016	2015
	Cost of Sales		Carrying Values	
Athletics	$ 50,608	$ 6,779	$ 19,557	$ 24,973
Bookstore	1,125,077	1,005,346	36,068	531,654
Food Services	588,654	553,024	42,513	30,280
Print Shop	41,712	43,982	28,887	18,338
	$ 1,806,051	$ 1,609,131	$ 127,025	$ 605,245

5. Long-Term Investments

	2016	2015
Guaranteed investment certificates	$ -	$ 1,000,000

The fair value at March 31, 2016 is $0 .

6. Capital Assets and Collections

	Cost	Accumulated Amortization	2016 Net Book Value	Cost	Accumulated Amortization	2015 Net Book Value
Land	$ 1,582,081	$	$ 1,582,081	$ 1,518,666	$	$ 1,518,666
Buildings	94,665,979	(44,304,114)	50,361,865	93,164,361	(42,670,756)	50,493,605
Furniture & equipment	23,096,860	(16,869,061)	6,227,799	23,129,379	(16,492,184)	6,637,195
Library collections	12,250,585	(10,050,611)	2,199,974	11,909,210	(9,562,287)	2,346,923
Collections	1,210,707		1,210,707	1,208,872		1,208,872
	$132,806,212	$(71,223,786)	$ 61,582,426	$130,930,488	$(68,725,227)	$ 62,205,261

Furniture & equipment includes computer equipment and vehicles.
Capital asset additions during the year included donations in kind in the amount of $ 1,835 (2015 - $0).
Buildings include assets under construction of $370,173 (2015 - $ 141,274).

7. Financial Risk Management

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

i) Market Risk

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

Interest rate risk is the risk fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The University is exposed to this risk through its interest bearing investments. The University's short-term investments are guaranteed investment certificates. Interest rates range from 1.5% to 2.05%. $500,000 matures between July 3 to 4, 2016 and $1,000,000 matures on September 26, 2016.

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	
	2016	**2015**
Cash, cash equivalents and short-term investments	$ 6,969,719	$ 5,036,348
Long-term investments		1,000,000
Accounts receivable	1,479,345	1,984,779
Totals	$ 8,449,064	$ 8,021,127

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

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

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

8. Brandon University Foundation

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

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

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

Statement of Financial Position

	2015	2014
Assets	$61,255,775	$60,844,857
Liabilities	$ 1,303,521	$ 986,740
Deferred contributions	4,451,333	4,374,130
Net Assets		
Unrestricted and internally restricted net assets	11,694,254	14,054,725
Endowment funds	43,806,667	41,429,262
	55,500,921	55,483,987
Total Liabilities and Net Assets	$61,255,775	$60,844,857

Statement of Operations

	2015	2014
Revenue		
Realized income	$ 1,875,409	$ 1,007,273
Unrealized loss	(2,426,048)	(103,784)
Net investment income/(loss)	(550,639)	903,489
Donations	887,521	1,027,060
Other contributions	97,431	1,785,057
	434,313	3,715,606
Expense		
Grants to Brandon University	1,445,769	2,891,403
Scholarships and bursaries	1,315,881	872,165
Campaign expenses	62,761	257,619
Other expenses	33,430	29,702
	2,857,841	4,050,889
Net loss for the year	$(2,423,528)	$ (335,283)

The net result of the transactions from January 1, 2016 to March 31, 2016 was a loss of $ 708,080 (2015 - $ 2,657,030 gain) which includes unrealized investment loss of $ 1,409,850 (2015 - $646,766 gain).

The value of outstanding pledges to the Foundation as at March 31, 2016 is $ 191,943 (2015 - $ 400,273). These will be recorded as revenue in the Foundation when received.

9. Deferred Contributions and Unamortized Deferred Capital Contributions

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

	2016 Deferred Contributions	2016 Unamortized Deferred Capital Contributions	2015 Deferred Contributions	2015 Unamortized Deferred Capital Contributions
Balance, beginning of year	$ 3,048,627	$ 50,263,259	$ 2,807,650	$ 48,795,107
Contributions received and receivable				
Tuition and miscellaneous	1,642,698		1,673,060	
Advanced Learning Division	1,863,631		3,817,960	
Province of Manitoba	518,299		594,631	
Government of Canada	1,409,111		1,666,158	
Brandon University Foundation	467,043		1,721,928	
	5,900,782		9,473,737	
Transfers to revenue				
Tuition, grants and contributions	(5,079,140)		(5,497,549)	
Amortization of deferred capital contributions		(2,155,703)		(2,267,059)
Transferred to acquire capital assets	(772,411)	772,411	(3,735,211)	3,735,211
Balance, end of year	$ 3,097,858	$ 48,879,967	$ 3,048,627	$ 50,263,259
Balance consists of:				
Research	$ 2,639,419		$ 2,501,697	
Special programs	458,439		546,930	
Deferred contributions	$ 3,097,858		$ 3,048,627	

10. Long-term Liabilities

Mortgages Payable

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

	2016	2015
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	$ 621,514	$ 698,797
215 & 223 18th Street, Province of Manitoba 4.5% mortgage, $2,248 combined principal and interest payable monthly to June 20, 2054	491,870	496,594
1718 Princess Avenue, Province of Manitoba 4.0% mortgage, principal of $802.78 plus interest, payable monthly to November 30, 2045	285,789	-
	1,399,173	1,195,391
Current portion of long-term debt	93,423	85,217
Mortgage payable	$ 1,305,750	$ 1,110,174
Interest expense	$ 82,725	$ 79,532

Principal payments in the next five years are as follows:

2017	$ 93,423
2018	$ 105,646
2019	$ 113,533
2020	$ 122,334
2021	$ 131,598
Thereafter	$ 827,699

11. Pension Plan

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

An actuarial valuation of the plan, as required by The Pension Benefits Act of Manitoba, was conducted by Eckler Ltd., a firm of consulting actuaries, as at December 31, 2015. The next actuarial valuation is required as at December 31, 2016 and will be completed in 2017.

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 2015	December 31 2014
Accounts receivable and other	$ 60	$ 28
Cash and short-term investments	8,396	7,335
Bonds and debentures	52,901	55,184
Canadian equities	53,347	52,902
Foreign equities	44,504	40,279
Total Assets	$ 159,208	$ 155,728

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 2015	December 31 2014
Reconciliation of Plan Assets		
Fair value, beginning of year	$ 155,728	$ 144,430
Employer contributions	3,999	4,451
Employee contributions	2,225	2,169
Transfers from other plans	9	
Benefit payments	(9,047)	(7,602)
Actual return on plan assets (net of expenses)	6,294	12,280
Fair value, end of year	$ 159,208	$ 155,728

	(in thousands of dollars) December 31 2015	December 31 2014
Reconciliation of Accrued Benefit Obligation		
Accrued benefit obligation, beginning of year	$ 160,422	$ 151,952
Employer service cost	5,052	4,794
Interest cost	8,951	8,657
Benefit payments	(9,047)	(7,602)
Transfers from other plans	9	
Actuarial losses	741	2,621
Accrued benefit obligation, end of year	$ 166,128	$ 160,422

	(in thousands of dollars)	
	December 31 2015	**December 31 2014**
Reconciliation of Unamortized Actuarial (Gains)/Losses		
Net unamortized actuarial gains, beginning of year	$ (17,849)	$ (18,691)
Net actuarial loss/(gain)	3,166	(1,383)
Amortization of actuarial loss	2,100	2,225
Net unamortized actuarial gains, end of year	$ (12,583)	$ (17,849)

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

	(in thousands of dollars)	
	March 31 2016	**March 31 2015**
Accrued Pension Liability		
Accrued pension liability, beginning of year	$ (21,559)	$ (25,098)
Employer contributions	4,176	4,320
Net pension plan expense	(959)	(781)
Accrued pension liability, end of year	$ (18,342)	$ (21,559)

	(in thousands of dollars)	
	March 31 2016	**March 31 2015**
Reconciliation of Deficit to Accrued Liability		
Deficit	$ (7,860)	$ (4,694)
Net unamortized actuarial gains	(11,643)	(17,849)
Employer contribution after measurement date	1,161	984
Accrued pension liability, end of year	$ (18,342)	$ (21,559)

	(in thousands of dollars)	
	March 31 2016	**March 31 2015**
Net Pension Plan Expense		
Current service cost, net of employee contributions	$ 2,827	$ 2,625
Interest accrued on benefits	8,951	8,657
Expected return on plan assets	(8,719)	(8,276)
Amortization of actuarial gain	(2,100)	(2,225)
Net pension plan expense	$ 959	$ 781

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

	2016	2015
Discount rate	5.65 %	5.75 %
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

	2016	2015
Discount rate	5.55 %	5.65 %
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 2016 - 8.7 years (2015 - 8.5 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 $10,326,000 is required to be funded over a maximum of 15 years. The existing funding deficit will be funded over 11 years. Special payments totaling $1,291,000 will be made in 2016 (2015 - $1,473,000). The next going-concern valuation will be performed as at December 31, 2016 and will be completed in 2017.

12. Other Post-employment Benefits and Compensated Absences

Other Post-employment Benefits

Brandon University provides certain severance and retiring allowance benefits payable upon retirement. An actuarial valuation, using the accrued benefit method, to determine the value of severance pay and retiring allowance benefits is carried out every four years. The most recent actuarial valuation was as at March 31, 2013 with the next valuation due as at March 31, 2017.

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

	2016	2015
Accrued Benefit Obligation		
Accrued benefit obligation, beginning of year	$ 1,173,000	$ 1,166,000
Employer service cost	52,000	50,000
Interest cost	67,000	67,000
Benefit payments	(86,000)	(117,000)
Actuarial (gains)/losses	(26,000)	7,000
Accrued benefit obligation, end of year	$ 1,180,000	$ 1,173,000

	2016	2015
Accrued Benefit Liability		
Accrued benefit liability, beginning of year	$ 1,275,000	$ 1,290,000
Employer contributions	(86,000)	(117,000)
Benefit expense	107,000	102,000
Accrued benefit liability, end of year	$ 1,296,000	$ 1,275,000

	2016	2015
Benefit Plan Expense		
Employer service cost	$ 52,000	$ 50,000
Interest cost	67,000	67,000
Amortization of net actuarial loss	(12,000)	(15,000)
Total benefit plan expense	$ 107,000	$ 102,000

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

	2016	2015
Discount rate (accrued benefit obligation)	5.55%	5.65%
Rate of compensation increase (weighted average)	4.00%	4.31%

The unamortized net actuarial gains of $ 116,000 (2015 - $102,000) will be amortized over the expected average remaining service life (EARSL) which is 8.5 years (2015 - 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.

	2016	2015
Accrued benefit liability	$ 334,122	$ 237,729
Net benefit cost	$ 96,393	$ 45,768
Discount rate	5.55%	5.65%

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.

	2016	2015
Accrued benefit liability and benefit cost	$ 82,773	$ 192,651

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

13. Internally Restricted Net Assets

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

	2015 Opening Balance	Current Provision	Purchases	2016 Closing Balance
Ancillary Services	$ 622,272	$ 75,991	$ (101,506)	$ 596,757
Healthy Living Centre	8,001			8,001
Healthy Living Centre Screen		2,000	(46,995)	(44,995)
Kiln Replacement	19,000	5,000		24,000
Mail & Print Services	8,900	3,000		11,900
Scholarships & bursaries	221,882		(221,882)	-
Telephone replacement	406,145	80,497		486,642
Vehicle replacement	24,388			24,388
	$ 1,310,588	$ 166,488	$ (370,383)	$ 1,106,693

14. Brandon Centennial Auditorium Corporation Inc.

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

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

15. Knowles-Douglas Student Union Centre

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

16. Contractual Obligations

An agreement between the University and the Brandon University Students' Union Inc. provides for the equal sharing of profits of the University's bookstore operations. The Students' Union share of profits amounted to $0 for the year ended March 31, 2016 (2015 - $0).

The Brandon University signed an agreement with Penn-Co Construction Canada (2003) Ltd. on July 20, 2011 for the construction of the Healthy Living Centre which involves the construction of a new facility and renovations of the existing facility. The project was substantially complete on November 20, 2013. The project is funded by the Building Canada Fund - Major Infrastructure Component with a federal and provincial share, a municipal contribution from the City of Brandon and through fundraising of the Brandon University Foundation. The total contract is $18,170,567 with a balance of work still to finish of $115,525.

17. Related Party Transactions

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

18. Comparative Figures

Comparative figures for the year ended March 31, 2015 have been reclassified where necessary to conform with the presentation adopted for the year ended March 31, 2016.

Brandon University

Additional Financial Information
for the year ended March 31, 2016

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 21, 2016.

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, 2016

	General Operating	Ancillary Services	Total 2016	Total 2015
REVENUES				
Tuition and other student fees	$ 8,667,047	$	$ 8,667,047	$ 7,973,984
Grants - Advanced Learning Division	37,761,028	133,355	37,894,383	36,908,400
Sales of goods and services		4,934,914	4,934,914	4,481,920
Brandon University Foundation	2,028,817		2,028,817	2,345,847
Amortization of deferred capital contributions	2,155,703		2,155,703	2,267,059
External cost recoveries	2,247,543		2,247,543	2,036,688
Interest income	134,095		134,095	60,628
Miscellaneous	433,208		433,208	114,255
	53,427,441	5,068,269	58,495,710	56,188,781
EXPENSES				
Salaries - academic	22,329,176		22,329,176	22,227,050
Salaries - support	11,606,136	1,355,227	12,961,363	12,240,623
Benefits	4,119,768	184,842	4,304,610	3,703,532
Travel	1,308,318	4,798	1,313,116	1,214,285
Supplies and consumable expenses	4,809,391	719,933	5,529,324	5,203,124
Major renovations	48,446	26,104	74,550	101,955
Property taxes	114,381		114,381	105,392
Utilities	672,604	265,244	937,848	986,342
Cost of goods sold	92,320	1,713,731	1,806,051	1,609,131
Scholarships and bursaries	1,816,134	80,624	1,896,758	1,332,688
Interest on long-term liabilities		82,725	82,725	79,532
Amortization	3,320,607		3,320,607	3,363,672
Loss on disposal of capital assets	10,531		10,531	3,988
	50,247,812	4,433,228	54,681,040	52,171,314
Excess of revenues over expenses	$ 3,179,629	$ 635,041	$ 3,814,670	$ 4,017,467

Schedule 2
(unaudited)

Brandon University

Detailed Schedule of Operations - Restricted
for the Year Ended March 31, 2016

	Research & Special Projects	Special Programs	Restricted Capital	Total 2016	Total 2015	Deferred Contributions 2016	Deferred Contributions 2015	Transfer To Statement of Operations 2016	Transfer To Statement of Operations 2015
Revenues									
Tuition fees	$	$ 695,410	$	$ 695,410	$ 1,070,093	$ 85,772	$ 48,599	$ 781,182	$ 1,118,692
Grants									
Advanced Learning Division	1,333,631		530,000	1,863,631	3,817,960	(413,104)	(2,527,211)	1,450,527	1,290,749
Province of Manitoba	434,167		84,132	518,299	594,631	(141,831)	(265,395)	376,468	329,236
Government of Canada	1,409,111			1,409,111	1,666,158	(68,714)	(146,720)	1,340,397	1,519,438
Brandon University Foundation	341,433		125,610	467,043	1,721,928	(125,610)	(1,075,285)	341,433	646,643
Miscellaneous	883,711		63,577	947,288	602,967	78,665	204,549	1,025,953	807,516
	4,402,053	695,410	803,319	5,900,782	9,473,737	(584,822)	(3,761,463)	5,315,960	5,712,274
Expenses									
Salaries - academic	934,022	497,382		1,431,404	1,877,242			1,431,404	1,877,242
Salaries - support	1,217,443	54,575		1,272,018	1,259,305			1,272,018	1,259,305
Benefits	301,735	66,953		368,688	425,424			368,688	425,424
Travel	514,672	29,182		543,854	437,966			543,854	437,966
Supplies and other expenses	1,441,088	135,809		1,576,897	1,574,945			1,576,897	1,574,945
Major renovations	15,617		107,482	123,099	137,392			123,099	137,392
	4,424,577	783,901	107,482	5,315,960	5,712,274			5,315,960	5,712,274
Excess/(deficiency) of revenues over expenses	$ (22,524)	$ (88,491)	$ 695,837	$ 584,822	$ 3,761,463	$ (584,822)	$ (3,761,463)	$ -	$ -

Schedule 3
(unaudited)

Brandon University

Deferred Contributions and Unamortized Deferred Capital Contributions
for the Year Ended March 31, 2016

	Research & Special Projects	Special Programs	Restricted Capital	Total 2016	Total 2015	Unamortized Deferred Capital Contributions 2016	Unamortized Deferred Capital Contributions 2015
Contributions received							
Tuition and related fees	$	$ 695,410	$	$ 695,410	$ 1,070,093	$	$
Grants	3,176,909		614,132	3,791,041	6,078,749		
Brandon University Foundation	341,433		125,610	467,043	1,721,928		
Miscellaneous	883,711		63,577	947,288	602,967		
Expenses	(4,424,577)	(783,901)	(107,482)	(5,315,960)	(5,712,274)		
Transfers from/to:							
Unrestricted accounts	236,820			236,820	214,725		
Capital aquisitions/disposal gains	(76,574)		(695,837)	(772,411)	(3,735,211)	772,411	3,735,211
Amortization of deferred capital contributions						(2,155,703)	(2,267,059)
	137,722	(88,491)		49,231	240,977	(1,383,292)	1,468,152
Deferred balance, beginning of year	2,501,697	546,930		3,048,627	2,807,650	50,263,259	48,795,107
Deferred balance, end of year	$ 2,639,419	$ 458,439	$ -	$ 3,097,858	$ 3,048,627	$ 48,879,967	$ 50,263,259

Schedule 4
(unaudited)

Brandon University

Schedule of Investment in Capital Assets and Collections
for the Year Ended March 31, 2016

	Total 2016	Total 2015
Balance, beginning of year	$ 10,307,251	$ 9,662,464
Internally funded capital asset additions		
General operating funds		
Land and buildings	275,000	525,381
Furniture and equipment	447,262	1,265,504
Library acquisitions	341,375	370,416
Ancillary services		
Furniture and equipment	17,188	10,271
	1,080,825	2,171,572
Non-amortizable capital asset donations	1,835	
Disposals (net book value) - internally funded capital assets	(14,110)	(4,869)
Amortization of internally funded capital assets	(1,164,904)	(1,096,603)
Mortgage on 1718 Princess Avenue	(289,000)	
Mortgage on 215 & 223 18th Street		(500,000)
Repayment of long-term debt	85,217	74,687
Balance, end of year	$ 10,007,114	$ 10,307,251

Schedule 5
(unaudited)

Brandon University

Schedule of Operating Revenues
for the Year Ended March 31, 2016

	Total 2016	Total 2015
Grants		
Advanced Learning Division		
Operating	$ 37,431,028	$ 36,445,028
Renovations and equipment	330,000	330,000
	37,761,028	36,775,028
Tuition		
Faculty of Arts	2,076,080	1,892,286
Faculty of Education	1,122,735	945,619
Faculty of Science	2,304,689	2,226,918
Faculty of Health Studies	1,630,420	1,514,284
School of Music	383,548	390,711
Visa Premium	421,745	340,288
	7,939,217	7,310,106
Music Conservatory	374,988	373,352
Other student fees	352,842	290,526
Brandon University Foundation	742,773	1,402,163
Interest income	134,095	60,628
Miscellaneous	32,009	40,121
Total Operating Revenues	$ 47,336,952	$ 46,251,924

Schedule 6
(unaudited)

BRANDON UNIVERSITY

Detailed Schedule of Operating Expenses
for the Year Ended March 31, 2016

	Academic	Support	Benefits	Travel	Supplies & Other Expenses	Deduct: Cost Recoveries	Total March 31, 2016	Total March 31, 2015
Faculty of Arts								
Office of the Dean	$ 625,735	$ 202,014	$ 119,759	$ 48,777	$ 78,212	$ 3,470	$ 1,071,027	$ 1,066,548
Drama	140,927		21,981	2,938	8,618		174,464	159,647
Economics	335,604		54,580	3,241	4,417		397,842	383,901
English	641,485		107,873	7,700	7,736	360	764,434	778,468
History	695,438		115,069	7,941	4,512		822,960	670,898
Languages	304,398		52,199	1,487	2,029		360,113	355,830
Gender & Women's Studies	38,253		6,219		332		44,804	45,063
Philosophy	319,912		53,253	3,304	3,854		380,323	364,786
Political Science	363,684		58,630	8,033	1,185		431,532	412,891
Religion	327,163		54,687	4,478	2,008		388,336	380,561
Sociology	494,437		88,175	8,924	6,440		597,976	577,452
Native Studies	544,521		90,834	7,106	9,260		651,721	664,595
Business Administration	310,508		68,070	10,537	3,609		392,724	464,858
Fine Arts	453,282	13,130	81,046	12,747	33,252	15,698	577,759	535,382
Anthropology	290,092		50,400	3,678	1,517	75	345,612	333,990
Rural Development	337,641	2,604	68,438	6,210	(358)		414,535	543,664
Archeology Field School		546	46	224	943	5,000	(3,241)	8,635
	6,223,080	218,294	1,091,259	137,325	167,566	24,603	7,812,921	7,747,169
Faculty of Science								
Office of the Dean	203,581	155,576	69,344	49,750	72,346	150	550,447	630,151
Applied Disaster & Emergency Studies	307,238	95	54,903	10,478	6,765		379,479	357,132
Biology	973,021	33,971	164,644	5,580	60,758	2,935	1,235,039	1,350,867
Chemistry	512,979	10,943	89,345	5,198	53,504	22,831	649,138	649,485
Environmental Science	106,067		17,363		1,470		124,900	122,176
Geography	559,813	5,156	98,907	12,902	16,661	510	692,929	722,662
Geology	623,220	4,192	104,832	16,977	17,662	19,330	747,553	688,059
Mathematics/Comp. Sci.	1,122,655	33,987	181,255	12,336	21,173	130	1,371,276	1,377,400
Environmental & Life Sciences	162,269	27,260	32,795	2,439	14,083		238,846	288,399
Physics/Astronomy	613,428	5,583	98,665	3,419	51,743	495	772,343	732,078
Psychology	900,194	10,962	148,541	2,852	15,423		1,077,972	978,509
	6,084,465	287,725	1,060,594	121,931	331,588	46,381	7,839,922	7,896,918
Faculty of Health Studies								
Office of the Dean	260,601	66,239	52,630	39,040	118,685		537,195	393,516
Psychiatric Nursing	2,494,464	100,780	442,622	14,968	191,184	1,425	3,242,593	3,291,737
Bachelor of Nursing	1,522,327	105,559	296,536	3,531	32,962	10,240	1,950,675	1,754,829
Indigenous Health & Human Services								24,459
Masters Psychiatric Nursing	48,345		2,215	362	3,652	1,800	52,774	20,092
	4,325,737	272,578	794,003	57,901	346,483	13,465	5,783,237	5,484,633

Schedule 6
(unaudited)

BRANDON UNIVERSITY

Detailed Schedule of Operating Expenses
for the Year Ended March 31, 2016

	Academic	Support	Benefits	Travel	Supplies & Other Expenses	Deduct: Cost Recoveries	Total March 31, 2016	Total March 31, 2015
Faculty of Education								
Office of the Dean	283,133	160,073	68,100	66,912	69,591	11,706	636,103	499,203
Field Experience	231,163	46,006	36,840	11,587	8,480	3,750	330,326	295,661
Leadership & Ed Administration	450,710		61,736		2,799	2,140	513,105	407,022
Teaching & Learning	623,552		96,704	133	7,624	1,040	726,973	782,354
Ed Psychology & Student Services	399,330		46,541		2,372	6,680	441,563	469,311
Curriculum Foundations	434,521		57,512		3,516	6,185	489,364	544,658
Physical Education	523,845	51	78,003	6,046	22,550	16,319	614,176	622,584
Graduate Studies	58,802		3,294	186	4,419	17,304	49,397	49,290
	3,005,056	206,130	448,730	84,864	121,351	65,124	3,801,007	3,670,083
School of Music	2,196,816	185,750	390,752	108,978	202,629	103,128	2,981,797	3,052,911
Campus Manitoba								6,968
Music Conservatory	339,816	30,030	6,986	2,135	12,836	1,017	390,786	314,274
Total Academic	22,174,970	1,200,507	3,792,324	513,134	1,182,453	253,718	28,609,670	28,172,956
Library Services		1,172,134	220,125	19,669	674,557	119,129	1,967,356	1,950,272
Student Services								
Student Services		1,106,712	200,184	41,829	54,276	6,000	1,397,001	1,329,042
Registrar		531,578	108,401	6,015	26,629	2,993	669,630	559,830
Office of International Activities		180,215	29,185	101,869	24,755	1,650	334,374	255,608
English for Academic Purposes		162,402	12,077	4,903	8,068	218,201	(30,751)	(15,847)
Recruitment & Retention		348,173	61,991	29,874	95,284	5,800	529,522	391,302
Indigenous People's Centre		59,170	10,480	9,637	33,628		112,915	195,609
		2,388,250	422,318	194,127	242,640	234,644	3,012,691	2,715,544
Administration								
Board of Governors				6,225	13,177		19,402	57,443
President		476,408	64,932	28,806	217,340		787,486	771,974
Vice-President (Administration & Finance)		294,666	45,798	11,660	5,472		357,596	327,075
Vice-President (Academic & Provost)		371,099	75,931	54,358	163,906	6,847	658,447	410,284
		1,142,173	186,661	101,049	399,895	6,847	1,822,931	1,566,776
General Support								
Convocation		1,442	60	5,102	31,713	636	37,681	29,654
Information Technology Services		878,274	174,287	7,809	314,045	462,546	911,869	954,277
Institutional Advancement & Communications		591,376	110,342	34,906	190,064	7,650	919,038	587,415
Financial & Registration Services		665,467	140,406	9,056	(7,675)	85,052	722,202	793,631
Human Resources		630,265	194,011	10,343	231,524		1,066,143	841,098
Institutional Data & Analysis		82,782	15,072	2,655	351		100,860	
Institutional Membership Fees					115,560		115,560	87,212
Print/Mail Services		68,002	15,489		(33,146)		50,345	53,463
Professional Fees					79,845		79,845	127,106
		2,917,608	649,667	69,871	922,281	555,884	4,003,543	3,473,856

Schedule 6
(unaudited)

BRANDON UNIVERSITY

Detailed Schedule of Operating Expenses for the Year Ended March 31, 2016

	Academic	Support	Benefits	Travel	Supplies & Other Expenses	Deduct: Cost Recoveries	Total March 31, 2016	Total March 31, 2015
Athletic Programs								
Athletics		525,512	85,107	358,541	388,737	371,850	986,047	964,625
Campus Recreation		41,903	5,977	758	17,184	17,700	48,122	49,090
Healthy Living Centre		372,810	46,023	41	194,640	495,677	117,837	160,677
		940,225	137,107	359,340	600,561	885,227	1,152,006	1,174,392
Miscellaneous Initiatives								
Bran-U-Day Care Subsidy					5,023		5,023	4,554
Research Development					122,998		122,998	133,034
Other	121,438	17,370	4		43,074		181,886	316,301
Pension Liability Payments			1,455,049				1,455,049	1,642,254
Junior Kindergarten		48,988	10,621		861	41,758	18,712	17,678
Rural Development	142,646	15,149	25,484	10,159	23,157		216,595	33,622
International Student Scholarships					81,303		81,303	59,395
University Scholarships					454,701		454,701	246,663
	264,084	81,507	1,491,158	10,159	731,117	41,758	2,536,267	2,453,501
Physical Plant								
Plant Maintenance		915,125	203,015	17,767	289,556	74,972	1,350,491	1,173,219
Buildings & Grounds		688,098	233,474		89,157		1,010,729	950,844
Insurance					255,093		255,093	267,990
Security					74,474		74,474	72,652
Service Contracts					56,154		56,154	66,116
Property Taxes					106,894		106,894	110,191
Utilities					672,604	75,364	597,240	610,372
		1,603,223	436,489	17,767	1,543,932	150,336	3,451,075	3,251,384
Total Operating Expenses	$ 22,439,054	$ 11,445,627	$ 7,335,849	$ 1,285,116	$ 6,297,436	$ 2,247,543	$ 46,555,539	$ 44,758,681

Schedule 7
(unaudited)

Brandon University

Detailed Schedule of Ancillary Services
for the year ended March 31, 2016

	Bookstore	Food Services	Parking	Residence	Rental Property	Total 2016	Total 2015
Revenues							
Room and board fees	$	$ 1,134,821	$	$ 1,516,970		$ 2,651,791	$ 2,155,944
Conventions		71,422		57,725		129,147	190,992
Cash sales and vending machines		149,127				149,127	161,938
Internal functions		113,606				113,606	103,395
Other	138,860	14,505	273,559	178,608	33,508	639,040	572,139
Book sales	1,252,203					1,252,203	1,297,512
Total Revenues	1,391,063	1,483,481	273,559	1,753,303	33,508	4,934,914	4,481,920
Expenses							
Salaries	253,568	530,736		570,923		1,355,227	1,391,524
Staff benefits	43,113	94,616		47,113		184,842	187,854
Cost of goods sold	1,125,077	588,654				1,713,731	1,558,370
Supplies and other expenses	90,238	146,769	70,889	367,793	24,960	700,649	633,620
Scholarships				80,624		80,624	82,946
Rent	50,186					50,186	49,445
Utilities		62,313	7,046	195,368	517	265,244	292,220
Total Expenses	1,562,182	1,423,088	77,935	1,261,821	25,477	4,350,503	4,195,979
Net Gain/(Loss) before specific provisions, capital acquisitions and transfers	(171,119)	60,393	195,624	491,482	8,031	584,411	285,941
Appropriated specific provision			(25,000)	(45,751)		(70,751)	(35,175)
Capital purchases				(17,188)		(17,188)	(10,271)
Net Gain/(Loss)	$ (171,119)	$ 60,393	$ 170,624	$ 428,543	$ 8,031	$ 496,472	$ 240,495

Financial Statements of

CANCERCARE MANITOBA

Year ended March 31, 2016

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

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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, 2016, 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, 2016, 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 16, 2016
Winnipeg, Canada

CANCERCARE MANITOBA

Statement of Financial Position

As at March 31, 2016, with comparative information for 2015

	General Fund	Capital Fund	Clinical, Basic Research and Special Projects Fund	2016 Total	2015 Total
					(Restated, note 3)

Assets

	General Fund	Capital Fund	Clinical, Basic Research and Special Projects Fund	2016 Total	2015 Total
Current assets					
Cash	$ 1,319,406	$ –	$ 12,683	$ 1,332,089	$ 8,684,038
Short-term investments (schedule 1)	5,049,806	–	654,938	5,704,744	4,310,286
Due from Manitoba Health [note 5(b)]	4,072,623	–	–	4,072,623	3,433,542
Accounts receivable (note 6)	3,829,680	–	10,621,601	14,451,281	10,529,203
Inter-fund accounts	1,990,874	891,441	(2,882,315)	–	–
Inventory	4,540,342	–	–	4,540,342	5,650,387
Prepaid expenses	1,113,476	–	–	1,113,476	478,226
Vacation entitlements receivable [note 15(c)]	1,730,141	–	–	1,730,141	1,730,141
	23,646,348	891,441	8,406,907	32,944,696	34,815,823
Restricted cash (note 4)	1,432,357	–	–	1,432,357	1,418,290
Retirement entitlement obligation receivable (note 7)	1,419,400	–	–	1,419,400	1,419,400
Investments (schedule 2)	18,720,518	–	3,416,670	22,137,188	23,245,162
Capital assets (note 8)	–	50,269,333	1,661,067	51,930,400	52,437,147
	$ 45,218,623	$ 51,160,774	$ 13,484,644	$ 109,864,041	$ 113,335,822

Liabilities, Deferred Contributions and Fund Balances

	General Fund	Capital Fund	Clinical, Basic Research and Special Projects Fund	2016 Total	2015 Total
Current liabilities					
Accounts payable and accrued liabilities	$ 19,256,412	$ –	$ 236,273	$ 19,492,685	$ 15,254,550
Due to Manitoba Health [note 5(b)]	6,234,416	–	–	6,234,416	13,854,650
Deferred contributions - expenses of future periods [note 9(a)]	2,420,529	–	–	2,420,529	2,224,374
	27,911,357	–	236,273	28,147,630	31,333,574
Deferred contributions - capital assets [note 9(b)]	–	51,000,325	494,656	51,494,981	54,392,389
Employee future benefits (notes 7 and 15)	8,549,000	–	–	8,549,000	8,004,000
	36,460,357	51,000,325	730,929	88,191,611	93,729,963
Fund balances					
Invested in capital assets (note 10)	–	160,449	1,166,411	1,326,860	731,736
Externally restricted (note 11)	–	–	10,718,173	10,718,173	9,302,804
Internally restricted	6,659,384	–	997,967	7,657,351	8,668,002
Unrestricted	1,914,941	–	–	1,914,941	697,590
	8,574,325	160,449	12,882,551	21,617,325	19,400,132
Accumulated remeasurement gains (losses)	183,941	–	(128,836)	55,105	205,727
	8,758,266	160,449	12,753,715	21,672,430	19,605,859
Commitments (note 12)					
Contingencies (note 13)					
	$ 45,218,623	$ 51,160,774	$ 13,484,644	$ 109,864,041	$ 113,335,822

See accompanying notes to financial statements.

Approved by the Members:

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Original Document Signed ______ Member

CANCERCARE MANITOBA

Statement of Operations and Changes in Fund Balances

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

	General Fund	Capital Fund	Clinical, Basic Research and Special Projects Fund	2016 Total	2015 Total
					(Restated, note 3)
Revenue					
Manitoba Health (note 14)	$ 136,912,363	$ –	$ –	$ 136,912,363	$ 132,318,089
Other recoveries	1,949,545	–	–	1,949,545	2,089,080
Grants	–	–	16,149,507	16,149,507	14,522,655
Amortization of deferred contributions (note 9)	678,490	4,152,633	247,329	5,078,452	5,523,068
	139,540,398	4,152,633	16,396,836	160,089,867	154,452,892
Expenses					
Compensation	56,247,855	–	9,222,195	65,470,050	60,699,626
Medical remuneration	17,097,640	–	–	17,097,640	17,211,789
Building occupancy	2,518,318	–	228,208	2,746,526	3,222,267
Amortization of capital assets	–	4,152,633	446,944	4,599,577	5,366,795
General administration	2,973,312	–	1,544,659	4,517,971	4,271,680
Equipment rentals and maintenance	2,916,662	–	38,905	2,955,567	3,154,271
Supplies and other departmental expenses	4,408,945	–	2,694,084	7,103,029	8,463,998
Drugs					
Provincial oncology drug program	46,464,430	–	102	46,464,532	44,776,952
Neupogen	2,944,278	–	–	2,944,278	3,416,030
Other	41,552	–	–	41,552	1,035,396
Referred-out services	4,421,616	–	241,566	4,663,182	3,302,619
	140,034,608	4,152,633	14,416,663	158,603,904	154,921,423
Excess (deficiency) of revenue over expenses before the undernoted	(494,210)	–	1,980,173	1,485,963	(468,531)
Investment income	617,724	–	113,506	731,230	748,509
Excess of revenue over expenses (note 3)	123,514	–	2,093,679	2,217,193	279,978
Fund balances, beginning of year (note 3)	8,450,811	160,449	10,788,872	19,400,132	19,120,154
Fund balances, end of year	$ 8,574,325	$ 160,449	$ 12,882,551	$ 21,617,325	$ 19,400,132

See accompanying notes to financial statements.

CANCERCARE MANITOBA

Statement of Remeasurement Gains and Losses

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

	2016	2015
Accumulated remeasurement gains (losses), beginning of year	$ 205,727	$ (79,750)
Unrealized gains (losses) attributable to investments	(305,069)	302,709
Realized losses, reclassified to statement of operations and changes in fund balances, attributable to investments	(21,142)	(66,498)
Unrealized foreign exchange gains on foreign currency balances	175,589	49,266
Net remeasurement gains (losses) for the year	(150,622)	285,477
Accumulated remeasurement gains, end of year	$ 55,105	$ 205,727

See accompanying notes to financial statements.

CANCERCARE MANITOBA

Statement of Cash Flows

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

	General Fund	Capital Fund	Clinical, Basic Research and Special Projects Fund	2016 Total	2015 Total
					(Restated, note 3)
Cash provided by (used in):					
Operating activities					
Excess of revenue over expenses	$ 123,514	$ –	$ 2,093,679	$ 2,217,193	$ 279,978
Amortization of capital assets	–	4,152,633	446,944	4,599,577	5,366,795
Amortization of deferred contributions related to capital assets	–	(4,152,633)	(247,329)	(4,399,962)	(5,205,963)
Amortization of deferred contributions related to expenses of future periods	(678,490)	–	–	(678,490)	(317,105)
Unrealized (gain) loss on investments	256,362	–	48,707	305,069	(302,709)
Realized loss on investments	3,985	–	17,157	21,142	66,498
Unrealized gain on foreign exchange	175,589	–	–	175,589	49,266
Change in non-cash operating working capital (note 17)	(3,914,569)	–	(3,553,894)	(7,468,463)	2,600,460
Increase in employee future benefits	545,000	–	–	545,000	234,000
	(3,488,609)	–	(1,194,736)	(4,683,345)	2,771,220
Capital activities					
Additions to capital assets	–	(3,298,091)	(794,739)	(4,092,830)	(793,530)
Deferred contributions related to capital assets	–	1,307,491	–	1,307,491	1,358,190
Transfer to deferred contributions related to capital assets	(195,063)	195,063	–	–	–
	(195,063)	(1,795,537)	(794,739)	(2,785,339)	564,660
Investing activities					
Inter-fund accounts	(3,974,719)	1,795,537	2,179,182	–	–
Purchase of investments	(687,935)	–	(1,339,760)	(2,027,695)	(17,534,540)
Proceeds on disposal of investments	200,000	–	1,215,000	1,415,000	12,408,493
Change in investment classification	1,536,308	–	(468,061)	1,068,247	(6,153,805)
	(2,926,346)	1,795,537	1,586,361	455,552	(11,279,852)
Financing activities					
Decrease (increase) in restricted cash	(14,067)	–	–	(14,067)	6,562,913
Deferred contributions related to expenses of future periods	1,069,708	–	–	1,069,708	107,000
	1,055,641	–	–	1,055,641	6,669,913
Decrease in cash and short-term investments	(5,554,377)	–	(403,114)	(5,957,491)	(1,274,059)
Cash and short-term investments, beginning of year	11,923,589	–	1,070,735	12,994,324	14,268,383
Cash and short-term investments, end of year	$ 6,369,212	$ –	$ 667,621	$ 7,036,833	$ 12,994,324
Cash and short-term investments are comprised of:					
Cash	$ 1,319,406	$ –	$ 12,683	$ 1,332,089	$ 8,684,038
Short-term investments	5,049,806	–	654,938	5,704,744	4,310,286
	$ 6,369,212	$ –	$ 667,621	$ 7,036,833	$ 12,994,324

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.

2. Significant accounting policies (continued)

(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.

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.

2. Significant accounting policies (continued)

(d) Financial instruments (continued)

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:

- 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, 2016 and 2015, 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.

2. Significant accounting policies (continued)

(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.

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 the 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 excluded from 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. Change in accounting policy

Effective April 1, 2015, the Organization changed its accounting policy with respect to inventory whereby the Organization began recognizing inventory on hand in the statement of financial position. The previous policy was to expense all inventory purchases on acquisition. Management believes that the new policy results in a more transparent treatment of inventory.

Fund balances:

The following table summarizes the impact of the change in accounting policy on the Organization's fund balances as of April 1, 2014:

Fund balances:		
As previously reported, March 31, 2014	$	13,980,659
Adjustment to recognize inventory on hand		5,139,495
Restated, April 1, 2014	$	19,120,154

Statement of Operations:

As a result of the above noted change in accounting policy, the Organization recorded the following adjustment to deficiency of revenue over expenses for the year ended March 31, 2015:

Deficiency of revenue over expenses:		
As previously reported for the year ended March 31, 2015	$	(230,914)
Decrease in drugs and supplies and other departmental expenses for recognition of inventory on hand		510,892
Restated for the year ended March 31, 2015	$	279,978

4. Restricted cash

As at March 31, 2016, the Organization has restricted cash of $1,432,357 (2015 - $1,418,290) for future payment of retirement entitlement obligations.

5. 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.

5. Manitoba Health funding (continued)

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

At March 31, 2016, the Organization had a balance of $6,234,416 (2015 - $13,854,650) payable to Manitoba Health as follows:

	2016	2015
Medical remuneration	$ 5,495,583	$ 10,567,056
Other	448,915	448,915
Provincial Oncology Drug Program	289,918	2,759,278
Capital interest	–	79,401
	$ 6,234,416	$ 13,854,650

At March 31, 2016 the Organization had a balance of $4,072,623 (2015 - $3,433,542) receivable from Manitoba Health as follows:

	2016	2015
Employee salary and benefits	$ 2,575,461	$ 827,312
Neupogen drug program	884,301	857,851
Other	471,852	598,563
Approved capital funding	79,509	56,816
Medical remuneration	61,500	82,000
One-time funding	–	1,011,000
	$ 4,072,623	$ 3,433,542

6. Accounts receivable

	General Fund	Clinical, Basic Research and Special Projects Fund	2016 Total	2015 Total
CancerCare Manitoba Foundation Inc. (note 16)	$ –	$ 6,814,775	$ 6,814,775	$ 3,561,786
Other	294,606	3,135,755	3,430,361	2,578,010
University Medical Group	3,535,074	–	3,535,074	3,406,105
Winnipeg Regional Health Authority	–	469,935	469,935	841,464
University of Manitoba	–	143,194	143,194	141,243
Government of Canada	–	57,342	57,342	25
Province of Manitoba	–	600	600	570
	$ 3,829,680	$ 10,621,601	$ 14,451,281	$10,529,203

7. Retirement entitlement obligation receivable

The Organization has a contractual commitment to pay out to employees four days per year of service upon retirement. At March 31, 2016, based on an actuarial estimate, the retirement entitlement obligations are estimated to be $7,253,000 (2015 - $6,706,000) 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 (2015 - $1,419,400) and has no specific terms of repayment.

8. Capital assets

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Capital Fund:				
Building	$ 62,838,430	$ 22,865,517	$ 39,972,913	$ 41,367,050
Equipment	48,337,361	38,040,941	10,296,420	9,756,825
	111,175,791	60,906,458	50,269,333	51,123,875
Clinical, Basic Research and Special Projects Fund:				
Equipment	3,759,984	2,098,917	1,661,067	1,313,272
	$ 114,935,775	$ 63,005,375	$ 51,930,400	$ 52,437,147

9. Deferred contributions

(a) Expenses of future periods

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

	2016	2015
Balance, beginning of year	$ 2,224,374	$ 2,434,479
Add amount received related to future periods	1,069,708	107,000
Less amounts amortized to revenue	(678,490)	(317,105)
Transfer to deferred contributions, capital assets	(195,063)	–
Balance, end of year	$ 2,420,529	$ 2,224,374

(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.

	2016	2015
Capital Fund:		
Balance, beginning of year	$ 53,650,404	$ 57,260,848
Additional contributions received	1,307,491	1,358,190
Transfer from deferred contributions, expenses of future periods	195,063	–
Less amounts amortized to revenue	(4,152,633)	(4,968,634)
Balance, end of year	$ 51,000,325	$ 53,650,404

	2016	2015
Clinical, Basic Research and Special Projects Fund:		
Balance, beginning of year	$ 741,985	$ 979,314
Less amounts amortized to revenue	(247,329)	(237,329)
Balance, end of year	$ 494,656	$ 741,985

9. Deferred contributions (continued)

(b) Capital assets (continued)

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

	2016	2015
Unamortized capital asset contributions used to purchase capital assets	$ 49,802,756	$ 52,793,197
Unspent contributions	1,692,225	1,599,192
	$ 51,494,981	$ 54,392,389

Unamortized capital contributions of $51,494,981 (2015 - $54,392,389) 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:

	2016	2015
Bearing interest at prime: Less 0.50%, repayment terms to be established	$ 3,399,862	$ 2,604,648

The Organization has established arrangements for a bridge facility of non-revolving demand loans to a maximum of $25,000,000 (2015 - $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 $3,399,862 of this facility as of March 31, 2016 (2015 - $2,604,648).

The Organization has established arrangements for credit facilities for foreign exchange forward contracts, to a maximum of $1,000,000 (2015 - $1,000,000), and for overdraft and/or letters of credit for operating purposes to a maximum of $5,200,000 (2015 - $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, 2016 or March 31, 2015.

9. Deferred contributions (continued)

(b) Capital assets (continued)

Unamortized capital contributions of $51,494,981 (2015 - $54,392,389) 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:

	2016	2015
6.25% maturing March 31, 2020, repayable in monthly installments of $76,754, plus interest	$ 3,684,210	$ 4,605,262
Variable rate (30-day bankers' acceptance plus 25 basis points), maturing February 28, 2022, repayable in monthly installments of $50,439, plus interest	3,581,140	4,186,403
4.80% maturing November 30, 2016, repayable in monthly installments of $50,000, plus interest	400,000	1,000,000
3.95% maturing November 30, 2025, repayable in monthly installments of $77,778, plus interest	9,022,222	9,955,555
3.35% maturing February 28, 2028, repayable in monthly installments of $38,889, plus interest	5,561,111	6,027,778
	$ 22,248,683	$ 25,774,998

10. Invested in capital assets

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

	2016	2015
Capital assets	$ 51,930,400	$ 52,437,147
Amounts financed by:		
Unamortized deferred contributions	(51,494,981)	(54,392,389)
Inter-fund accounts	891,441	2,686,978
	$ 1,326,860	$ 731,736

10. Invested in capital assets (continued)

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

	2016	2015
Surplus (deficit) for the year:		
Amortization of deferred contributions related to capital assets	$ 4,399,962	$ 5,205,963
Amortization of capital assets	(4,599,577)	(5,366,795)
	(199,615)	(160,832)
Invested in capital assets:		
Purchase of capital assets	4,092,830	793,530
Amounts funded by:		
Deferred contributions	(1,307,491)	(1,358,190)
Transfers from deferred contributions, expenses of future periods	(195,063)	–
Inter-fund balances	(1,795,537)	701,020
	794,739	136,360
	$ 595,124	$ (24,472)

11. Externally restricted fund balances

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

	2016	2015
Restricted for research projects, education purposes and other specific purposes	$ 10,718,173	$ 9,302,804

12. Commitments

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

2017	$ 483,000
2018	456,500
2019	345,000
	$ 1,284,500

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, 2016.

14. Economic dependence

The Organization received approximately 86 percent (2015 - 86 percent) of its total revenue from Manitoba Health and is economically dependent on Manitoba Health for continued operations.

15. Employee future benefits

	2016	2015
Retirement entitlement obligations	$ 7,253,000	$ 6,706,000
Accumulated sick leave entitlement	1,296,000	1,298,000
	$ 8,549,000	$ 8,004,000

(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:

	2016	2015
Accrued benefit obligation		
Balance, beginning of year	$ 6,706,000	$ 6,439,000
Current service cost	554,000	471,000
Interest cost	178,000	209,000
Benefits paid	(211,000)	(388,000)
	7,227,000	6,731,000
Amortized actuarial loss (gain)	26,000	(25,000)
Balance, end of year	$ 7,253,000	$ 6,706,000

The significant actuarial assumptions adopted in measuring the Organization's retirement entitlement obligations include mortality, disability and withdrawal rates, a discount rate of 3.0 percent (2015 - 2.55 percent) and a rate of salary increase of 3.5 percent plus age-related merit/promotion scale (2015 - 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:

	2016	2015
Accrued benefit obligation		
Balance, beginning of year	$ 1,298,000	$ 1,331,000
Current service cost	151,000	129,000
Interest cost	46,000	49,000
Benefits paid	(260,000)	(225,000)
	1,235,000	1,284,000
Amortized actuarial loss	61,000	14,000
Balance, end of year	$ 1,296,000	$ 1,298,000

The significant actuarial assumptions adopted in measuring the Organization's accumulated sick leave entitlement include a discount rate of 3.0 percent (2015 - 2.55 percent) and a rate of salary increase of 3.5 percent (2015 - 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, 2014 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 $4,773,999 (2015 - $4,298,496) and are included in the statement of operations and changes in fund balances. Employer contribution rates increased on April 1, 2015 to 8.9 percent (April 1, 2014 - 8.7 percent) of pensionable earnings up to the yearly maximum pensionable earnings limit (YMPE) and 10.5 percent (April 1, 2014 - 10.3 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, 2016, net resources of CCMF Inc. amounted to $55,179,067 (2015 - $49,692,330), of which $19,742,485 (2015 - $19,405,831) 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 $6,982,759 (2015 - $5,613,600) 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 $6,814,775 at March 31, 2016 (2015 - $3,561,786).

17. Change in non-cash operating working capital

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

	2016	2015 (restated, note 3)
General Fund		
Due from Manitoba Health	$ (639,081)	$ (1,653,392)
Accounts receivable	(151,067)	(498,407)
Inventory	1,110,045	(510,892)
Prepaid expenses	(635,250)	139,362
Accounts payable and accrued liabilities	4,021,018	256,863
Due to Manitoba Health	(7,620,234)	6,995,510
	(3,914,569)	4,729,044
Clinical, Basic Research and Special Projects Fund		
Accounts receivable	(3,771,011)	(2,134,324)
Accounts payable and accrued liabilities	217,117	5,740
	(3,553,894)	(2,128,584)
	$ (7,468,463)	$ 2,600,460

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, 2016 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, 2016 is $1,316 (2015 - nil).

There have been no significant changes to the credit risk exposure from 2015.

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 2015.

(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.

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 the 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, 2016, 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 2015.

CANCERCARE MANITOBA

Short-Term Investments

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

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

March 31, 2015

Description	Interest rate %	Maturity date		Cost		Fair value
General Fund:						
Restricted investment:						
Corporate	1.50%	12-18-2015	$	1,048,888	$	1,048,888
Bonds:						
Municipal	4.375%	10-28-2015		214,940		203,985
Corporate	1.15% to 1.40%	10-21-2015 to 01-02-2016		2,000,277		2,000,277
				2,215,217		2,204,262
Total short-term investments - General Fund			$	3,264,105	$	3,253,150
Special Projects Fund:						
Bonds:						
Provincial	4.30%	12-03-2015	$	324,433	$	306,967
Corporate	3.36% to 5.161%	06-26-2015 to 02-15-2016		464,328		448,393
				788,761		755,360
Deposit Notes:						
Corporate	4.03% to 5.18%	05-26-2015 to 06-10-2015		320,277		301,776
Total short-term investments - Special Projects Fund			$	1,109,038	$	1,057,136
Total short-term investments			$	4,373,143	$	4,310,286

CANCERCARE MANITOBA

Investments

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

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

March 31, 2015

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%	09-08-2017 to 12-01-2019		5,244,260		5,414,570
Municipal	2.25% to 4.60%	06-29-2016 to 06-27-2018		1,313,654		1,304,732
Corporate	2.30% to 4.55%	12-08-2016 to 10-21-2019		5,824,121		5,858,110
				12,382,035		12,577,412
Deposit Notes:						
Corporate	2.24% to 2.948%	08-02-2016 to 07-25-2019		6,560,832		6,662,711
Total investments - General Fund			$	19,992,330	$	20,289,586
Special Projects Fund:						
Bonds:						
Provincial	1.85% to 2.45%	09-08-2017 to 12-01-2019	$	607,727	$	624,197
Municipal	2.50% to 4.55%	11-14-2016 to 08-13-2017		465,720		463,390
Corporate	2.25% to 5.48%	02-23-2017 to 04-02-2020		1,195,623		1,215,290
				2,269,070		2,302,877
Deposit Notes:						
Corporate	2.281% to 4.10%	10-17-2016 to 07-25-2019		643,914		652,699
Total investments – Special Projects Fund			$	2,912,984	$	2,955,576
Total investments			$	22,905,314	$	23,245,162

LE CENTRE CULTUREL FRANCO-MANITOBAIN

FINANCIAL STATEMENTS
MARCH 31, 2016

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 financial statements of **Le Centre Culturel Franco-Manitobain**, which comprise the statement of financial position as at **March 31, 2016** and the 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 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 **Le Centre Culturel Franco-Manitobain** as at **March 31, 2016** and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

Lise Deleurme
Chartered Accountant Inc.

Notre-Dame-de-Lourdes, Manitoba
June 20, 2016

Lise Deleurme Chartered Accountant Inc.

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LE CENTRE CULTUREL FRANCO-MANITOBAIN
STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2016

		2016		2015
ASSETS				
CURRENT				
Cash and bank	$	**9,280**	$	83,591
Grants receivable		**81,120**		66,505
Accounts receivable		**88,153**		75,682
Accounts receivable Province du Manitoba (Note 2)		**25,891**		25,891
Prepaid expenses		**15,165**		21,328
GST receivable		**14,639**		10,817
Inventory		**1,059**		7,903
		235,307		291,717
LONG TERM				
Capital assets (Note 3)		**93,911**		112,152
	$	**329,218**	$	403,869
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Bank indebtedness (Note 4)	$	**50,285**	$	-
Accounts payable and accrued liabilities		**163,226**		257,189
Deferred revenue (Note 5)		**28,736**		16,023
Rental and damage deposits		**16,525**		18,450
		258,772		291,662
LONG TERM LIABILITIES				
Deferred contributions related to capital assets (Note 6)		**30,044**		37,557
		288,816		329,219
CONTINGENCIES (Note 11)				
FUND BALANCES				
Unrestricted Funds				
Operations		**(146,121)**		(1,852)
Cultural programs		**122,656**		1,907
Internally Restricted Funds				
Invested in Capital Assets (Note 7)		**63,867**		74,595
		40,402		74,650
	$	**329,218**	$	403,869

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.

LE CENTRE CULTUREL FRANCO-MANITOBAIN
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2016

	Operations	Cultural Programs	Invested in Capital Assets	Future Site Development	2016 Total	2015 Total
REVENUES						
Grants						
Province of Manitoba	$ 461,700	$ 73,850	$ 125,000	$ -	$ 660,550	$ 660,600
Government of Canada	68,172	117,998	-	-	186,170	180,000
Other	-	61,054	-	-	61,054	39,697
Amortization of deferred contributions	-	-	7,513	-	7,513	9,423
Hall rental sales	167,935	-	-	-	167,935	176,866
Rent	137,447	-	-	-	137,447	75,875
Admission fees	-	101,587	-	-	101,587	105,416
Technical services	73,393	-	-	-	73,393	67,199
Food and beverage sales	17,113	34,945	-	-	52,058	67,062
Sponsorships and donations	200	12,200	-	-	12,400	14,358
Janitorial services	5,873	-	-	-	5,873	6,704
Interest income	1,897	-	-	-	1,897	3,987
Other	519	1,294	-	-	1,813	7,731
Stamp and photocopy sales	1,770	-	-	-	1,770	2,459
Administration fees	1,212	6	-	-	1,218	2,686
	937,231	402,934	132,513	-	1,472,678	1,420,063
EXPENSES (See schedule)	1,068,741	282,185	156,000	-	1,506,926	1,459,575
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR	$ (131,510)	$ 120,749	$ (23,487)	$ -	$ (34,248)	$ (39,512)
FUND BALANCES, BEGINNING OF YEAR, AS PREVIOUSLY STATED	(26,452)	1,907	74,595	-	50,050	114,162
PRIOR PERIOD ADJUSTMENT (Note 13)	24,600	-	-	-	24,600	-
FUND BALANCES, BEGINNING OF YEAR, RESTATED	(1,852)	1,907	74,595	-	74,650	114,162
INTERFUND TRANSFER	(12,759)	-	12,759	-	-	-
FUND BALANCES, END OF YEAR	$ (146,121)	$ 122,656	$ 63,867	$ -	$ 40,402	$ 74,650

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

LE CENTRE CULTUREL FRANCO-MANITOBAIN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2016

		2016		2015
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES				
Cash received from:				
Grants	**$**	**987,052**	$	828,931
Rent		**323,250**		269,732
Sales and services		**219,770**		233,702
Interest		**1,897**		3,987
Other		**1,531**		7,678
Cash paid for:				
Salaries and benefits		**(655,827)**		(660,137)
Projects, materials and supplies		**(1,001,180)**		(668,288)
		(123,507)		15,605
CASH FLOWS USED IN INVESTING ACTIVITIES				
Acquisition of capital assets		**(1,089)**		(49,848)
(DECREASE) INCREASE IN CASH DURING THE YEAR		**(124,596)**		(34,243)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		**83,591**		117,834
CASH AND AND CASH EQUIVALENTS, END OF YEAR	**$**	**(41,005)**	$	83,591
Represented by:				
Cash and bank	**$**	**9,280**	$	83,591
Bank indebtedness		**(50,285)**		-
	$	**(41,005)**	$	83,591

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

BASIS OF PRESENTATION

The 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.

REVENUE RECOGNITION

The corporation follows the deferral method accounting for contributions.

The financial resources of the corporation are allocated to four 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.

(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.

Future site development fund - This fund is an internally restricted fund established to cover costs of future development of the corporation's premises.

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 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.

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 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 statement of financial position date and charged to the financial instrument for those measured at amortized cost.

CASH AND CASH EQUIVALIENTS

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%
Air Make up Unit	10%
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 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 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

		2016		**2015**
	Cost	**Accumulated amortization**	Cost	Accumulated amortization
Technical equipment	**$ 201,563**	**$ 181,937**	$ 201,563	$ 177,031
Computer equipment	**138,313**	**134,629**	138,313	133,051
Air Make-up System	**47,659**	**9,055**	47,659	4,766
Furniture and fixtures	**37,200**	**27,866**	37,200	25,374
Security system	**30,420**	**27,870**	30,420	27,232
Electric sign	**29,409**	**17,362**	29,409	14,351
Maintenance equipment	**29,772**	**26,829**	28,683	26,096
Kitchen equipment	**15,541**	**14,263**	15,541	13,943
Cash registers	**8,999**	**7,401**	8,999	7,001
Telephone equipment	**6,552**	**4,305**	6,552	3,342
	$ 545,428	**$ 451,517**	$ 544,339	$ 432,187
Net book value		**$ 93,911**		$ 112,152

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, 2016). The line of credit is secured by a general security agreement. At March 31, 2016, the line of credit has a balance of $50,285 ($Nil at March 31, 2015)

5. DEFERRED REVENUE

Deferred revenue represents unspent resources received during the year related to matching expenses of subsequent periods.

		2016		2015
Province of Manitoba - Cultural Programs		**22,550**		6,500
Other sources of funding - Cultural Programs		**3,350**		7,972
Other revenues - Operating		**2,836**		1,551
Balance, end of year	**$**	**28,736**	$	16,023

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.

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

		2016		2015
Balance, beginning of year	**$**	**37,557**	$	46,980
Amount amortized to revenue		**(7,513)**		(9,423)
Balance, end of year	**$**	**30,044**	$	37,557

7. INVESTED IN CAPITAL ASSETS

Investment in capital assets is calculated as follows :

	2016	2015
Capital assets	$ 93,911	$ 112,152
Less deferred contributions	(30,044)	(37,557)
	$ 63,867	$ 74,595

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.

9. 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 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:

	2016	2015
Grants receivable	**$ 81,120**	$ 66,505
Accounts receivable	**88,153**	75,682
Accounts receivable - Province of Manitoba	**25,891**	25,891
GST receivable	**14,639**	10,817
	$ 209,803	$ 178,895

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

As at March 31, 2016, there are four separate legal claims against the corporation. The probable outcome of the claims is not determinable at this time. No accrual has been recorded in the financial statements.

12. PUBLIC SECTOR COMPENSATION DISCLOSURE ACT

In accordance with this Act the amount of compensation paid or provided in the calendar year 2015 directly or indirectly,

(a) to, or for the benefit of, the chairperson of its board of directors or equivalent governing body, if any, if the chairperson's compensation is $50,000. or more;

(b) in the aggregate, to, or for the benefit of, its board members, if any;

(c) individually, to, or for the benefit of, each of its officers and employees whose compensation is $50,000. or more

is as follows:

EMPLOYEE	**POSITION**	**COMPENSATION**
S. Lanthier	Co-Chief Executive Officer	$ 70,052
M. Prescott	Co-Chief Executive Officer	55,667

13. PRIOR PERIOD ADJUSTMENTS

In March 2016, the organization was advised by the Province that a change in purpose for unspent grant funding received in 2010-2011 had been approved for the 2014-15 fiscal year. For the year ended March 31, 2015 the organization reduced its accrued liabilities and recognized the grant funding as revenue. The result of this restatement is that the excess of revenue over expense has increased by $84,600 for the year ended March 31, 2015.

An adjustment as also been made to the 2015 fiscal year for a lease inducement fee of $60,000 paid to a tenant. The result of this restatement is that the excess of revenue over expenese has decreased by $60,000 for the year ended March 31, 2015.

LE CENTRE CULTUREL FRANCO-MANITOBAIN
SCHEDULE OF EXPENSES
For the year ended March 31, 2016

	Operations	Cultural Programs	Invested in Capital Assets	Internally Restricted	2016 Total	2015 Total
EXPENSES						
Salaries	$ 567,285	$ 97,168	$ -	$ -	$ 664,453	$ 646,905
Repairs and maintenance	130,891	785	136,670	-	268,346	129,720
Employment and other contracts	98,604	114,510	-	-	213,114	207,787
Utilities	84,422	-	-	-	84,422	70,436
Hall rental and technical services	35,784	3,206	-	-	38,990	30,967
Food and beverage	18,630	15,648	-	-	34,278	45,716
Computer and technology	31,345	-	-	-	31,345	30,289
Supplies	25,337	2,279	-	-	27,616	30,439
Travel	555	26,902	-	-	27,457	45,280
Professional and consulting fees	26,585	485	-	-	27,070	66,749
Insurance	21,308	-	-	-	21,308	21,587
Amortization of capital assets	-	-	19,330	-	19,330	23,592
Advertising and promotion	1,593	11,438	-	-	13,031	16,550
Fees and dues	4,539	4,297	-	-	8,836	6,444
Telephone and internet	7,586	-	-	-	7,586	7,092
Bank charges and interest	6,493	-	-	-	6,493	5,147
Materials	2,777	1,925	-	-	4,702	5,410
Bad debt	2,293	779	-	-	3,072	-
Meetings	2,473	281	-	-	2,754	1,808
Other	241	2,482	-	-	2,723	7,657
Lease incentives	-	-	-	-	-	60,000
	$ 1,068,741	$ 282,185	$ 156,000	$ -	$ 1,506,926	$ 1,459,575

COMMUNITIES ECONOMIC DEVELOPMENT FUND

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2016

KENDALL & PANDYA

Chartered Accountants

300-31 Main St., P.O. Box 175, Flin Flon, MB R8A 1M7 (204) 687-8211 Fax 687-2957
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Partners.... David Kendall, FCA *
Manisha Pandya, CA *

* Operating as professional corporations

INDEPENDENT AUDITOR'S 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, 2016 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 generally accepted accounting principles, 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 conducted 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 depend on the auditor's judgement, including 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 Communities Economic Development Fund, as at March 31, 2016 and its operations and cash flows for the year then ended in accordance with Canadian auditing standards for not-for-profit organizations.

Kendall & Pandya
CHARTERED ACCOUNTANTS

Thompson, Manitoba
May 17, 2016

COMMUNITIES ECONOMIC DEVELOPMENT FUND
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2016

ASSETS

CURRENT ASSETS	2016	2015
Cash	**$ 1,138,600**	$ 948,451
Trust Deposits - Province of Manitoba	**612,094**	1,298,770
Due from the Province of Manitoba (Note 2)	**4,083,036**	3,179,793
Accounts Receivable	**198,584**	10,813
Property Held for Resale	**4,419**	4,419
Prepaid Expenses	**11,010**	4,444
	6,047,743	5,446,690
Loans Receivable (Note 3)	**26,791,512**	27,885,300
Capital Assets (Note 4)	**923,821**	959,278
	27,715,333	28,844,578
	$ 33,763,076	$ 34,291,268

LIABILITIES

CURRENT LIABILITIES		
Accounts payable and Accrued Liabilities	**$ 1,382,740**	$ 1,180,452
Deferred Contributions (Note 5)	**145,784**	157,233
Interest Payable to the Province of Manitoba	**232,857**	267,500
	1,761,381	1,605,185
Accrued Pension Liability (Note 6)	**2,569,697**	2,419,610
Advances by the Province of Manitoba (Note 7)	**29,431,998**	30,266,473
	33,763,076	34,291,268
NET ASSETS	**-**	-
	$ 33,763,076	$ 34,291,268

Commitments (Note 8)

APPROVED BY THE BOARD OF DIRECTORS:

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Original Document Signed

KENDALL & PANDYA, Chartered Accountants

COMMUNITIES ECONOMIC DEVELOPMENT FUND
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2016

	2016	2015
REVENUE		
Loan Interest		
Business Program	$ 1,125,751	$ 879,772
Fisheries Program	677,752	673,917
Investment Income	26,856	57,964
	1,830,359	1,611,653
COST OF FUNDS		
Interest paid to the Province of Manitoba		
Business Program	476,231	437,166
Fisheries Program	288,907	300,067
Life Insurance	112,895	117,783
Trust Line of Credit	-	-
	878,033	855,016
GROSS MARGIN	952,326	756,637
OPERATING EXPENDITURES (Note 12)	(2,108,260)	(1,764,725)
	(1,155,934)	(1,008,088)
OTHER REVENUE		
Administration fees	180,158	183,729
Program Revenues	254,700	78,342
	434,858	262,071
Deficiency of Revenue Over Expenditures		
Before Provision for Doubtful Loans	(721,076)	(746,017)
Provisions for Doubtful Loans		
Regular Operations	708,880	723,389
Deficiency of Revenue Over Expenditures before		
Subsidy due from Province of Manitoba	(1,429,956)	(1,469,406)
Subsidy due from Province of Manitoba	1,429,956	1,469,406
Excess of Revenue Over Expenditures	-	-
Net Assets, beginning of Year	-	-
Net Assets, end of Year	$ -	$ -

KENDALL & PANDYA, Chartered Accountants

COMMUNITIES ECONOMIC DEVELOPMENT FUND

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2016

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of Revenue over Expenditures for the year	$ -	$ -
Adjustments for Non-cash Items	-	-
Amortization of Capital Assets	44,467	29,792
Provision for Doubtful Loans	708,880	723,389
	753,347	753,181
Net Changes in Working Capital Balances		
Accounts Receivable	(187,771)	58,055
Prepaid Expenses	(6,566)	843
Accounts Payable and Accrued Liabilities	202,288	676,166
Deferred Contributions	(11,449)	(31,813)
Interest Payable to the Province of Manitoba	(34,643)	8,250
Accrued Pension Liability	150,087	(374,721)
Property for Resale	-	6
	865,293	1,089,967
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Increase (Decrease) in Amounts Due from Province of Manitoba	(903,243)	(234,749)
Net Increase (Decrease) in Advance by the Province of Manitoba	(834,475)	3,956,574
	(1,737,718)	3,721,825
CASH FLOWS FROM CAPITAL ACTIVITY		
Acquisition of Capital Assets	(9,010)	(45,789)
CASH FLOWS FROM INVESTING ACTIVITY		
Change in Loans Receivable Net of Repayments	384,908	(4,669,304)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(496,527)	96,699
CASH AND CASH EQUIVALENTS, Beginning of Year	2,247,221	2,150,522
CASH AND CASH EQUIVALENTS, End of Year	$ 1,750,694	$ 2,247,221
REPRESENTED BY:		
Cash and Bank	$ 1,138,600	$ 948,451
Term Deposits - Province of Manitoba	612,094	1,298,770
	$ 1,750,694	$ 2,247,221

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 object of the Fund is 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 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 $4,083,036 ($3,179,793 in 2015) represents additional funds needed to fund the actual requirements for the year including the pension liability. The balance is comprised of the following:

	2016	2015
Department of Aboriginal and Northern Affairs		
- Subsidy Refundable	$ 579,132	$ (44,643)
Order in Council Pending	700,390	593,907
Pension, Unfunded	2,540,447	2,389,537
Pension, Funded	30,012	27,891
Severance Accrued, Unfunded	233,055	213,101
	$ 4,083,036	$ 3,179,793

3. LOANS RECEIVABLE

Loans receivable by program are as follows:

Business Loans Program

	2016	2015
Interest rates applied range from 4.95% to 8.77%		
Principal	$ 19,367,358	$ 20,216,389
Accrued interest	845,356	1,242,640
	20,212,714	21,459,029
Allowance for doubtful loans	(2,264,499)	(3,250,287)
Total Business Loans Program	$ 17,948,215	$ 18,208,742

Fisheries Loans Program		
Interest rates applied range from 4.109% to 6.314%		
Principal	**$ 11,146,648**	$ 11,810,502
Accrued interest	**560,998**	852,218
	11,707,646	12,662,720
Allowance for doubtful loans	**(2,853,606)**	(2,986,162)
Unallocated payments	**(10,743)**	-
Total Fisheries Loans Programs	**8,843,297**	9,676,558
Total Business and Fisheries Loan Programs	**$ 26,791,512**	$ 27,885,300

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

	2016		2015	
	Gross Loan Balances	**Total Allowance**	Gross Loan Balance	Total Allowance
Business Loans Program				
Impaired	**$ 3,539,014**	**$ 1,029,082**	$ 3,529,450	$ 2,349,365
Performing	**16,673,700**	**1,235,417**	17,929,579	900,922
	20,212,714	**2,264,499**	21,459,029	3,250,287
Fisheries Loans Program				
Impaired	**$ 2,853,607**	**$ 2,853,606**	$ 2,986,162	$ 2,986,162
Performing	**8,854,039**	**-**	9,676,558	-
	$ 11,707,646	**$ 2,853,606**	$ 12,662,720	$ 2,986,162

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

Business Loans Program	**Specific**	**Non-Specific**	Total 2016	Total 2015
Balance, beginning of year	**$ 2,349,365**	**$ 900,922**	$ 3,250,287	$ 2,760,481
Provision for the year	**(998,293)**	**334,495**	(663,798)	791,646
	$ 1,351,072	**$ 1,235,417**	$ 2,586,489	$ 3,552,127
Loans written off	**(321,990)**	**-**	(321,990)	(301,840)
Balance, end of year	**$ 1,029,082**	**$ 1,235,417**	$ 2,264,499	$ 3,250,287

Fisheries Loan Program	**2016**	2015
Balance, beginning of year	**$ 2,986,162**	$ 3,131,947
(Recovery) provision for the year	**599,117**	151,052
	$ 3,585,279	$ 3,282,999
Loans written off	**(731,673)**	(296,837)
	$ 2,853,606	$ 2,986,162

The provision for fisheries loans losses recorded by the Fund exceeds the value derived by the net present value formula as at March 31, 2016 by NIL (Nil in 2015).

	2016	2015
Loan Loss Provision		
Per accounts	$ 2,853,606	$ 2,986,162
Per net present value calculation	(2,853,606)	(2,986,162)
	$ -	$ -

4. CAPITAL ASSETS

	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

	Costs	Accumulated Amortization	2015 Net Book Value
Land	$ 92,482	$ -	$ 92,482
Building	931,236	116,405	814,831
Office Furniture and Equipment	213,130	161,165	51,965
Parking Lot	73,000	73,000	-
Total	$ 1,309,848	$ 350,570	$ 959,278

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:

	2016	2015
Balance, beginning of year	$ 157,233	$ 189,046
Recognized during the year	(11,449)	(31,813)
	$ 145,784	$ 157,233

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, 2016.

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

	2016	2015
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 contributions to the Manitoba Civil Service Superannuation Fund which amounted to 50% of the pension payments made to retired employees. Beginning in the 1989 fiscal year the Fund has recorded a provision to fund current service obligations. 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, 2016, to be $ 233,055 ($213,100 in 2015) 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, 2016 of $11,914 ($10,727 in 2015). 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 2015. 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:

	2016	2015
Business Loan Program		
Advances, beginning of year	$ 22,477,817	$ 18,826,176
Loan Advances	6,700,000	8,640,000
Loan Advances Repayments	(6,835,317)	(4,988,359)
Advances, end of year	$ 22,342,500	$ 22,477,817
Unfunded allowance for doubtful loans, beginning of year	$ 2,990,833	$ 2,392,442
Provision for doubtful loans	109,763	791,646
Loans written off as approved by Order in Council	(243,522)	(193,255)
Loans written off as approved by Board of Directors	(773,562)	
Unfunded allowance for doubtful loans, end of year	$ 2,083,512	2,990,833
Net advances balance, end of year	$ 20,258,988	$ 19,486,984

	2016	2015
Fisheries Loans Program		
Advances, beginning of year	$ 13,757,375	$ 12,659,793
Loan Advances	3,000,000	4,506,000
Loan Advances Repayments	(4,683,506)	(3,408,418)
Advances, end of year	$ 12,073,869	$ 13,757,375
Unfunded allowance for doubtful loans, beginning of year	3,839,340	3,671,226
(Recovery) Provision for doubtful loans	599,117	168,114
Loans written off as approved by Order in Council	(703,656)	-
Unfunded allowance for doubtful loans, end of year	3,734,801	3,839,340
Net advances balance, end of year	$ 8,339,068	$ 9,918,035

Net Advances due by the Province of Manitoba are as follows:	2016	2015
Business Loans Program	$ 20,258,988	$ 19,486,984
Fisheries Loans Program	8,339,068	9,918,035
Building Mortgage	833,942	861,454
	$ 29,431,998	$ 30,266,473

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 2.750% with a weighted cost of capital of 2.19%.

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:

2017	$ 10,600,603
2018	$ 11,728,317
2019	$ 9,112,372
2020	$ 5,718,505
2021	$ 4,018,165

8. COMMITMENTS

Total undisbursed balances of approved loans are $3,033,361 as at March 31, 2016 ($1,069,635 at March 31, 2015).

9. LOAN ACT AUTHORITY

Amounts authorized for advances under The Loan Act 2015 are as follows:

	2016	2015
The Loan Act, 2015	**$ 18,000,000**	$ 13,146,000
Authority used	**5,000,000**	13,146,000
Unused Loan Act Capital Available	**$ 13,000,000**	**$ -**

The 2015 Loan Act approval of $18,000,000 does not include the $4,700,000 incremental authority provided and fully used during the current fiscal year under section 63 of the Financial Administration Act.

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 charges 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 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 $27,000,839 ($27,896,113 in 2015) 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 $27,414,349 ($29,184,070 in 2015) in interest bearing deposits and loans receivable at March 31, 2016. 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 becomes due, and arises 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

	2016	2015
Amortization of Capital Assets	$ 44,467	$ 29,792
Collection Costs	39,639	113,311
Communications	47,566	44,567
Credit Reports	4,164	4,146
Directors' Fees and Expenses	69,055	81,563
Government Vehicle	39,927	38,863
Insurance	6,518	8,569
Legal Costs	24,790	13,336
MAFRI	86,719	95,206
Mortgage Interest	44,699	46,031
Office Supplies and Expenses	48,164	37,717
Pension	233,109	58,391
Professional Fees	50,982	65,627
Program Expenses	225,118	74,386
Rent and Utilities	29,039	30,066
Repair and Maintenance	21,616	11,542
Salaries and Benefits	1,029,876	961,833
Sundry	17,690	14,016
Travel	45,122	35,763
	$ 2,108,260	$ 1,764,725

13. OPERATING LEASE

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

March 31, 2017	$	8,152
2018	$	8,152
2019	$	6,114
2020	$	-
2021	$	-

Aggregate figure minimum operating lease payments total $22,418.

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

August 31, 2016

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, 2016 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.

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James Wilson
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, 2016 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, 2016 in accordance with Canadian public sector accounting standards.

Office of the Auditor General

Office of the Auditor General
August 31, 2016
Winnipeg, Manitoba

The Co-operative Loans and Loans Guarantee Board

Schedule of Loans and Loan Guarantee Transactions

Year ended March 31, 2016

Loans (note 3)	March 31, 2015	Additions	Repayment	March 31, 2016
Neechi Foods Co-op Ltd.	$ 1,156,663	$ 452,819	$ -	$ 1,609,482
	$ 1,156,663	$ 452,819	$ -	$ 1,609,482

Loan Guarantees (note 4)	March 31, 2015	Additions	Repayment	March 31, 2016
Springfield Seniors Non-Profit Housing Cooperative	$ 720,768		$ (448,080)	$ 272,688
	$ 720,768	$ -	$ (448,080)	$ 272,688

On behalf of the Board:

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Director

Original Document Signed

Director

The Co-operative Loans and Loans Guarantee Board

Notes to the Schedule

Year ended March 31, 2016

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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 is empowered to make loans or guarantee loans to cooperative organizations in Manitoba. Manitoba Housing and Community Development administer the activities of the CLLGB. 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. Subsequent to year-end, the responsibilities of CLLGB have transferred to the Department of Growth, Enterprise and Trade.

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 August 20, 2012, the CLLGB approved a loan up to $1,140,000 to Neechi Foods Co-op Ltd. The loan was authorized by Order in Council up to $1,140,000 to the CLLGB and subsequently on November 21, 2012, the initial loan payment of $640,000 was issued. Repayment of the loan was due two years after the first advance. During 2013/14 CLLGB issued the remaining $500,000 loan payment to Neechi Foods Co-op Ltd and subsequently, Neechi Foods Co-op Ltd paid $20,527 in interest payments against the loan. On December 2, 2014, the Treasury Board approved a two-year extension of the loan and the capitalization of accrued interest as of November 22, 2014. The accrued interest of $16,663 was added to the outstanding balance of $1,140,000 for a revised loan of $1,156,663. Interest is calculated at the Province of Manitoba's floating rate. Interest accrued to March 31, 2015 is $8,916. On December 21, 2015, additional loan of $500,000 was approved by Order in Council of which $452,819 were advanced. As at March 31, 2016, the loan balance is $1,609,482 and the floating rate is 1.95%. Accrued interest as of March 31, 2016 calculated at $34,084 can only be capitalized upon Treasury Board approval. Repayment of the loan is due November 22, 2016 and interest is due quarterly.

The Co-operative Loans and Loans Guarantee Board

Notes to the Schedule

Year ended March 31, 2016

4. Loan guarantees

Springfield Seniors Non-Profit Housing Co-operative Ltd.

On May 14, 2014, the CLLGB approved a loan guarantee up to $900,000. The Oakbank Credit Union Ltd. accepted the loan guarantee and signed an agreement with the Springfield Seniors Non-Profit Housing Co-Operative Ltd. and the CLLGB dated July 30, 2014. The loan guarantee came into effect once 37 shares out of 47 shares were sold. The loan guarantee is to be reduced by $89,616 when each remaining ten of the 47 shares are sold. The loan guarantee is to be further reduced by way of the Refundable Rental Housing Construction Tax Credit, if and when received by the Co-op once construction is complete. The expiry date of the loan guarantee is when all 47 units have been committed or March 31, 2016 whichever is sooner. On March 22, 2016, the Cooperative Loans and Loans Guarantee Board approved the request to extend agreement term to December 31,2016. At March 31, 2016, three shares are still outstanding. The loan guarantee has been reduced for $89,616 for each one of the five shares sold which is $448,080 reduction of the loan guarantee. The remaining balance at March 31, 2016 for the loan guarantee is $272,688.

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:

	2016
The Loan Act, 2015	$ 5,640,000
Outstanding loans:	
Loans - advanced in prior years	(1,156,663)
Loans - advanced in 2015/16	(452,819)
	(1,609,482)
Guarantees	(272,688)
	$ 3,757,830

6. Compensation disclosure

The Public Sector Compensation Disclosure Act requires disclosure of the aggregate compensation paid The Co-operative Loans and Loans Guarantee 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, 2015 to March 31, 2016, The Co-operative Loans and Loans Guarantee Board paid board members an aggregate of $691 (2014 - $1,027). This amount is included in note 7. No individuals received compensation of $50,000 or more.

7. Contributed services

The Government of the Province of Manitoba provides the services of support staff, other administrative support services, office space and utilities. The cost of support staff services for 2016 is estimated at $7,739 (2015 - $17,224) with another $5,500 (2015 - $6,592) for provincially paid identified expenses. The costs of other administrative support services, office space and utilities are deemed too difficult to estimate and as such no amount has been determined.

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

August 10, 2016

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, 2016 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.

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Duane Nicol
Chairperson of the Board

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Cooperative Promotion Board, which comprise the statement of financial position as at March 31, 2016, 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, 2016, 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
August 10, 2016
Winnipeg, Manitoba

The Cooperative Promotion Board

Statement of Financial Position

As at March 31, 2016, with comparative figures for 2015

	General Account 2016	Commercial Fishing Account 2016	Total 2016	General Account 2015	Commercial Fishing Account 2015	Total 2015
Assets						
Current assets:						
Cash (note 3)	$ 42,134	$ 28,581	**$ 70,715**	$ 91,928	$ 32,304	**$ 124,232**
Accounts receivable	419	43	**462**	418	45	**463**
Prepaid expenses	294	-	**294**	461	-	**461**
Current investments (note 4)	64,400	-	**64,400**	-	-	**-**
	107,247	28,624	**135,871**	92,807	32,349	**125,156**
Investments (note 4)	64,400	45,587	**109,987**	128,800	45,580	**174,380**
	$ 171,647	$ 74,211	**$ 245,858**	$ 221,607	$ 77,929	**$ 299,536**
Liabilities, Deferred Revenue and Fund Balances						
Current liabilities:						
Accounts payable and accrued liabilities	$ -	$ -	**$ -**	$ 1,079	$ -	**$ 1,079**
Deferred revenue (note 5)	-	-	**-**	27,300	-	**27,300**
Fund balances:						
Contributed capital (note 8)	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**
Commitments (note 11)						
	$ 171,647	$ 74,211	**$ 245,858**	$ 221,607	$ 77,929	**$ 299,536**

See accompanying notes to financial statements

On behalf of the Board:

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Director

Original Document Signed

Director

The Cooperative Promotion Board

Statement of Operations

Year ended March 31, 2016, with comparative figures for 2015

	General Account 2016	Commercial Fishing Account 2016	Total 2016	General Account 2015	Commercial Fishing Account 2015	Total 2015
Revenue:						
Interest	$ 3,575	$ 1,276	**$ 4,851**	$ 4,043	$ 1,078	**$ 5,121**
Dividend	-	7	**7**	-	9	**9**
Contributed services (note 7)	13,321	-	**13,321**	18,343	-	**18,343**
Grants from the Province of Manitoba (note 5)	26,950	-	**26,950**	-	-	**-**
Total revenue	43,846	1,283	**45,129**	22,386	1,087	**23,473**
Expenses:						
Grants (schedule 1)	22,535	5,000	**27,535**	13,103	-	**13,103**
Administrative services (note 7)	8,412	-	**8,412**	13,401	-	**13,401**
Annual report	225	-	**225**	187	-	**187**
Board members' meals and travel	82	-	**82**	741	-	**741**
Board members' remuneration	888	-	**888**	1,125	-	**1,125**
Liability insurance	791	-	**791**	915	-	**915**
Membership fees	984	-	**984**	955	-	**955**
Miscellaneous	(124)	1	**(123)**	318	-	**318**
Professional services	3,672	-	**3,672**	3,672	-	**3,672**
Promotional campaign	26,950	-	**26,950**	-	-	**-**
Seminars and workshops	1,012	-	**1,012**	1,030	-	**1,030**
	65,427	5,001	**70,428**	35,447	-	**35,447**
Excess (deficiency) of revenue over expenses	$ (21,581)	$ (3,718)	**$ (25,299)**	$ (13,061)	$ 1,087	**$ (11,974)**

See accompanying notes to financial statements

The Cooperative Promotion Board

Statement of Changes in Fund Balances

Year ended March 31, 2016, with comparative figures for 2015

	General Account 2016	Commercial Fishing Account 2016	Total 2016	General Account 2015	Commercial Fishing Account 2015	Total 2015
Fund balances, beginning of year						
Contributed capital	$ 128,800	$ -	**$ 128,800**	$ 128,800	$ -	**$ 128,800**
General account	64,428	-	**64,428**	77,489	-	**77,489**
Commercial Fishing account	-	77,929	**77,929**	-	76,842	**76,842**
	193,228	77,929	**271,157**	206,289	76,842	**283,131**
Excess (deficiency) of revenue over expenses	(21,581)	(3,718)	**(25,299)**	(13,061)	1,087	**(11,974)**
Fund balances, end of year	$ 171,647	$ 74,211	**$ 245,858**	$ 193,228	$ 77,929	**$ 271,157**

See accompanying notes to financial statements

The Cooperative Promotion Board

Statement of Cash Flows

Year ended March 31, 2016, with comparative figures for 2015

	General Account 2016	Commercial Fishing Account 2016	Total 2016	General Account 2015	Commercial Fishing Account 2015	Total 2015
Excess (deficiency) of revenue over expenses	$ (21,581)	$ (3,718)	**$ (25,299)**	$ (13,061)	$ 1,087	**$ (11,974)**
Operating activities:						
Changes in the following:						
Accounts receivable	(1)	2	**1**	700	152	**852**
Prepaid expenses	167	-	**167**	47	-	**47**
Accounts payable	(1,079)	-	**(1,079)**	1,079	-	**1,079**
Deferred Revenue	(27,300)	-	**(27,300)**	-	-	**-**
Net increase/(decrease) in deferred revenue	-	-	**-**	-	-	**-**
	(49,794)	(3,716)	**(53,510)**	(11,235)	1,239	**(9,996)**
Financing activities:						
Purchase of investments	-	-	**-**	(64,400)	(45,000)	**(109,400)**
Proceeds from matured investments	-	-	**-**	64,400	41,724	**106,124**
Dividends	-	(7)	**(7)**	-	(9)	**(9)**
	-	(7)	**(7)**	-	(3,285)	**(3,285)**
Net increase/(decrease) in cash	(49,794)	(3,723)	**(53,517)**	(11,235)	(2,046)	**(13,281)**
Cash, beginning of year	91,928	32,304	**124,232**	103,163	34,350	**137,513**
Cash, end of year	$ 42,134	$ 28,581	**$ 70,715**	$ 91,928	$ 32,304	**$ 124,232**
Supplementary cash flow information:						
Interest received	$ 3,574	$ 1,278	**$ 4,852**	$ 4,286	$ 1,230	**$ 5,516**

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. The Department of Housing and Community Development administers the activities of the CPB. Subsequent to year-end, the responsibilities of CPB have transferred 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

Housing and Community Development provides administrative services to the CPB at no cost. The value of these contributed administrative services is 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 gains or loss occurs.

The CPB did not incur any remeasurement gains or losses during the year (2015 - nil).

f) Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumption 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 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 $42,134 (2015 - $91,928) held in a high yielding savings account at Assiniboine Credit Union at a fixed rate of 0.55% effective March 31, 2016. Interest is paid monthly.

Commercial Fishing account

The cash balance for the Commercial Fishing Account includes $28,581 (2015 - $32,304) held in a high yield savings account at Assiniboine Credit Union at a fixed rate of 0.55% effective March 31, 2016. 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

	2016	2015
General Account		
2.50% GIC - term January 10, 2014 to January 9, 2017	$ 64,400	$ -
	$ 64,400	$ -

Long-term investments

	2016	2015
General Account		
2.50% GIC - term January 10, 2014 to January 9, 2017	$ -	$ 64,400
2.45% GIC - term March 17, 2015 to September 17, 2017	64,400	64,400
	64,400	128,800
Commercial Fishing Account		
ACU - surplus shares	587	580
2.45% GIC - term March 17, 2015 to September 17, 2017	45,000	45,000
	45,587	45,580
	$ 109,987	$ 174,380

5. Deferred revenue

On March 26, 2013, the CPB received $43,300 from the Department of Housing and Community Development as grant assistance for a promotional campaign to support and enhance the profile of housing cooperatives. The CPB has incurred costs of $16,000 associated with this initiative in 2013/14, nil in 2014/15 and $26,950 in 2015/16. The $350 unspent portion of the grant has been refunded in 2015/16.

6. Commercial Fishing Account

During 1993 and 1994, Northern Cooperative Services Ltd. donated $41,724 to the CPB subject to the condition that these funds are to be used exclusively for the promotion and development of commercial fishing in Manitoba. These funds have earned interest and the balance as of March 31, 2016 was $74,211 (2015 - $77,929). During 2015/16, the CPB has issued a $5,000 grant to Island Lake Wabung Fisheries Producers Co-op from the Commercial Fishing Account.

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 for 2016 is estimated at $8,412 (2015 - $13,401) with another $4,909 (2015 - $4,942) 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.

8. 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.

9. 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, 2015 to March 31, 2016, the Cooperative Promotion Board paid board members an aggregate of $888 and held three board meetings. No individuals received compensation of $50,000 or more.

10. 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:

	2016	2015
Cash (note 3)	$ 70,715	$ 124,232
Accounts receivable	462	463
Investments (note 4)	174,387	174,380
	$ 245,564	$ 299,075

As at March 31, 2016, $462 (2015 - 463) 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.

10. 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.

11. Commitments

As of March 31, 2016, the CPB has approved grant in the amount of $3,500, for which the grant applicant had not yet met the payment conditions. If the payment conditions relating to these grants are met in the future, the commitments will be funded by the General Account.

12. 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, 2016, with comparative figures for 2015 **Schedule 1**

	2016	2015
I - General Acccount		
Canadian CED Network	$ -	$ 2,000
Canadian Ced Network - Manitoba	1,500	-
Canadian Worker Co-op Federation	-	1,495
Canadian Worker Co-operative Federation (CWCF)	1,500	-
Co-op Housing Development Group Inc.	635	-
CoopZone Developers' Network Co-operative	-	1,000
Heartland Community Futures	-	5,000
Manitoba Cooperative Association Inc. - Aboriginal Student Cooperative	5,000	-
Manitoba Cooperative Association Inc. - Cooperative Youth Leadership Retreat	1,700	-
Mondragon Case Study	2,200	-
Natural Cycleworks Worker Cooperative	-	1,000
NorWest Co-op Community Health	5,000	
Peg City Car Co-op	-	2,608
Teen Stop Jeunesse Inc.	5,000	-
Total	**22,535**	**13,103**
II - Commercial Fishing Acccount		
Island Lake Wabung Fisheries Producers Co-op	$ 5,000	$ -
Total	$ 5,000	$ -
Total of Grants	**$ 27,535**	**$ 13,103**

CROWN CORPORATIONS COUNCIL

FINANCIAL STATEMENTS

DECEMBER 31, 2015

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 26, 2016.

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 Chartered Accountants LLP, 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

C.R. (Chuck) Sanderson
President & Chief Executive Officer

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, 2015 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, 2015 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 26, 2016
Winnipeg, Canada

Magnus Chartered Accountants LLP

Statement of Financial Position
(in thousands)
December 31, 2015

		2015 Actual		2014 Actual
Financial assets				
Cash and cash equivalents	$	559	$	632
Accounts receivable (Note 4)		3		84
		562		716
Liabilities				
Accounts payable and accrued liabilities		118		101
Levies received in advance		154		116
Due to Crown corporations (Note 5)		117		314
Employee future benefits (Note 6)		151		149
		540		680
Net financial assets		22		36
Non-financial assets				
Tangible capital assets (Note 7)		11		14
Prepaid expenses		6		5
		17		19
Accumulated surplus (Note 8)	$	39	$	55

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

CROWN CORPORATIONS COUNCIL
A MANITOBA CROWN CORPORATION
PROVINCE OF MANITOBA

Statement of Operations
(in thousands)
Year ended December 31, 2015

	2015 Budget	2015 Actual	2014 Actual
Revenue:			
Recoveries from Crown corporations through levies (Note 11)	$ 861	$ 809	$ 855
Board Performance Training:			
Province of Manitoba	80	80	80
Recoveries from participants	9	10	9
Interest income	4	2	5
	954	901	949
Expenses:			
Amortization of tangible capital assets	8	8	9
Board remuneration and expenses	91	86	90
Board Performance Training expenses	103	103	103
Crown director training	70	46	40
Equipment, computer and maintenance	15	13	17
Industry conferences	8	5	5
Insurance and miscellaneous	2	3	1
Office supplies and printing	16	12	13
Professional development	17	18	8
Professional fees	19	24	26
Rent	96	96	94
Salaries and benefits	515	494	548
Telephone, internet and courier	8	7	7
Travel and automobile	3	2	3
	971	917	964
Operating (deficit) for the year	(17)	(16)	(15)
Accumulated surplus, beginning of year	55	55	70
Accumulated surplus, end of year	$ 38	$ 39	$ 55

See accompanying notes to financial statements.

CROWN CORPORATIONS COUNCIL
A MANITOBA CROWN CORPORATION
PROVINCE OF MANITOBA

Statement of Change in Net Financial Assets
(in thousands)
Year ended December 31, 2015

	2015 Budget	2015 Actual	2014 Actual
Operating (deficit) for the year	$ (17)	$ (16)	$ (15)
Tangible capital assets:			
Acquisition of tangible capital assets	(5)	(5)	(8)
Amortization of tangible capital assets	8	8	9
Net acquisition of tangible capital assets	3	3	1
Other non-financial assets			
(Increase) in prepaid expenses	-	(1)	(5)
Net acquisition of other non-financial assets	-	(1)	(5)
(Decrease) in net financial assets	-	(14)	(19)
Net financial assets, beginning of year	-	36	55
Net financial assets, end of year	$ -	$ 22	$ 36

See accompanying notes to financial statements.

CROWN CORPORATIONS COUNCIL
A MANITOBA CROWN CORPORATION
PROVINCE OF MANITOBA

Statement of Cash Flow

(in thousands)

Year ended December 31, 2015

	2015 Actual	2014 Actual
Cash provided by (applied to):		
Operating activities:		
Operating (deficit) for the year	$ (16)	$ (15)
Adjustment for:		
Amortization of tangible capital assets	8	9
	(8)	(6)
Changes in the following:		
Accounts receivable	81	-
Accounts payable and accrued liabilities	17	(1)
Levies received in advance	38	(71)
Due to Crown corporations	(197)	(103)
Employee future benefits	2	(13)
Prepaid expenses	(1)	(5)
Cash (applied to) operating activities	(68)	(199)
Capital activities:		
Acquisition of tangible capital assets	(5)	(8)
Cash (applied to) capital activities	(5)	(8)
Change in cash and cash equivalents	(73)	(207)
Cash and cash equivalents, beginning of year	632	839
Cash and cash equivalents, end of year	$ 559	$ 632

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.

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

Recoveries from Crown corporations through levies

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.

Board Performance Training

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 an accrual basis. Recoveries from participants are recognized when the related services are provided.

Interest income

Interest income is recognized on the accrual basis.

(b) Expenses

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

3. Summary of significant accounting policies (continued)

(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.

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.

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

(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.

(in thousands)

3. Summary of significant accounting policies (continued)

(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

	2015	2014
Trade accounts receivable	$ -	$ 82
Other receivables	3	2
	$ 3	$ 84

Included in trade accounts receivable at year end is $nil (2014 - $nil) relating to the recovery of direct costs incurred on behalf of particular Crown corporations during the year (see Note 11).

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.

6. Employee future benefits

	2015	2014
Enhanced pension benefits	$ 92	$ 92
Severance benefits	59	57
	$ 151	$ 149

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 the employees' contributions. The total amount paid for regular pension benefits for 2015 was $28 (2014 - $26). Pursuant to the *CSSA*, the Council has no further liability for regular pension benefits as at December 31, 2015 (2014 - $nil).

(in thousands)

6. Employee future benefits (continued)

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, 2014. 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, 2015 is $92 (2014 - $92).

Enhanced Pension Benefits

	2015	2014
Enhanced pension obligation, beginning of year	$ 92	$ 93
Actuarial gains/losses	1	(1)
Current service cost	-	-
Interest cost	6	6
Benefits paid	(7)	(6)
Enhanced pension obligation, end of year	$ 92	$ 92

Significant long-term actuarial assumptions used in the December 31, 2014 valuation, and in the determination of the December 31, 2015 enhanced pension benefit obligation are as follows:

Discount rate	6.00% (2014 - 6.00%)
Rate of compensation increase	3.75% (2014 - 3.75%)
Indexing	1.33% (2014 - 1.33%)
Annual employee contributions interest credit	4.00% (2014 - 4.00%)
Annual rate of increase in CPP earnings maximum	2.75% (2014 - 2.75%)
Rate of CRA maximum pension increase	$2,819 (2014 - $2,770)

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 (2014 - 10 year EARSL).

(in thousands)

6. Employee future benefits (continued)

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, 2015 is $59 (2014 - $57).

Severance Benefits

	2015	2014
Severance benefit obligation, beginning of year	$ 57	$ 69
Actuarial gains/losses	(5)	-
Plan settlements and curtailments	-	(11)
Current service cost	4	3
Interest cost	3	3
Benefits paid	-	(7)
Severance benefit obligation, end of year	$ 59	$ 57
Unamortized actuarial gains/losses	-	-
Severance benefit obligation, end of year	$ 59	$ 57

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

Discount rate	6.00% (2014 - 6.00%)
Rate of compensation increase	3.75% (2014 - 2.75%)

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

	2015				2014
	Opening Balance	Additions	Disposals	Closing Balance	Total
Cost					
Office furniture and equipment	$ 65	$ 5	$ (3)	$ 67	$ 65
Computer equipment	32	-	-	32	32
Total cost	$ 97	$ 5	$ (3)	$ 99	$ 97
Accumulated amortization					
Office furniture and equipment	$ (60)	$ (3)	$ 3	$ (60)	$ (60)
Computer equipment	(23)	(5)	-	(28)	(23)
Total accumulated amortization	$ (83)	$ (8)	$ 3	$ (88)	$ (83)
Net book value	$ 14	$ (3)	$ -	$ 11	$ 14

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 $28 (2014 - $41).

9. Designated assets

The Council has allocated $149 (2014 - $148) 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 $45 for a total annual commitment of approximately $92 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. The Council intends to continue leasing the space at 1130 - 444 St. Mary Avenue under similar terms as the previous agreements with a new lease agreement expected to be signed subsequent to year end.

In addition, the Council has entered into two operating lease agreements for certain computer and office equipment which expire in March and May of 2017 respectively. Total annual payments required under these lease agreements for the year ending December 31, 2016 is approximately $6 with a total payment of approximately $2 required in 2017.

(in thousands)

11. Recoveries from Crown corporations through levies

During the year, the Council incurred $nil (2014 - $nil) of direct costs recovered directly from Crown corporations. The total recoveries for the year ended December 31, 2015 of $809 (2014 - $855) 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 (2014 - $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.

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

	2015	2014
Cash and cash equivalents	$ 559	$ 632
Accounts receivable	3	84
	$ 562	$ 716

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, 2015 was $nil (2014 - $nil). As at December 31, 2015, the aging of accounts receivable is as follows: current $3 (2014 - $83) and 30-60 days $nil (2014 - $1).

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.

12. Financial risk management - overview (continued)

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.

Financial statements
[Expressed in thousands of dollars]

Diagnostic Services of Manitoba Inc.

March 31, 2016

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, 2016 and the statements of operations, changes in net assets and cash flows for the year then end, 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, 2016 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

Winnipeg Canada
June 10, 2016

Chartered Professional Accountants

Diagnostic Services of Manitoba Inc.

Incorporated under the laws of Manitoba

Statement of financial position

[Expressed in thousands of dollars]

As at March 31

	2016	2015
	$	$
Assets		
Current		
Cash and cash equivalents	**11,485**	6,805
Accounts receivable *[note 3]*	**10,022**	14,010
Prepaid expenses	**1,428**	1,469
Vacation pay recoverable from		
Manitoba Health	**598**	619
Regional Health Authorities of Manitoba	**909**	903
Total current assets	**24,442**	23,806
Capital assets, net *[note 4]*	**67,131**	57,720
Pre-retirement leave benefits recoverable *[note 5]*	**12,642**	13,007
Future sick leave benefits recoverable *[note 12[c]]*	**2,042**	2,340
	106,257	96,873
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities *[note 7]*	**13,404**	10,555
Current portion of obligations under capital lease *[note 8]*	**8**	248
Accrued vacation pay	**9,514**	9,397
Total current liabilities	**22,926**	20,200
Accrued pre-retirement leave benefits *[note 12[b]]*	**13,701**	14,004
Future sick benefits payable *[note 12[c]]*	**2,456**	2,761
Obligations under capital lease *[note 8]*	**—**	9
Deferred contributions *[note 9]*	**66,682**	59,871
Total liabilities	**105,765**	96,845
Commitments *[note 10]*		
Net assets	**492**	28
	106,257	96,873

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

	2016	2015
	$	$
Revenue		
Manitoba Health operating income	**31,499**	29,720
Recoveries from Regional Health Authorities	**123,777**	121,799
Revenue from non-resident out-patient services	**—**	90
Interest income	**7**	11
Other recoveries	**127**	459
Loss on disposal of capital assets	**(107)**	(61)
Recognition of deferred contributions *[note 9]*		
Capital – amortization	**8,261**	7,945
Expenses	**990**	67
	164,554	160,030
Expenses		
Direct operating *[notes 11 and 14]*	**155,767**	151,998
Amortization of capital assets	**8,323**	8,032
	164,090	160,030
Excess of revenue over expenses for the year	**464**	—

See accompanying notes

Diagnostic Services of Manitoba Inc.

Statement of changes in net assets

[Expressed in thousands of dollars]

Year ended March 31

	2016			2015
	Internally restricted for capital assets	**Unrestricted**	**Total**	**Total**
	$	$	$	$
	[note 13]			
Net assets, beginning of year	**442**	**(414)**	**28**	28
Excess (deficiency) of revenue over expenses for the year	**(62)**	**526**	**464**	—
Net assets, end of year	**380**	**112**	**492**	28

See accompanying notes

Diagnostic Services of Manitoba Inc.

Statement of cash flows

[Expressed in thousands of dollars]

Year ended March 31

	2016	2015
	$	$
Operating activities		
Excess of revenue over expenses for the year	**464**	—
Add (deduct) items not involving cash		
Amortization of capital assets	**8,323**	8,032
Amortization of deferred contributions related to capital assets	**(8,261)**	(7,945)
Loss on disposal of capital assets	**107**	61
Recognition of deferred contributions related to expenses	**(990)**	(67)
	(357)	81
Net change in non-cash working capital balances related to operations	**6,660**	(2,136)
Deferred contributions received (distributed) – future expenses expenses	**646**	(911)
Cash provided by (used in) operating activities	**6,949**	(2,966)
Investing activities		
Increase (decrease) in accounts payable related to capital assets	**405**	(321)
Acquisition of capital assets	**(17,841)**	(10,886)
Disposal of capital assets	**—**	423
Cash used in investing activities	**(17,436)**	(10,784)
Financing activities		
Deferred contributions received – capital assets	**15,416**	13,675
Decrease in bank indebtedness	**—**	(1,464)
Repayment of obligations under capital lease	**(249)**	(375)
Cash provided by financing activities	**15,167**	11,836
Net increase (decrease) in cash and cash equivalents during the year	**4,680**	(1,914)
Cash and cash equivalents, beginning of year	**6,805**	8,719
Cash and cash equivalents, end of year	**11,485**	6,805

See accompanying notes

Notes to financial statements

[Expressed in thousands of dollars]

March 31, 2016

1. Nature of business

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 ["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 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.

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.

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

2. Significant accounting policies

These financial statements were prepared in accordance with the 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 diagnostic operations are incurred and paid directly by the RHAs. Since the legal obligation for these expenses lies with the RHAs, the expenses 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.

[Expressed in thousands of dollars]

[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 [ii] cost or amortized cost. DSM determines the classification of its financial interest at initial recognition.

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

3. Accounts receivable

	2016	**2015**
	$	$
Due from Manitoba Health	**424**	2,405
Due from RHAs	**8,553**	10,488
Other	**1,045**	1,117
	10,022	14,010

There are no significant amounts that are past due or impaired.

Notes to financial statements

[Expressed in thousands of dollars]

March 31, 2016

4. Capital assets

	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**

	2015		
	Cost	Accumulated amortization	Net book value
	$	$	$
Computer hardware/intangibles	6,052	4,943	1,109
Furniture and equipment	85,173	41,107	44,066
System software-in-progress	11,742	—	11,742
Equipment under capital lease	2,975	2,172	803
	105,942	48,222	57,720

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

5. Pre-retirement leave benefits recoverable

	2016	2015
	$	$
Pre-retirement leave benefits recoverable from		
Manitoba Health	**735**	735
RHAs	**11,907**	12,272
	12,642	13,007

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

[Expressed in thousands of dollars]

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 Manitoba Health] 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 12[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 $7,000 [2015 – $7,000] credit facility which was not utilized at year-end. Interest is payable at bank prime less 0.90%.

7. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

	2016	**2015**
	$	$
Trade accounts payable	**4,726**	3,836
Due to RHAs	**8,678**	6,719
	13,404	10,555

8. Obligations under capital lease

In August 2011, DSM entered into an agreement with NexCap for the lease of chemistry analyzer equipment with a value of $86. The lease has an implicit rate of 3.9% repayable in fixed blended monthly payments of $2. The lease expires in July 2016.

In May 2012, DSM entered into two new leases for solvent recyclers with a value of $67. These leases have an implicit rate in the range of 7.044% – 7.086% repayable in fixed blended monthly payments of $1.5. The leases expire in May 2016.

[Expressed in thousands of dollars]

The following is a schedule of future minimum lease payments under capital lease, together with the balance of the obligations:

	$
2016	8
Less interest	—
	8
Less current portion	—
	8

9. Deferred contributions

Deferred contributions consist of the following:

	2016	2015
	$	$
Deferred contributions		
Future expenses	**1,479**	1,823
Capital	**65,203**	58,048
	66,682	59,871

[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:

	2016	2015
	$	$
Balance, beginning of year	**1,823**	2,410
Deferred contributions received (distributed)	**646**	(520)
Amounts amortized to revenue	**(990)**	(67)
Balance, end of year	**1,479**	1,823

[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.

[Expressed in thousands of dollars]

	2016 $	2015 $
Balance, beginning of year	**58,048**	52,709
Deferred contributions received	**15,416**	13,284
Amounts amortized to revenue	**(8,261)**	(7,945)
Balance, end of year	**65,203**	58,048

10. Commitments

[a] Lease payments

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

	$
2017	200
2018	200
2019	200
2020	100
	700

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, 2016, common area costs and property taxes expensed amounted to $203.

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

In the year ended March 31, 2011, Manitoba Health approved an additional $8,700 to continue with the next phase of the project implementation. As at March 31, 2016, $7,947 [2015 – $6,252] of the amount has been incurred. DSM will continue its role as funds custodian for the project.

[c] Provincial (Pathology) Laboratory Information System [“PLIS”]

Manitoba Health approved $24,700 overall for this capital project implementation. As at March 31, 2016, $9,405 of the amount has been incurred, and $4,061 of amount has been incurred from April 1, 2015 to March 31, 2016.

In the fiscal year ending 2016, Manitoba Health approved $1,023 [2015 – $803] for project operating costs. As at March 31, 2016, $920 [2015 – $551] of the amount has been incurred.

[Expressed in thousands of dollars]

[d] Digital Telepathology

Manitoba Health approved $2,760 and Infoway approved $1,643 for this capital project implementation. As at March 31, 2016, $2,959 of the amount had been incurred, and $980 of the amount has been incurred from April 1, 2015 to March 31, 2016.

In the fiscal year ending 2016, Manitoba Health approved $122 [2015 – nil] for project operating costs which was fully expensed within the fiscal year.

[e] Digital Mammography

In 2016 Manitoba Health 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 who is responsible for the procurement, implementation and overall direction of the project. As at March 31, 2016, $3,744 [2015 – nil] of the costs have been incurred.

11. Direct operating expenses

Direct operating expenses consist of the following:

	2016	**2015**
	$	$
Salaries and benefits *[note 12]*	**139,659**	136,306
Communications	**14**	11
Equipment	**8,039**	7,519
External consulting	**296**	639
Grants	**105**	—
Insurance	**138**	154
Interest	**7**	57
Laboratory and diagnostic supplies	**3,518**	3,857
Legal and audit	**172**	206
Meetings	**170**	34
Miscellaneous	**574**	152
Printer, paper and office supplies	**847**	866
Recruitment	**158**	195
Rent and utilities	**605**	647
Staff training and development	**774**	706
Telephone	**157**	130
Travel	**534**	519
	155,767	151,998

Related party amounts related to direct operating expenses are recorded in the corresponding lines included in note 14.

[Expressed in thousands of dollars]

12. 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% [2015 – 8.7%] each on the first $53,600 [2015 – $52,500] of earnings, and at a rate of 10.5% [2015 – 10.3%] on earnings in excess of this amount. Employer contributions made to the Plan during the year by DSM and expensed amounted to $7,447 [2015 – $7,049]. The most recent actuarial valuation of the Plan was as of December 31, 2014 which disclosed actuarial value of assets of $5,607,907 compared with an actuarial obligation of $5,802,455 resulting in a going concern deficit of $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 $1,428 [2015 – $1,218] and has been recorded as an expense of the year. An offsetting recovery of $1,313 [2015 – $1,008] with respect to transferred employees has also been recorded.

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

	2016	**2015**
	$	$
Accrued benefit obligation	**13,766**	14,507
Unamortized net actuarial loss	**(65)**	(503)
Accrued benefit liability	**13,701**	14,004

[Expressed in thousands of dollars]

Change in benefit liability is as follows:

	2016	2015
	$	$
Accrued benefit liability, beginning of year	**14,004**	14,228
Current expense	**1,428**	1,218
Benefit payments	**(1,731)**	(1,442)
Accrued benefit liability, end of year	**13,701**	14,004

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

	2016	2015
	$	$
Current year service cost	**970**	832
Interest cost	**357**	432
Amortization of actuarial loss (gain)	**101**	(46)
Total expense	**1,428**	1,218

	2016	2015
	$	$
Current year recovery of pre-retirement leave with respect to transferred employees	**1,313**	1,008

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

	2016	2015
	%	%
Discount rate	**3.00**	2.55
Rate of base compensation increase	**3.50**	3.50
Expected average remaining service life for amortization of actuarial gains/losses	**8.60**	8.60

[Expressed in thousands of dollars]

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

	2016	**2015**
	%	%
Discount rate	**2.55**	3.35
Salary escalation	**3.50**	3.00

[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 [2015 – nil]. The benefit costs and liabilities related to this plan are included in the financial statements. An offsetting recovery of $2,042 [2015 – $2,340] with respect to transferred employees has also been recorded.

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:

	2016	**2015**
	$	$
Accrued benefit obligation	**2,890**	3,346
Unamortized net actuarial loss	**(434)**	(585)
Accrued benefit liability	**2,456**	2,761

Change in benefit liability is as follows:

	2016	**2015**
	$	$
Accrued benefit liability, beginning of year	**2,761**	2,767
Current expense	**416**	389
Benefit payments	**(721)**	(395)
Accrued benefit liability, end of year	**2,456**	2,761

[Expressed in thousands of dollars]

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

	2016	2015
	$	$
Current year service cost	**263**	223
Interest cost	**83**	111
Amortization of actuarial loss	**70**	55
Total expense	**416**	389

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

	2016	2015
	$	$
Accrued benefit liability	**2,456**	2,761
Accrued offsetting recovery	**2,042**	2,340

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:

	2016	2015
	%	%
Discount rate	**3.00**	2.55
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:

	2016	2015
	%	%
Discount rate	**2.55**	3.35
Salary escalation	**3.50**	3.00

[Expressed in thousands of dollars]

13. Internally restricted for capital assets

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

	2016	2015
	$	$
[a] Deficit		
Amortization of capital assets	**(8,323)**	(8,032)
Amounts funded by deferred capital contributions, amortized to revenue	**8,261**	7,945
	(62)	(87)
[b] Purchase of capital assets		
Acquisitions	**17,841**	10,886
Amounts funded by		
Accounts payable	**405**	321
Deferred contributions received	**(15,416)**	(13,675)
Deferred contributions reserves	**279**	1,859
Outstanding loan transfers	**(2,860)**	984
Capital lease obligations	**(249)**	(375)
	—	—
Change in net assets	**(62)**	(87)

[Expressed in thousands of dollars]

14. Related party transactions

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

Entity	**Relationship**
Manitoba Health	Controlling entity
RHAs	Entities under common control

Related party transactions are recorded at the exchange amount and are in the normal course of operations. In addition to those disclosed elsewhere in these financial statements, DSM had the following transactions with the RHAs. Amounts are recorded in the corresponding lines of direct operating expenses *[note 11]*.

	2016	**2015**
	$	$
Salaries and benefits	**116,142**	114,125
Equipment	**7,057**	6,536
Insurance	**118**	117
Laboratory and diagnostic supplies	**(86)**	(1)
Legal and audit	**65**	70
Printer, paper and office supplies	**89**	124
Recruitment	**127**	144
Rent	**18**	13
Staff training and development	**362**	326
Telephone	**4**	4
Travel	**257**	216
	124,153	121,674

15. Economic dependence

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

16. 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 charges 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.

17. Comparative information

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

ECONOMIC DEVELOPMENT WINNIPEG INC.

Year ended December 31, 2015

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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, 2015, 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, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter
Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information in the Schedule is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Signed “KPMG LLP”

Chartered Professional Accountants
February 25, 2016
Winnipeg, Canada

ECONOMIC DEVELOPMENT WINNIPEG INC.

Statement of Financial Position

December 31, 2015, with comparative information for 2014

	2015	2014
Assets		
Current assets:		
Cash	$ 728,528	$ 1,133,432
Investments (note 3)	845,969	841,953
Accounts receivable	77,947	71,165
Prepaid expenses	139,368	89,604
	1,791,812	2,136,154
Capital assets (note 4)	75,867	45,451
	$ 1,867,679	$ 2,181,605
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 190,046	$ 134,578
Deferred rent	8,318	18,299
Deferred contributions:		
Future expenses (note 5)	229,605	590,826
Net assets:		
Invested in capital assets	75,867	45,451
Unrestricted	564,990	563,519
Internally restricted:		
Appropriated for YES! Winnipeg initiative (note 6)	110,000	153,500
Appropriated for contingency reserve (note 6)	688,853	675,432
	1,439,710	1,437,902
Commitments (note 7)		
	$ 1,867,679	$ 2,181,605

See accompanying notes to financial statements

On behalf of the board

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__________________ Director

Original Document Signed

__________________ Director

ECONOMIC DEVELOPMENT WINNIPEG INC.
Statement of Revenue and Expenditures

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Revenue:		
Funding:		
The City of Winnipeg	$ 2,394,129	$ 2,248,292
Province of Manitoba	1,412,000	1,412,000
Partnerships and investor contributions	1,473,533	1,537,787
Interest	15,596	18,472
	5,295,258	5,216,551
Expenditures:		
Initiatives and marketing	1,560,371	1,386,707
Personnel	3,191,301	3,219,402
Administrative	315,518	298,531
Occupancy and facilities	226,260	226,867
	5,293,450	5,131,507
Excess of revenue over expenditures	$ 1,808	$ 85,044

See accompanying notes to financial statements

ECONOMIC DEVELOPMENT WINNIPEG INC.

Statement of Changes in Net Assets

Year ended December 31, 2015, with comparative information for 2014

		Unrestricted		Internally restricted			
	Invested in capital assets	Operating	YES! Winnipeg initiative	Contingency reserve	YES! Winnipeg Initiative reserve	2015 Total	2014 Total
Balances, beginning of year	$ 45,451	$ 368,573	$ 194,946	$ 675,432	$ 153,500	$ 1,437,902	$ 1,352,858
Excess (deficiency) of revenue over expenditures	(31,253)	272,915	(239,854)	–	–	1,808	85,044
Transfer of funds for internally restricted purposes (note 6)	–	(13,421)	43,500	13,421	(43,500)	–	–
Transfer to YES! Winnipeg initiative	–	(132,996)	132,996	–	–	–	–
Transfer for acquisition of capital assets	61,669	(61,669)	–	–	–	–	–
Balances, end of year	$ 75,867	$ 433,402	$ 131,588	$ 688,853	$ 110,000	$ 1,439,710	$ 1,437,902

See accompanying notes to financial statements

ECONOMIC DEVELOPMENT WINNIPEG INC.

Statement of Cash Flows

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenditures	$ 1,808	$ 85,044
Items not involving cash:		
Amortization of capital assets	31,253	30,648
Amortization of deferred rent	(9,981)	4,990
Change in non-cash operating working capital:		
Accounts receivable	(6,782)	10,535
Prepaid expenses	(49,764)	(4,966)
Accounts payable and accrued liabilities	55,468	22,333
Net increase (decrease) in deferred contributions - future expenses	(361,221)	12,763
	(339,219)	161,347
Capital activities:		
Purchase of capital assets	(61,669)	(16,027)
Investing activities:		
Investments, net	(4,016)	(305,578)
Decrease in cash	(404,904)	(160,258)
Cash, beginning of year	1,133,432	1,293,690
Cash, end of year	$ 728,528	$ 1,133,432

See accompanying notes to financial statements

Year ended December 31, 2015

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 initiative. EDW is also responsible for the City's tourism development activities, which it orchestrates through its Tourism Winnipeg division. Its 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.

Year ended December 31, 2015

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, 2015 (2014 - 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.

Year ended December 31, 2015

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) 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.

(f) Use of estimates:

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

3. Investments:

Investments consist of investments in money market instruments aggregating $691,301 (2014 - $686,979) and guaranteed investment certificates aggregating $154,668 (2014 - $154,974). The fair value of investments has been determined using Level 1 of the fair value hierarchy.

Year ended December 31, 2015

4. Capital assets:

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
Computer hardware and software	$ 80,688	$ 36,725	$ 43,963	$ 18,874
Office furniture and fixtures	54,107	37,453	16,654	24,369
Leasehold improvements	301,197	285,947	15,250	2,208
	$ 435,992	$ 360,125	$ 75,867	$ 45,451

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.

	2015	2014
Balance, beginning of year	$ 590,826	$ 578,063
Amounts received during the year	837,880	1,318,292
	1,428,706	1,896,355
Less: amounts recognized into revenue in the year	(1,199,101)	(1,305,529)
Balance, end of year	$ 229,605	$ 590,826

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

	2015	2014
YES! Winnipeg:		
Province of Manitoba funding	$ –	$ 135,000
Investors contributions	180,100	395,855
Team Winnipeg	29,756	29,745
Winnipeg Tour Connection	9,741	5,925
SHEday 2015	–	24,301
Thunderbird House Project	10,008	–
	$ 229,605	$ 590,826

Year ended December 31, 2015

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. During the year, $43,500 (2014 - nil) was transferred from the YES! Winnipeg initiative reserve to the unrestricted net assets based on the calculation of the contingency reserve requirement as at December 31, 2015. The YES! Winnipeg initiative reserve is funded by $110,000 (2014 - $153,500) included in investments at December 31, 2015 (note 3).

(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. During the year, $13,421 (2014 - $23,202) was transferred to the contingency reserve from unrestricted net assets based on the calculation of the contingency reserve requirement as at December 31, 2015. The contingency reserve is funded by $688,853 (2014 - $675,432 in cash) in investments at December 31, 2015 (note 3).

7. Commitments:

The Organization is committed under leases for office premises for a total of $134,743. The minimum lease payment until maturity is listed below

2016	$	134,743

Year ended December 31, 2015

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.

	2015	2014
Special event marketing fund:		
Balance, beginning of year	$ 1,298,751	$ 1,575,378
Funds received during the year	598,940	311,666
Funds used during the year	(1,125,583)	(605,601)
Interest earned	9,399	17,308
Balance, end of year, and amount of funds held	$ 781,507	$ 1,298,751

The funds of $781,507 held at December 31, 2015 have been committed from the special event marketing fund towards several tourism attractions occurring during fiscal 2016. 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:

2016	$ 1,012,470
2017	871,315
2018	156,063

Year ended December 31, 2015

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, 2015 is the carrying value of these assets.

At December 31, 2015, 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 2014.

Year ended December 31, 2015

9. Financial risks (continued):

(b) Liquidity risk:

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

All accounts payable and accrued liabilities are due within fiscal 2016.

There have been no significant changes to the liquidity risk exposure from 2014.

10. Defined contribution plan:

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

Employer contributions made to the plan during the year amounted to $100,759 (2014 - $116,482).

Schedule - Statement of Revenue and Expenditures - YES! Winnipeg

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Revenue:		
Province of Manitoba funding	$ 135,000	$ 135,000
Investors contributions	838,104	982,288
	973,104	1,117,288
Expenditures:		
Initiatives and marketing	181,061	146,088
Personnel	922,768	1,007,699
Administrative	107,434	82,594
Occupancy and facilities	1,695	2,558
	1,212,958	1,238,939
Deficiency of revenue over expenditures	$ (239,854)	$ (121,651)

Unrestricted YES! Winnipeg net assets as at December 31, 2014	$ 194,946
Deficiency of revenue over expenditures, before transfer from unrestricted operating net assets of the Organization	(239,854)
Transfer from internally unrestricted reserves of the Organization	43,500
Transfer from unrestricted operating net assets of the Organization	132,996
Unrestricted YES! Winnipeg net assets as at December 31, 2015	$ 131,588

YES! Winnipeg, an initial five year initiative of EDW to December 31, 2015, was extended a further five years during fiscal 2015 to December 2020. Revenue and expenditures related to the YES! Winnipeg initiative, which is included in the Statement of Revenue and Expenditures of the Organization, are presented above.

In conjunction with the transfer of net assets of YES! Winnipeg to the Organization on January 1, 2011, the Board had approved an annual transfer of $132,996 from the unrestricted operating net assets of the Organization towards the operations of the YES! Winnipeg initiative. For the year ended December 31, 2015, the Organization has allocated $132,996 (2014 - $132,996) of these unrestricted operating net assets towards the operations of the YES! Winnipeg initiative. At December 31, 2015, the YES! Winnipeg initiative has unrestricted net assets in aggregate of $131,588 (2014 - $194,946). The unrestricted YES! Winnipeg net assets amount of $131,588 will be utilized over the next five years.

First Nations of Northern Manitoba Child and Family Services Authority
Financial Statements
March 31, 2016

Management's Responsibility

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

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the financial statements. This responsibility includes selecting appropriate accounting policies and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed of an Administrator who is neither a member of management nor an employee of the Authority. The Administrator is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Administrator fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Administrator is also responsible for recommending the appointment of the Authority's external auditors.

MNP LLP is appointed by the Administrator on behalf of the Members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Administrator and management to discuss their audit findings.

July 19, 2016

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Chief Financial Officer

MNP LLP

Independent Auditors' Report

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, 2016 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.

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of First Nations of Northern Manitoba Child and Family Services Authority as at March 31, 2016 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Winnipeg, Manitoba

MNP LLP

July 19, 2016

Chartered Professional Accountants

First Nations of Northern Manitoba Child and Family Services Authority
Statement of Financial Position
As at March 31, 2016

	2016	2015
Assets		
Current		
Cash	**1,274,501**	943,054
Marketable securities *(Note 3)*	**689,886**	689,886
Accounts receivable *(Note 4)*	**2,310,467**	838,380
Prepaid expenses and deposits	**48,463**	36,979
Working capital receivable from agencies *(Note 5)*	**3,038,724**	3,038,724
	7,362,041	5,547,023
Capital assets *(Note 6)*	**52,910**	49,808
	7,414,951	5,596,831
Liabilities		
Current		
Accounts payable and accruals *(Note 7)*	**2,847,842**	1,419,019
Deferred contributions *(Note 8)*	**514,924**	223,098
Working capital payable to Province of Manitoba *(Note 9)*	**3,038,724**	3,038,724
	6,401,490	4,680,841
Contingency *(Note 10)*		
Net Assets		
Unrestricted	**308,497**	183,742
Internally restricted *(Note 11)*	**652,054**	682,440
Invested in capital assets	**52,910**	49,808
	1,013,461	915,990
	7,414,951	5,596,831

Approved on behalf of the Board

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Administrator

The accompanying notes are an integral part of these financial statements

MNP LLP

First Nations of Northern Manitoba Child and Family Services Authority
Statement of Operations
For the year ended March 31, 2016

	2016	*2015*
Revenue		
Province of Manitoba: agency operating grants	**23,357,292**	21,667,640
Province of Manitoba: Authority operating grants	**3,294,257**	2,774,059
Province of Manitoba: additional grants	**786,519**	818,272
Other	**286,325**	126,222
Indigenous and Northern Affairs Canada	**250,000**	250,000
Interest	**23,089**	7,264
Revenue deferred in previous year *(Note 8)*	**223,098**	-
Revenue deferred to subsequent year *(Note 8)*	**(514,924)**	(223,098)
	27,705,656	25,420,359
Expenses		
Agency operating grants	**23,357,291**	21,667,640
Agency additional supports	**951,390**	885,908
Amortization	**27,846**	42,330
Annual general meeting	**15,915**	17,751
Audit	**13,899**	12,995
Bad debts	**55,101**	71,562
Bank and service fees	**2,466**	2,756
Board and committee meetings	**1,265**	6,444
Board honorariums	**-**	28,609
Information technology support	**48,127**	44,881
Insurance	**27,945**	25,692
Janitorial	**14,733**	14,503
Meetings and conferences	**17,651**	13,329
Membership fees	**1,996**	702
Miscellaneous	**11,752**	12,479
Office supplies	**43,080**	34,766
Payroll processing	**5,725**	5,250
Postage	**3,170**	3,647
Printing and stationary	**2,661**	3,142
Professional development	**20,190**	7,993
Professional fees	**184,620**	66,797
Property tax	**-**	8,846
Recruitment costs	**394**	131
Rent	**136,905**	184,976
Repairs and maintenance	**94**	828
Salaries and benefits	**2,159,993**	1,871,031
Special projects	**291,002**	136,976
Supplies	**1,342**	-
Telephone	**29,487**	35,892
Training and education	**78,471**	43,092
Travel	**103,420**	151,242
Website development	**254**	3,332
	27,608,185	25,405,522
Excess of revenue over expenses	**97,471**	14,837

The accompanying notes are an integral part of these financial statements

MNP LLP

First Nations of Northern Manitoba Child and Family Services Authority
Statement of Changes in Net Assets
For the year ended March 31, 2016

	Unrestricted	*Internally restricted*	*Invested in capital assets*	***2016***	*2015*
Net assets, beginning of year	**183,742**	**682,440**	**49,808**	**915,990**	901,153
Excess of revenue over expenses	**97,471**	**-**	**-**	**97,471**	14,837
Amortization of capital assets	**27,846**	**-**	**(27,846)**	**-**	-
Purchases of capital assets	**(30,948)**	**-**	**30,948**	**-**	-
Use of internally restricted net assets	**130,386**	**(130,386)**	**-**	**-**	-
Internal restrictions	**(100,000)**	**100,000**	**-**	**-**	-
Net assets, end of year	**308,497**	**652,054**	**52,910**	**1,013,461**	915,990

The accompanying notes are an integral part of these financial statements

First Nations of Northern Manitoba Child and Family Services Authority
Statement of Cash Flows
For the year ended March 31, 2016

	2016	*2015*
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	**97,471**	14,837
Amortization	**27,846**	42,330
	125,317	57,167
Changes in working capital accounts		
Accounts receivable	**(1,472,087)**	49,977
Prepaid expenses and deposits	**(11,484)**	336,337
Accounts payable and accruals	**1,428,823**	(1,538,848)
Change in deferred contributions	**291,826**	223,098
	362,395	(872,269)
Investing		
Purchase of capital assets	**(30,948)**	(31,229)
Increase (decrease) in cash resources	**331,447**	(903,498)
Cash resources, beginning of year	**943,054**	1,846,552
Cash resources, end of year	**1,274,501**	943,054

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

The 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 Section 149(1)(1) of the Income Tax Act.

On June 10, 2002 legislation to create the First Nations of Northern Manitoba Child and Family Services Authority was introduced in the Legislative Assembly. Royal Assent was received on August 9, 2002. The Child and Family Services 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 financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations as issued by the Accounting Standards Board in Canada using the following significant accounting policies:

Financial instruments

The Authority recognizes its financial instruments when the Authority becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CPA 3840 Related Party Transactions.

At initial recognition, the Authority may irrevocably elect to subsequently measure any financial instrument at fair value. The Authority has not made such an election during the year.

The Authority subsequently measures investments in equity instruments quoted in an active market and all derivative instruments at fair value. Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

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 and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

Cash and cash equivalents

Cash and cash equivalents include cash and marketable securities with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

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.

2. Significant accounting policies *(Continued from previous page)*

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the straight-line method at the following rates intended to amortize the cost of assets over their estimated useful lives.

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

In the year of acquisition, amortization is taken at one half of the above rates.

Use of estimates

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

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 the statement of operations in the periods in which they become known.

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Authority performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in the statement of operations for the year.

3. Marketable securities

	2016	*2015*
Guaranteed investment certificate, bearing interest at 0.65%, maturing January 2017	**689,886**	689,886

4. Accounts receivable

	2016	*2015*
GST receivable	**25,411**	50,521
Province of Manitoba	**2,229,496**	604,201
Indigenous and Northern Affairs Canada	**211,618**	250,000
Other	**23,973**	113,689
	2,490,498	1,018,411
Allowance for doubtful accounts	**(180,031)**	(180,031)
	2,310,467	838,380

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. Capital assets

	Cost	***Accumulated amortization***	***2016 Net book value***
Computer equipment	**204,123**	**167,568**	**36,555**
Computer software	**31,316**	**29,343**	**1,973**
Office equipment	**50,839**	**50,839**	**-**
Furniture and equipment	**141,183**	**128,057**	**13,126**
Leasehold improvements	**11,514**	**10,258**	**1,256**
	438,975	**386,065**	**52,910**

	Cost	*Accumulated amortization*	*2015 Net book value*
Computer equipment	319,220	291,841	27,379
Computer software	29,343	28,505	838
Office equipment	50,839	50,839	-
Furniture and equipment	161,675	142,671	19,004
Leasehold improvements	11,514	8,927	2,587
	572,591	522,783	49,808

7. Accounts payable and accruals

	2016	2015
Accounts payable to suppliers	**158,676**	21,938
Accruals	**227,502**	189,542
Accounts payable to agencies	**2,461,664**	1,207,539
	2,847,842	1,419,019

8. Deferred contributions

	2016	2015
Unspent portion of Transition Grant Funding received from the Province of Manitoba, to be used for the Aboriginal Justice Inquiry - Child Welfare Initiative one-time transition activities connected to the establishment of the Authority and to assist Family Service Agencies in extending their operations.	**136,480**	136,480
Unspent portion of 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**	86,618
Unspent portion of grants from the Province of Manitoba, to be used by the Authority towards various projects as outlined in the funding agreements.	**329,480**	-
Other	**3,350**	-
	514,924	223,098

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. 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.

11. Internally restricted net assets

	2016	*2015*
Capital assets	**150,000**	50,000
Unfunded positions	**75,000**	75,000
Information technology	**354,094**	408,240
Aging out initiative	**47,960**	124,200
Educational outcomes	**25,000**	25,000
	652,054	682,440

12. Financial instruments

The Authority, as part of its operations, carries a number of financial instruments. It is management's opinion that the Authority is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Credit concentration

Financial instruments that potentially subject the Authority to concentrations of credit risk consist primarily of accounts receivable. Included in accounts receivable at year-end are balances owing from the Province of Manitoba which make up 88% (2015 - 51%) of the balance. 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.

13. 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.

14. Commitments

The Authority has entered into operating lease agreements for office space and equipment. These agreements result in commitments over the next 3 years as follows:

2017	100,014
2018	6,018
2019	6,018

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 14, 2016.

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 14, 2016

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

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, 2015, 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, 2015 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 which indicates the Funeral Board of Manitoba has incurred annual losses in prior years. Past conditions as well as 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 14, 2016
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, 2015

	2015	2014
FINANCIAL ASSETS		
Cash	$ 130,580	$ 118,663
Accounts Receivable	40,000	60,000
Total Financial Assets	170,580	178,663
LIABILITIES		
Accounts payable and accrued liabilities (note 7)	15,926	127,366
Deferred revenue	91,484	92,388
Total Liabilities	107,410	219,754
NET FINANCIAL ASSETS (DEBT)	63,170	(41,091)
NON-FINANCIAL ASSETS		
Prepaid Expenses	50	571
Supplies Inventory	1,321	775
Tangible Capital Assets (note 10)	1,688	2,171
	3,059	3,517
ACCUMULATED SURPLUS (DEFICIT)	$ 66,229	$ (37,574)

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

Approved on behalf of The Funeral Board of Manitoba

Original Document Signed

Denise Koss
Chairperson

Original Document Signed

Janine Ballingall Scotten
Registrar

FUNERAL BOARD OF MANITOBA
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 Budget	2015 Actual	2014 Actual
REVENUE			
Operations Revenue			
Funeral Home Licences	$ 44,000	$ 43,000	$ 44,500
Funeral Director and Embalmer Licences	51,500	50,250	51,500
Cemeteries Act Licences	6,500	8,841	6,415
Prearranged Funeral Services Act	10,000		
Miscellaneous Income	20,400	17,494	20,372
	132,400	119,585	122,787
Grant Revenue - Vital Statistics Agency (note 9)	160,000	160,000	180,000
Total Revenue	292,400	279,585	302,787
EXPENSES			
Administration Charges (note 6)	87,000	64,260	108,500
Amortization	483	483	241
Audit	3,800	3,800	3,831
Board Meetings	6,800	3,960	8,023
Board Members - Honoraria	13,000	7,957	10,137
Communications	14,400	5,182	8,001
Conferences	7,000	7,135	8,234
Consultation costs	3,500	-	1,000
External Audit Fees	20,000	-	-
Legal Fees	33,500	9,875	32,651
Miscellaneous	2,400	2,721	2,422
Office Supplies , Printing and Postage	2,900	2,346	2,733
Salaries and Benefits	63,200	63,152	62,216
Travel	10,900	4,911	8,853
Total Expenses	268,883	175,782	256,842
SURPLUS	23,517	103,803	45,945
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF PERIOD	(37,574)	(37,574)	(83,519)
ACCUMULATED SURPLUS (DEFICIT), END OF PERIOD	$ (14,057)	$ 66,229	$ (37,574)

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, 2015

	2015 Budget	2015 Actual	2014 Actual
SURPLUS	$ 23,517	$ 103,803	$ 45,945
TANGIBLE CAPITAL ASSETS			
Acquisition of Capital Assets		-	(2,412)
Amortization of Capital Assets	483	483	241
	483	483	(2,171)
OTHER NON-FINANCIAL ASSETS			
Decrease (increase) in Prepaid expense	571	521	(571)
Acquisitions of Supplies Inventory	(1,940)	(1,940)	-
Consumption of Supplies Inventory	1,394	1,394	1,456
Decrease/ (Increase) in Other non-financial assets	25	(25)	885
DECREASE (INCREASE) IN NET FINANCIAL ASSETS	24,025	104,261	44,659
NET DEBT, beginning of period	(41,091)	(41,091)	(85,750)
NET FINANCIAL ASSETS (DEBT), END OF PERIOD	$ (17,066)	$ 63,170	$ (41,091)

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, 2015

	2015	2014
CASH FLOW PROVIDE BY (APPLIED TO):		
OPERATING		
Surplus, for the period	$ 103,803	$ 45,945
Amortization of tangible capital assets	483	241
	104,286	46,186
Change in:		
Accounts receivable	20,000	(60,000)
Supplies inventory	(546)	1,456
Prepaid	521	(571)
Accounts payable and accrued liabilities	(111,440)	47,958
Deferred revenues	(904)	2,138
	11,917	37,167
CAPITAL		
Acquisition of tangible capital assets		(2,412)
	-	(2,412)
NET INCREASE IN CASH	11,917	34,755
CASH, BEGINNING OF PERIOD	118,663	83,908
CASH, END OF PERIOD	$ 130,580	$ 118,663

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. 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.

d. Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

e. 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.

f. 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 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. (2014 - $ 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:

	2015	2014
Cash	$ 130,580	$ 118,663
Accounts Receivable	40,000	60,000
	$ 170,580	$ 178,663

Cash: the Board is not exposed to significant credit risk as these amounts are held with 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	**2015**	**2014**
J. Delaney - Investigator	$ 58,105	$ 57,597
The aggregate amount paid to Board members was:		
(a) Honoraria, Board Members	$ 8,175	$ 9,810

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, 2015 the administrative charges paid to Vital Statistics Agency have been 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 :

	2015	**2014**
General	$ 8,475	$ 12,680
Administration Charges		108,500
Salaries and Benefits	7,451	6,186
	$ 15,926	$ 127,366

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 $160,000 for the purpose of operations from the Vital Statistics Agency for the year December 31, 2015. Treasury Board has directed the Funeral Board of Manitoba to develop a plan to become financially sustainable without any funding support from the Vital Statistics Agency in 2016. The Board continues to review their financial position and the long term viability of the Board and are reviewing all options.

10.) Tangible Capital Assets

	2015		
	Cost	Accumulated Amortization	Net Book Value
Computer Equipment			
	$ 2,171	$ 483	$ 1,688

	2014		
	Cost	Accumulated Amortization	Net Book Value
Computer Equipment	$ 2,412	$ 241	$ 2,171
	$ 2,412	$ 241	$ 2,171

VI. *The Public Interest Disclosure Act*

The Public Interest Disclosure (Whistleblower Protection) Act came into effect in April 2007. This law gives employees a clear process for disclosing concerns about significant and serious matters (wrongdoing) in the Manitoba public service, and strengthens protection from reprisal. The Act builds on protections already in place under other statutes, as well as collective bargaining rights, policies, practices and processes in the Manitoba public service.

Wrongdoing under the Act may be: contravention of federal or provincial legislation; an act or omission that endangers public safety, public health or the environment; gross mismanagement; or, knowingly directing or counseling a person to commit a wrongdoing. The Act is not intended to deal with routine operational or administrative matters.

A disclosure made by an employee in good faith, in accordance with the Act, and with a reasonable belief that wrongdoing has been or is about to be committed is considered to be a disclosure under the Act, whether or not the subject matter constitutes wrongdoing. All disclosures receive careful and thorough review to determine if action is required under the Act, and must be reported in a department's annual report in accordance with Section 18 of the Act.

The Funeral Board of Manitoba received no disclosures under the Act in this calendar year.

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2016

The General Child
and Family Services
Authority

Laura Crookshanks
Board Chair

Debbie Besant
Chief Executive Officer

301-180 King Street
Winnipeg, Manitoba
R3B 3G8
Canada

Phone: (204) 984-9360
Toll Free: 1-866-803-2814
Fax: (204) 984-9366

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 24, 2016.

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 Chartered Accountants LLP, 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	Janice Rees
Chief Executive Officer	Chief Financial Officer

JR/kmb

HEALTHY, SAFE CHILDREN
RESPONSIBLE, NURTURING FAMILIES
CARING COMMUNITIES

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, 2016, 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, 2016 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 24, 2016
Winnipeg, Canada

Magnus Chartered Accountants LLP

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Statement of Financial Position

March 31, 2016

	Operating Fund	Agency Fund	Total 2016	Total 2015
Assets				
Current assets:				
Cash and cash equivalents	$ 840,662	$ -	$ 840,662	$ 90,154
Accounts receivable (Note 4)	73,460	321,632	395,092	22,388
Advances receivable (Note 5)	-	116,600	116,600	116,600
Portfolio investments (Note 6)	320,113	-	320,113	1,135,557
Prepaid expenses	18,307	-	18,307	35,015
Interfund balances	(552,934)	552,934	-	-
	699,608	991,166	1,690,774	1,399,714
Capital assets (Note 7)	106,172	-	106,172	130,212
	$ 805,780	$ 991,166	$ 1,796,946	$ 1,529,926
Liabilities and Fund Balances				
Current liabilities:				
Accounts payable and accrued liabilities (Note 8)	$ 264,906	$ 321,632	$ 586,538	$ 297,794
Working capital advances (Note 5)	-	116,600	116,600	116,600
Deferred contributions (Note 9)	56,018	-	56,018	133,962
	320,924	438,232	759,156	548,356
Fund balances:				
Unrestricted (Note 10)	484,856	552,934	1,037,790	981,570
Commitments (Note 14)				
	$ 805,780	$ 991,166	$ 1,796,946	$ 1,529,926

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, 2016

	Operating Fund	Agency Fund	Total 2016	Total 2015
Revenue:				
Province of Manitoba:				
Operating grant (Note 11)	$ 2,376,699	$ -	$ 2,376,699	$ 2,181,706
Agency grants (Notes 11 and 12)	-	12,241,312	12,241,312	12,432,726
Brandon Friendship Centre (Note 11)	57,500	-	57,500	57,500
Other grants (Note 11)	31,200	-	31,200	4,445
Office of the Standing Committee (Note 9)	95,734	-	95,734	9,835
David Thomas Foundation (Note 9)	82,859	-	82,859	90,142
Children's Aid Foundation (Note 9)	70,061	-	70,061	87,278
Public Health Agency of Canada	15,875	-	15,875	-
Pilot Project - Until The Last Child	6,174	-	6,174	-
Investment income	14,310	-	14,310	31,367
Miscellaneous revenue and recoveries	16,848	-	16,848	15,833
	2,767,260	12,241,312	15,008,572	14,910,832
Expenses:				
Agency allocations (Note 12)	-	12,241,312	12,241,312	11,879,792
Agency support	25,621	-	25,621	91,539
Amortization	43,817	-	43,817	44,989
Board meetings and expenses	40,442	-	40,442	35,397
Grant expenses (Note 13)	289,316	-	289,316	368,338
Insurance	6,636	-	6,636	7,208
Interest and bank charges	1,740	-	1,740	794
Legal and audit	24,275	-	24,275	21,208
Mileage and parking	24,097	-	24,097	31,226
Office and supplies	44,870	-	44,870	41,653
Professional services	114,828	-	114,828	74,150
Rent	121,306	-	121,306	124,232
Telephone	25,535	-	25,535	24,589
Training and development	161,250	-	161,250	176,231
Travel	28,063	-	28,063	24,114
Utilities	3,320	-	3,320	2,717
Wages and benefits	1,755,924	-	1,755,924	1,867,496
	2,711,040	12,241,312	14,952,352	14,815,673
Excess of revenue over expenses	$ 56,220	$ -	$ 56,220	$ 95,159

See accompanying notes to financial statements.

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Statement of Changes in Fund Balances

Year ended March 31, 2016

	Operating Fund	Agency Fund	Total 2016	Total 2015
Balance, beginning of year	$ 428,636	$ 552,934	$ 981,570	$ 886,411
Excess of revenue over expenses	56,220	-	56,220	95,159
Balance, end of year	$ 484,856	$ 552,934	$ 1,037,790	$ 981,570

See accompanying notes to financial statements.

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Statement of Cash Flow

Year ended March 31, 2016

	2016	2015
Cash provided by (applied to)		
Operating activities:		
Excess of revenue over expenses	$ 56,220	$ 95,159
Adjustments for:		
Amortization	43,817	44,989
Recognition of deferred contributions	(248,654)	(806,177)
	(148,617)	(666,029)
Changes in the following:		
Accounts receivable	(372,704)	10,181
Prepaid expenses	16,708	21,393
Accounts payable and accrued liabilities	288,745	53,395
Cash (applied to) operating activities	(215,868)	(581,060)
Investing activities:		
Net changes in portfolio investments	815,444	486,438
Cash provided by investing activities	815,444	486,438
Financing activities:		
Deferred contributions received	170,710	146,506
Cash provided by financing activities	170,710	146,506
Capital activities:		
Purchases of capital assets	(19,778)	(16,181)
Proceeds on disposal of capital assets	-	600
Cash (applied to) capital activities	(19,778)	(15,581)
Change in cash and cash equivalents	750,508	36,303
Cash and cash equivalents, beginning of year	90,154	53,851
Cash and cash equivalents, end of year	$ 840,662	$ 90,154

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 Family Services 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 accounts for the activities relating to the primary activity 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. As set out in Section 19 of *The Child and Family Services Authorities Act*, the Authority is responsible for determining funding allocations among its mandated agencies. The mandated agencies include both private agencies and government offices, which have different funding arrangements with the Authority. Private agencies receive all of their funding from the Authority (excluding child maintenance), while government offices receive funding directly from the government based on the approval of allocations by the Authority.

(iii) Interfund transfers

Interfund transfers can only be made with approval from the Department of Family Services.

(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.

3. Summary of significant accounting policies (continued)

(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. These investments are recorded at cost.

(f) Capital assets

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.

(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. Actual results may differ from these estimates.

4. Accounts receivable

Accounts receivable at March 31 is comprised of the following:

	2016	2015
Interest receivable	$ 5,238	$ 16,040
Province of Manitoba - Operating	31,200	190
Province of Manitoba - Agency stabilization funding	321,632	-
Other receivables	37,022	6,158
	$ 395,092	$ 22,388

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 Family Services and Housing for child maintenance. The 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 at March 31, 2016 are $116,600 (2015 - $116,600).

6. Portfolio investments

As at March 31, 2016, the fair value of the Authority's portfolio investments is $324,896 (2015 - $1,151,598).

7. Capital assets

	Cost	Accumulated amortization	Net book value 2016	Net book value 2015
Computer software	$ 53,775	$ 49,828	$ 3,947	$ 8,870
Furniture and fixtures	114,260	88,825	25,435	32,677
Leasehold improvements	269,130	192,340	76,790	88,665
	$ 437,165	$ 330,993	$ 106,172	$ 130,212

8. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities at March 31 is comprised of the following:

	2016	2015
Trade payables and accrued liabilities	$ 106,696	$ 46,393
Wages payable	-	13,740
Vacation pay accrual	7,798	3,015
Due to Agencies - CFS Central Manitoba	321,632	-
Due to Province of Manitoba	150,412	234,646
	$ 586,538	$ 297,794

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 relate to grants from various sources as follows:

	2016	2015
Office of the Standing Committee:		
Balance, beginning of year	95,734	105,569
Less: amounts recognized as revenue	95,734	9,835
Balance, end of year	-	95,734
David Thomas Foundation:		
Balance, beginning of year	-	21,386
Add: contributions received, net of repayments	82,859	68,756
Less: amounts recognized as revenue	82,859	90,142
Balance, end of year	-	-
Children's Aid Foundation:		
Balance, beginning of year	38,228	47,756
Add: contributions received	87,851	77,750
Less: amounts recognized as revenue	70,061	87,278
Balance, end of year	56,018	38,228
Other:		
Balance, beginning of year	-	3,600
Less: amounts recognized as revenue	-	3,600
Balance, end of year	-	-
Total Operating Fund	$ 56,018	$ 133,962

10. Fund balances

As at March 31, 2016 and 2015, all of the Authority's fund balances are unrestricted. Internally restricted fund balances, if any, represent amounts that have been internally designated for specific purposes as approved by the Board of Directors. Internally restricted funds may not be established with funding provided by the Department of Family Services without approval by the Department.

11. Province of Manitoba - funding reconciliation

The Authority received the following funding from the Province of Manitoba during the year:

		Cash Withheld for Secondments	Current Year Revenue
Funding received:			
Total per Province of Manitoba confirmation (see (i) below)	$13,083,560		
Plus: Receivable from the Province of Manitoba at year end	31,200		
Less: Prior year receivable from the Province of Manitoba	(190)		
Less: Miscellaneous expense recoveries from Winnipeg Child and Family Services	(7,859)		
Total current year funding	$13,106,711		
Funding applied to:			
Agency grants	$12,241,312	$ -	$12,241,312
Operating grant	776,699	1,600,000	2,376,699
Brandon Friendship Centre	57,500	-	57,500
Other funding - Foster Home Reviews	31,200	-	31,200
	$13,106,711	$ 1,600,000	$14,706,711

(i) Funding from the Province of Manitoba for the year ended March 31, 2016 includes $321,632 for stabilization funding receivable as at March 31, 2016 (see Note 4).

12. Agency grants

During the year ended March 31, 2016, the Authority received funding from the Province of Manitoba in the amount of $12,241,312 for total funding recognized of $12,241,312 (2015 - $12,432,726) to be allocated to the agencies under its jurisdiction. Agency grants were allocated as follows:

	Child and Family Services Division			
Agency	Child Protection Branch	Differential Response	Total 2016	Total 2015
Child and Family Services of Central Manitoba	$ 4,218,126	$ 367,650	$ 4,585,776	$ 4,585,775
Child and Family Services of Western Manitoba	7,113,578	-	7,113,578	6,799,307
Jewish Child and Family Service	541,958	-	541,958	494,710
Total	$11,873,662	$ 367,650	$12,241,312	$11,879,792

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

Grant payments and expenses for the year include the following:

	2016	2015
Children's Aid Foundation - CIBC Miracle Fund	$ 22,379	$ 5,500
Children's Aid Foundation - FC Transition & Comfort Kits	22,450	37,648
Children's Aid Foundation - Scotia Capital Stay in School Fund	25,199	35,856
Children's Aid Foundation - RBC Diversity Fund	32	-
Islamic Social Services Association	55,000	-
New Canadian Awareness Education Initiative	36,150	36,963
Post Secondary Education and Support	9,396	42,882
SOS - Brandon Friendship Centre	57,500	57,500
Vision Catchers	32,999	9,028
Youth Initiatives including Building Futures	28,211	142,961
	$ 289,316	$ 368,338

14. Commitments

The Authority has entered into a lease agreement to lease 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, 2017 are estimated to be $120,180 (2016 actual - $121,306).

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 (2015 - $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 principally 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:

	2016	2015
Cash and cash equivalents	$ 840,662	$ 90,154
Accounts receivable	395,092	22,388
Portfolio investments	320,113	1,135,557
Advances receivable	116,600	116,600
	$ 1,672,467	$ 1,364,699

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 credit exposure.

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, 2016 is $nil (2015 - $nil).

As at March 31, 2016, the aging of accounts receivable is $390,586 current and $4,506 60-90 days (2015 - $22,388 current).

Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they come due.

The Authority manages liquidity risk by maintaining adequate cash balances and by review from the Province of Manitoba to ensure adequate funding will be received to meet its obligations.

15. 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 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, 2015 have been reclassified to conform to the financial statement presentation adopted in the current year.

THE HELEN BETTY OSBORNE MEMORIAL FOUNDATION

FINANCIAL STATEMENTS

MARCH 31, 2016

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba and
To the Board of Trustees of the Helen Betty Osborne Memorial Foundation

We have audited the accompanying financial statements of The Helen Betty Osborne Memorial Foundation, which comprise the statement of financial position as of March 31, 2016 and the statements of operations and 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.

Basis for Qualified Opinion
In common with many charitable organizations, the Foundation derives funds from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these donations was limited to the amounts recorded in the records of the Foundation and we are not able to determine whether any adjustments might be necessary to donations, excess of revenues over expenses and net assets at the end of the year.

Qualified Opinion
In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2016 and the results of its operations and changes in net assets 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
November 17, 2016
Winnipeg, Manitoba

THE HELEN BETTY OSBORNE MEMORIAL FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2016

	Unrestricted Fund	Restricted Fund	Endowment Fund	Total March 31, 2016	Unrestricted Fund	Restricted Fund	Endowment Fund	Total March 31, 2015
ASSETS								
CURRENT ASSETS								
Cash and bank	$ 21,384	10,745	42,598	74,727	9,248	16,745	42,598	68,591
Accounts receivable	1,222	-	-	1,222	3,804	-	-	3,804
Prepaid expenses	91	-	-	91	91	-	-	91
	$ 22,697	10,745	42,598	76,040	13,143	16,745	42,598	72,486
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Accounts payable	$ 9,097	-	-	9,097	-	-	-	-
Deferred contributions (Note 3)	-	10,745	-	10,745	-	16,745	-	16,745
	9,097	10,745	-	19,842	-	16,745	-	16,745
NET ASSETS								
Endowment	-	-	42,598	42,598	-	-	42,598	42,598
Unrestricted	13,600	-	-	13,600	13,143	-	-	13,143
	13,600	-	42,598	56,198	13,143	-	42,598	55,741
	$ 22,697	10,745	42,598	76,040	13,143	16,745	42,598	72,486

APPROVED BY THE BOARD:

Original Document Signed
________________________ **Director**

Original Document Signed
________________________ **Director**

THE HELEN BETTY OSBORNE MEMORIAL FOUNDATION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2016

	Unrestricted Fund	Restricted Fund	Endowment Fund	Total 2016	Unrestricted Fund	Restricted Fund	Endowment Fund	Total 2015
REVENUE								
Book sales and royalties	$ 4,807	-	-	4,807	3,522	-	-	3,522
Donations and fundraising	6,838	-	-	6,838	10,317	-	-	10,317
Restricted contributions (Note 3)								
Bursaries and scholarships	-	42,500	-	42,500	-	39,500	-	39,500
Project	-	-	-	-	-	-	-	-
	11,645	42,500	-	54,145	13,839	39,500	-	53,339
EXPENSES								
Bursaries and scholarships	-	42,500	-	42,500	-	39,500	-	39,500
Consulting	9,098	-	-	9,098	-	-	-	-
Cost of book sales	-	-	-	-	-	-	-	-
Fundraising	2,090	-	-	2,090	11,284	-	-	11,284
Project	-	-	-	-	-	-	-	-
	11,188	42,500	-	53,688	11,284	39,500	-	50,784
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	457	-	-	457	2,555	-	-	2,555
NET ASSETS, BEGINNING OF YEAR	13,143	-	42,598	55,741	10,588	-	42,598	53,186
NET ASSETS, END OF YEAR	$ 13,600	-	42,598	56,198	13,143	-	42,598	55,741

THE HELEN BETTY OSBORNE MEMORIAL FOUNDATION
STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2016

		2016	2015
CASH PROVIDED BY (USED IN):			
OPERATING ACTIVITIES			
Excess (deficiency) of revenue over expenses	$	457	2,555
Change in non-cash working capital:			
Accounts receivable		2,582	30,772
Inventory		-	-
Prepaid expenses		-	(91)
Accounts payable		9,097	(25,500)
Deferred contributions		(6,000)	11,500
INCREASE IN CASH		6,136	19,236
CASH, BEGINNING OF YEAR		68,591	49,355
CASH, END OF YEAR	$	74,727	68,591

THE HELEN BETTY OSBORNE MEMORIAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016

1. ACCOUNTING ENTITY

The Helen Betty Osborne Memorial Foundation (the "Foundation" or "HBOMF") is incorporated under The Helen Betty Osborne Memorial Foundation Act, which received royal assent on December 15, 2000. The Foundation is a registered charitable organization exempt from income taxes under the provisions of the Income Tax Act of Canada.

The legislated purpose of the Foundation is to receive donations of real and personal property, including cash; to provide financial assistance to aboriginal persons residing in Manitoba who are enrolled in post secondary studies in Manitoba; and to promote the memory of Helen Betty Osborne.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements include the following significant accounting policies:

(a) Basis of Presentation

The financial statements have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations.

An underlying assumption of the preparation of financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations is that the Foundation will continue for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of operations.

(b) Revenue Recognition

The Foundation follows the deferral method in accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable, and when collectibility is reasonably assured. Endowment contributions are recognized as direct increases in net assets. Book sales are recognized when products are delivered to the customer and ultimate collection is reasonably assured at the time of performance.

(c) Fund Accounting

The Regulation of the Foundation directs that scholarships, bursaries and grants may be paid from the fund as long as the fund will contain at least $57,500 after the capital in question has been withdrawn from the fund. If the fund contains less than $57,500, the Foundation may only provide scholarships, bursaries and grants using income earned from the fund. The Foundation maintains the following funds:

- The Unrestricted Fund, which reports the general activities of the Foundation, including administration.
- The Restricted Fund, which reports the revenues and expenses related to bursaries and scholarships and other special projects.
- The Endowment Fund, which reports the investments and grants received is subject to externally imposed restrictions stipulating that the resources be maintained permanently.

In addition to the above funds, on September 26, 2011 an amount of $214,902 previously invested with the Province of Manitoba was transferred to the Winnipeg Foundation to be held in perpetuity as an endowed fund known as The Helen Betty Osborne Memorial Scholarship Fund. An amendment to Regulation 40/2004 was approved by Order in Council 477/2015 which clarified that amounts held by the Winnipeg Foundation are also included in the determination of whether the fund is less than $57,500 in which case certain restrictions would then apply. See Note 4 The Winnipeg Foundation - Investments for further information.

THE HELEN BETTY OSBORNE MEMORIAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Inventory

Inventory is stated at the lower of cost and net realizable value with cost being determined using the first-in, first-out method.

(e) Financial Instruments

Financial instruments are classified into one of two measurement categories: a) fair value; or b) cost or amortized cost. The Foundation records its financial assets at cost which includes cash and bank and accounts receivable. The Foundation also records its financial liabilities at cost, which includes accounts payable.

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 gains or loss occurs.

The Foundation did not incur any remeasurement gains or losses during the year (2015 - $nil).

(f) Measurement Uncertainty

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

(g) Contributed Services

The Foundation is economically dependent on the Province of Manitoba. No amount has been reflected in the financial statements for the Foundation's audit fees, certain expenses of trustees and other administrative services provided by the Province of Manitoba.

(h) Donations in Kind

Various individuals or organizations donate items that are used in the fundraising activities of the Helen Betty Osborne Memorial Foundation. These donations in kind have been included in the revenues and expenses where the fair value can be reasonably estimated in the amount of $nil for March 31, 2016 (2015 - $nil).

3. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent resources externally restricted for scholarship or bursary purposes or other externally funded projects. Changes in the deferred contributions balance are as follows:

		2016	2015
Balance, beginning of year	$	16,745	5,245
Add: Restricted contributions			
Bursaries and scholarships		36,500	41,000
Project		-	10,000
Subtotal		53,245	56,245
Deduct current year:			
Amounts recognized as restricted contributions			
Bursaries and scholarships		42,500	39,500
Project		-	-
Balance, end of year	$	10,745	16,745

4. THE WINNIPEG FOUNDATION - INVESTMENTS

On July 23, 2011, the Board of Trustees approved the transfer of $214,902 previously invested with the Province of Manitoba to the Winnipeg Foundation to be held in perpetuity as an endowed fund known as The Helen Betty Osborne Memorial Scholarship Fund. The transfer of funds occurred on September 26, 2011 and all investments are now controlled by the Winnipeg Foundation. These investments are not reported on the financial statements of the HBOMF.

At March 31, 2016, the value of all the funds held in endowment and other flow through funds with the Winnipeg Foundation total $304,559 (2015 - $321,108).

	Endowment Fund	Flow Through Fund	Flow Through Admin Fund	Total 2016	Total 2015
Opening balance	$ 320,118	690	300	321,108	293,334
Donations received	2,320	-	-	2,320	13,377
Scholarships paid	(13,000)	-	-	(13,000)	(24,000)
Investment income (loss)	(3,287)	-	-	(3,287)	40,888
Administration fees	(2,582)	-	-	(2,582)	(2,491)
Ending balance	$ 303,569	690	300	304,559	321,108

The scholarships paid through the Winnipeg Foundation are in addition to the bursaries and scholarships paid directly by the HBOMF.

The Endowment Fund is to be held to perpetuity by the Winnipeg Foundation. The Endowment Fund receives donations and any income attributed to it by the Winnipeg Foundation. The Endowment Fund pays an administrative fee to the Winnipeg Foundation as well as scholarships to selected students. The original gift is protected by the Winnipeg Foundation on an inflation adjusted basis by calculating annually a maximum amount that is available to be withdrawn for the purpose of scholarships. There were $13,000 of scholarships paid out from the Endowment Fund for March 31, 2016 (2015 - $18,000).

The Flow Through Fund is for contributions made directly to the Winnipeg Foundation for scholarships with the intent the funds will flow in and out within a short period of time. The specific student recipient is determined by HBOMF based on established criteria but the actual payment is made by the Winnipeg Foundation. There were no scholarships paid out from the Flow Through Fund for March 31, 2016 (2015 - $6,000).

The Flow Through Administrative Fund is used to accumulate amounts received from donors over and above the amount received for scholarships. The additional amount is to be used for administrative purposes of HBOMF. A request is required by the Winnipeg Foundation before it will be paid directly to HBOMF.

5. RELATED PARTY TRANSACTIONS

The HBOMF is related in terms of common ownership to all departments, agencies and crown corporations.

The HBOMF has the following balances and transactions with the Province of Manitoba and its agencies and crown organizations reflected in these statements as at March 31, 2016. These transactions are in the normal course of business and are measured at the exchange amount agreed to by the related parties.

		2016	2015
Cash and bank	$	53,265	50,853
Accounts payable		-	-
Revenue - donations and fundraising		-	-
Revenue - bursaries and scholarships		42,500	39,500
Expenses - fundraising		-	-

6. PUBLIC SECTOR COMPENSATION DISCLOSURE ACT

The Public Sector Compensation Disclosure Act requires an annual public disclosure be made of compensation paid,

a) to the chairperson, if any, if the chairperson's compensation is $50,000 or more;
b) in the aggregate to its board members, if any;
c) individually to each of its officers or employees whose compensation is $50,000 or more

The Foundation has no staff of their own and Trustees of the Foundation including the Chairperson do not get paid. Seconded staff are considered to be employees of the organization who employed them originally and are reported by that organization.

7. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Foundation has exposure to the following risks from its use of financial instruments.

(a) Liquidity Risk

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they come due. Financial liabilities consists of accounts payable. Accounts payable are paid in the normal course of business and except under certain exceptions, no later than one month.

The Foundation's approach to managing liquidity risk is to manage its cash flow to ensure it will always have sufficient liquidity to meet liabilities when due. At March 31, 2016, the Foundation has an unrestricted fund cash balance of $21,384, a restricted cash balance of $10,745 and a receivable balance of $1,222 which exceeds total unrestricted and restricted fund current liabilities of $19,842. Hence, it is management's opinion that the Foundation is not exposed to any liquidity risk of any significance.

(b) 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.

Financial instruments which potentially subject the organization to credit risk and concentrations of credit risk consist principally of accounts receivable.

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

	2016	2015
Accounts receivable	$ 1,222	3,804

At March 31, 2016, $1,222 (2015 - $3,804) of accounts receivable were not past due or impaired.

Management manages credit risk associated with accounts receivable by pursuing collections when they are due.

(c) Market Risk

Market risk is the risk that 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; foreign currency risk, interest rate risk and other price risk.

The Foundation is not exposed to any market risk of any significance.

8. SUBSEQUENT EVENT

On May 18, 2016 the Board of Trustees of the Helen Betty Osborne Memorial Foundation approved the motion that the Helen Betty Osborne Memorial Foundation transfer the endowment funds, in the amount of $42,598 to the endowed fund known as the Helen Betty Osborne Memorial Scholarship Fund held at the Winnipeg Foundation. As of the Audit Report date, these funds have not been transferred.

INSURANCE COUNCIL OF MANITOBA

Financial Statements
For the year ended March 31, 2016

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BDO Canada LLP/s.r.l./S.E.N.C.R.L.
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, 2016, 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, 2016, 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 Accountants

Winnipeg, Manitoba
May 12, 2016

INSURANCE COUNCIL OF MANITOBA
Statement of Financial Position

March 31		2016		2015
Assets				
Current Assets				
Cash and cash equivalents (Note 3)	$	**374,312**	$	355,836
Interest receivable		**22,105**		23,150
Prepaid expenses		**2,056**		6,700
		398,473		385,686
Portfolio investments (Note 4)		**1,058,493**		1,030,923
Capital assets (Note 5)		**749,780**		446,463
	$	**2,206,746**	$	1,863,072
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued liabilities	$	**83,913**	$	36,911
Deferred revenue (Note 6)		**210,953**		174,415
		294,866		211,326
Commitments (Note 7)				
Net Assets				
Information Technology Reserve (Note 8)		**500,000**		200,000
Unrestricted net assets		**1,410,795**		1,450,797
		1,910,795		1,650,797
Accumulated remeasurement gains		**1,085**		949
		1,911,880		1,651,746
	$	**2,206,746**	$	1,863,072

Approved on behalf of the Council:

Original Document Signed
_______________ Member

Original Document Signed
_______________ Member

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

INSURANCE COUNCIL OF MANITOBA
Statement of Operations and Changes in Net Assets

For the year ended March 31	**2016**	2015
Revenue		
Examinations	**$ 85,085**	$ 68,893
Interest income	**26,193**	29,562
Licences (Note 9)	**1,353,788**	1,074,665
Other	**69,095**	88,279
Realized gain on sale of portfolio investments	**-**	16,778
	1,534,161	1,278,177
Expenses		
Advertising, dues and subscriptions	**8,888**	21,753
Amortization	**181,012**	168,247
Computer consulting fees	**59,173**	58,327
Conferences	**20,960**	1,000
Council	**69,200**	43,450
Equipment leases	**5,146**	4,926
Insurance	**4,748**	4,165
Meetings and travel	**33,152**	28,318
Merchant card expense, bank charges and interest	**28,449**	24,510
Office and equipment rental	**26,598**	21,085
Postage and courier	**4,537**	5,691
Professional fees	**46,123**	48,462
Recruiting and human resource	**7,324**	-
Rent	**92,269**	84,408
Salaries and benefits	**670,141**	641,884
Telephone and Internet	**8,899**	9,023
Training	**7,544**	2,458
	1,274,163	1,167,707
Excess of revenue over expenses for the year	**259,998**	110,470
Net assets, beginning of year	**1,450,797**	1,340,327
Transfer to Information Technology Reserve (Note 8)	**(300,000)**	-
Net assets, end of year	**$ 1,410,795**	$ 1,450,797

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		2016		2015
Accumulated remeasurement gains, beginning of year	$	949	$	17,637
Unrealized gain attributable to portfolio investments		136		90
Amounts reclassified to the statement of operations attributable to disposition of portfolio investments		-		(16,778)
Net remeasurement gain or losses during the year		136		(16,688)
Accumulated remeasurement gains, end of year	$	1,085	$	949

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	2016	2015
Cash Flows from Operating Activities		
Excess of revenue over expenses for the year	**$ 260,134**	$ 93,782
Adjustments for		
Amortization	**181,012**	168,247
Unrealized loss on portfolio investments	**(136)**	(90)
	441,010	261,939
Changes in non-cash working capital balances		
Interest receivable	**1,045**	3,689
Prepaid expenses	**4,644**	(2,845)
Accounts payable and accrued liabilities	**47,002**	15,636
Deferred revenue	**36,538**	4,387
	530,239	282,806
Cash Flows from Investing Activities		
Purchase of capital assets	**(484,330)**	(90,435)
Proceeds on sale of investments	**209,300**	168,289
Purchase of investments	**(236,733)**	(198,375)
	(511,763)	(120,521)
Increase in cash and cash equivalents for the year	**18,476**	162,285
Cash and cash equivalents, beginning of year	**355,836**	193,551
Cash and cash equivalents, end of year	**$ 374,312**	$ 355,836

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, 2016 were $30,660 ($29,496 in 2015).

3. Cash and Cash Equivalents

	2016	2015
Cash and bank	**$ 21,714**	$ 53,042
Short term investments	**352,598**	302,794
	$ 374,312	$ 355,836

The fair value of the cash and cash equivalents approximates the carrying value.

4. Long-term Investments

	2016		2015
	Cost	**Fair Value**	Fair Value
Home Trust GIC, 2.05%, due December 17, 2018	**$ 23,188**	**$ 23,188**	$ -
National Bank GIC, 2.31%, due June 25, 2020	**100,000**	**100,000**	-
Equitable Trust GIC, 2.3%, matured June 25, 2020	**82,545**	**82,545**	-
Presidents Choice GIC, 2.23%, due October 10, 2020	**31,000**	**31,000**	-
Mont Trust GIC, 2.95%, due June 23, 2016	**100,000**	**100,000**	100,000
Maple Trust GIC, 2.95%, due June 23, 2016	**38,916**	**38,916**	38,916
Bank of Montreal GIC, 2.37%, due October 7, 2016	**19,000**	**19,000**	19,000
Home Trust GIC, 2.05%, due October 26, 2016	**20,000**	**20,000**	20,000
Royal Bank of Canada GIC, 2.45%, due November 17, 2016	**33,272**	**34,235**	34,166
AGF Trust Company GIC, 2.52%, due June 26, 2017	**36,649**	**36,770**	36,704
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
Manulife Bank of CDA GIC, 3.65%, due June 22, 2015	**-**	**-**	69,943
HSBC Bank of CDA GIC, 3.70%, due June 22, 2015	**-**	**-**	100,000
Equitable Bank GIC, 2.20%, due October 7, 2015	**-**	**-**	19,355
Home Trust GIC, 1.95%, due matured October 26, 2015	**-**	**-**	20,000
	$ 1,057,409	**$ 1,058,493**	$ 1,030,923

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

	2016			2015		
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Computer hardware	**$ 215,991**	**$ 175,692**	**$ 40,299**	$ 199,292	$ 164,808	$ 34,484
Computer software	**113,133**	**44,412**	**68,721**	111,787	108,088	3,699
Furniture and fixtures	**134,743**	**103,601**	**31,142**	129,592	96,422	33,170
Leaseholds improvements	**25,000**	**25,000**	**-**	25,000	25,000	-
Database	**1,163,556**	**555,850**	**607,706**	770,277	397,903	372,374
Website	**27,353**	**25,441**	**1,912**	27,353	24,617	2,736
	$ 1,679,776	**$ 929,996**	**$ 749,780**	$ 1,263,301	$ 816,838	$ 446,463

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:

2017	$ 101,091
2018	98,776
2019	98,566
2020	36,646
2021	5,686
Thereafter	1,422

8. Information Technology Reserve

During the 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 2016, this amount is $1,012,875 ($911,407 in 2015).

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.

LEAF RAPIDS TOWN PROPERTIES LTD. AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 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 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, 2016 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, 2016 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
August 23, 2016
Winnipeg, Manitoba

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

Legal Aid Manitoba
Statement of Financial Position
as at March 31, 2016

		2016		2015
ASSETS				
Current Assets				
Cash	$	2,814,029	$	2,088,880
Short-term investment		2,789,588		1,518,277
Client accounts receivable (Note 3)		166,950		187,444
Receivable from the Province of Manitoba		3,450,000		5,790,000
Other receivables (Note 4)		176,749		221,448
Prepaid expenses		238,559		232,621
		9,635,875		10,038,670
Capital Assets (Note 5)		299,078		299,302
Long-term receivable – charges on land (Note 6)		812,581		877,702
Long-term receivable – severance – Province of Manitoba (Note 7)		716,166		716,166
Long-term receivable – pension – Province of Manitoba (Note 14)		24,564,770		23,320,997
		26,093,517		24,914,865
	$	36,028,470	$	35,252,837
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	$	2,462,774	$	4,705,345
Accrued vacation pay		1,234,123		1,242,116
Deferred revenue from clients		408,053		670,323
		4,104,950		6,617,784
Provision for employee future benefits (Note 8)		2,930,275		2,815,603
Provision for employee pension benefits (Note 14)		24,564,770		23,320,997
		27,495,045		26,136,600
Net Assets				
Invested in Capital Assets		299,078		299,302
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		0
Unrestricted Net Assets		1,950,838		620,592
		4,428,475		2,498,453
	$	36,028,470	$	35,252,837

Approved by the Council

Original Document Signed — Chairperson

Original Document Signed — Council Member

LEGAL AID MANITOBA

Statement of Operations
for the year ended March 31

		2016		2015
Revenue				
Province of Manitoba (Note 9)	$	32,302,190	$	31,985,141
Manitoba Law Foundation (Note 10)		1,140,629		1,420,635
Contribution from clients		543,514		750,827
Recoveries from third parties		1,572,829		879,747
Judgement costs and settlements		334,070		169,501
Interest income		28,113		20,611
Other		16,751		20,965
		35,938,096		35,247,427
Expense				
Private bar fees and disbursements (Note 13)				
Legal aid certificates		12,246,827		11,577,889
Duty counsel services		409,715		546,371
Transcripts		85,623		55,667
		12,742,165		12,179,927
Community Law Centres, Schedule 1		14,936,382		12,736,438
Public Interest Law Centre, Schedule 1		1,536,343		1,717,032
University of Manitoba Community Law Centre, Schedule 1		165,089		128,093
General and Administrative, Schedule 1		4,628,095		7,208,038
		34,008,074		33,969,528
Excess of revenue over expense	$	1,930,022	$	1,277,899

LEGAL AID MANITOBA

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

	2016						2015
	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	$ 299,302	78,559	1,500,000	-	620,592	2,498,453	1,220,554
Excess (deficiency) of revenue over expense					1,930,022	1,930,022	1,277,899
Capital Asset Additions	74,375				(74,375)	-	-
Capital Asset Amortization	(74,599)				74,599	-	
Internally imposed restriction			-	600,000	(600,000)	-	-
BALANCE, END OF YEAR	$ 299,078	$ 78,559	$ 1,500,000	$ 600,000	$ 1,950,838	$ 4,428,475	$ 2,498,453

LEGAL AID MANITOBA
Statement of Cash Flow
for the year ended March 31

	2016	2015
Cash Flow Provided by (Used In) Operating Activities:		
Excess (deficiency) of revenue over expense	$ 1,930,022	$ 1,277,899
Add items not affecting cash		
Amortization	74,599	67,872
Loss on disposal of capital assets		
Changes in working capital:		
Client accounts receivable	20,494	71,394
Province of Manitoba receivable	2,340,000	(675,000)
Other receivables	44,699	112,985
Prepaid expenses	(5,938)	11,503
Accounts payable and accrued vacation pay	(2,250,564)	(580,687)
Deferred revenue	(262,270)	53,509
Charges on land	65,121	(135,069)
Long-term funding commitments - pension	(1,243,773)	(1,303,309)
Severance liability	105,972	42,410
Sick leave liability	8,700	384,500
Provision for employee pension benefits	1,243,773	1,303,309
	2,070,835	631,316
Cash Flow Provided by (Used In) Capital Activities:		
Redemption of short term investment	(1,271,311)	(1,518,277)
Purchase of capital assets	(74,375)	(41,309)
	(1,345,686)	(1,559,586)
Net Increase (Decrease) in Cash for the Year	725,149	(928,270)
Cash - Beginning of Year	2,088,880	3,017,150
Cash - End of Year	$ 2,814,029	$ 2,088,880

Supplemental Cash Flow Information	2016	2015
Interest Received	$ 28,113	$ 20,611

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	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Advertising	17,198	0	0	0	0	0	0	22,427	17,198	22,427
Amortization	44,615	42,514	2,653	2,110	2,413	1,515	24,918	21,733	74,599	67,872
Bad debts	0	0	0	0	0	0	175,282	286,951	175,282	286,951
Bank charges	0	0	0	0	0	0	3,464	2,384	3,464	2,384
Collection costs	0	0	0	0	0	0	3,875	15,150	3,875	15,150
Computer costs	42,499	69,566	288	7,047	26	3,912	11,040	75,063	53,853	155,588
Council expenses	0	0	0	0	0	0	88,137	85,370	88,137	85,370
Duty counsel	202,338	202,712	3,568	3,669	0	0	720	735	206,626	207,116
Equipment maintenance	72,048	57,728	3,694	3,918	948	0	23,746	28,273	100,436	89,919
File disbursements	325,465	312,606	473,924	711,347	5,982	2,090	32,944	26,370	838,315	1,052,413
Library	79,560	71,732	13,034	11,522	152	140	752	2,651	93,498	86,045
Meetings	8,155	2,965	4,926	763	1,476	1,544	13,052	9,960	27,609	15,232
Office expenses	236,819	160,042	8,393	14,591	6,722	5,552	65,510	132,110	317,444	312,295
Office relocation	4,700	7,425	80	3,176	0	0	399	3,773	5,179	14,374
Pension costs (Note 14)	861,019	0	59,421	0	4,910	0	1,372,594	2,352,428	2,297,944	2,352,428
Premise costs	1,044,401	908,055	79,109	61,965	0	67	391,838	310,154	1,515,348	1,280,241
Professional fees	228,684	212,774	27,299	20,663	580	650	138,193	146,164	394,756	380,251
Salaries, benefits, and levy	11,298,547	10,332,351	808,324	845,862	127,077	97,228	2,055,979	2,941,823	14,289,927	14,217,264
Severance benefits	106,389	0	24,561	0	0	0	105,972	269,039	236,922	269,039
Sick leave provision	0	0	0	0	0	0	8,700	384,500	8,700	384,500
Staff development	54,103	91,545	5,610	4,452	0	0	25,787	15,774	85,500	111,771
Staff recruitment	19,171	7,501	296	264	770	40	216	855	20,453	8,660
Telephone	139,189	99,026	9,237	12,902	2,572	2,614	67,894	61,199	218,892	175,741
Transcripts	14,305	20,662	0	0	227	0	0	0	14,532	20,662
Travel	137,177	137,234	11,926	12,781	11,234	12,741	17,083	13,152	177,420	175,908
TOTAL	$14,936,382	$12,736,438	$1,536,343	$1,717,032	$165,089	$128,093	$4,628,095	$7,208,038	$21,265,909	$21,789,601

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

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

Amortized cost is determined using the effective interest rate method.

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

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.

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. Estimates include the allowance for doubtful accounts, accrual for private bar fees and the severance liability 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.

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 (2015 – 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 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

	2016	2015
Agreements to Pay – Partial	$ 32,257	$ 36,540
Agreements to Pay – Full	362,228	391,670
	394,485	428,210
Less: Allowance for Doubtful Accounts	227,535	240,766
Client accounts receivable	$ 166,950	$ 187,444

4. Other Receivables

	2016	2015
Court costs	$ 639,922	$ 375,126
Child and Family Services agencies	92,426	91,859
Employment and Income Assistance	56,957	110,300
Employee advances, GST recoverable, and miscellaneous	13,104	12,838
	802,409	590,123
Less: Allowance for Doubtful Accounts	625,660	368,675
Other receivables	$ 176,749	$ 221,448

5. Capital Assets

	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and office equipment	$ 303,075	$ 236,004	$ 299,555	$ 217,277
Computer hardware & software	328,858	261,868	281,496	224,304
Leasehold improvements	234,816	69,799	211,322	51,490
	$ 866,749	$ 567,671	$ 792,373	$ 493,071
Net book value		$ 299,078		$ 299,302

6. Charges on Land

	2016	2015
Charges on land	$ 1,723,886	$ 1,873,004
Less: Allowance for Doubtful Accounts	911,305	995,302
Charges on land	$ 812,581	$ 877,702

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

	2016	2015
Severance benefits	$ 2,537,075	$ 2,431,103
Sick leave benefits	393,200	384,500
	$ 2,930,275	$ 2,815,603

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, 2016. The Corporation's actuarially determined net liability for accounting purposes as at March 31, 2016 was $2,537,075 (2015 - $2,431,103). 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.

	2016	**2015**
Balance at beginning of year	$ 2,302,930	$ 2,461,648
Benefits accrued	112,678	117,594
Interest accrued on benefits	140,939	150,653
Benefits paid	(130,950)	(226,629)
Actuarial (gain) loss	(30,360)	(200,336)
Balance at end of year	2,395,237	2,302,930
Unamortized actuarial gains (losses)	141,838	128,173
	$ 2,537,075	$ 2,431,103

The Corporation’s severance costs consist of the following:

	2016	**2015**
Benefits accrued	$ 112,678	$ 117,594
Interest accrued on benefits	140,939	150,653
Amortization of actuarial losses (gains)	(16,695)	792
	$ 236,922	$ 269,039

Significant long-term actuarial assumptions used in the March 31, 2016 valuation, and in the determination of the March 31, 2016 present value of the accrued severance benefit obligation were:

	2016	2015
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, 2016. 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, 2016 was $393,200 (2015 - $384,500).

9. Revenue from the Province of Manitoba

		2016		2015
Grant	$	17,142,323	$	16,648,632
Salaries and other payments		12,737,798		12,955,017
Health and post secondary education tax levy		278,416		280,012
Employer portion of employee benefits		2,024,748		1,984,780
Other government agencies		118,905		116,700
	$	32,302,190	$	31,985,141

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

		2016		2015
Statutory grant	$	1,007,629	$	1,154,635
Public Interest Law Centre		90,000		180,000
University Law Centre		43,000		86,000
	$	1,140,629	$	1,420,635

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, 2016, all funds received through these grants have been spent in the current year.

11. Lease Commitments

The Corporation rents facilities under operating leases. Unpaid remaining commitments under the leases, which expire at varying dates are:

2017	$ 1,131,207
2018	1,139,117
2019	1,146,614
2020	1,099,030
2021	1,103,774
Thereafter	4,235,150
	$ 9,854,892

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

	2016			2015
	Fees	**Disbursements**	**Total**	**Total**
Legal aid certificates	$ 11,486,943	$ 759,884	$ 12,246,827	$ 11,577,889
Duty counsel services	409,715	0	409,715	546,371
Transcripts	0	85,623	85,623	55,667
	$ 11,896,658	$ 845,507	$ 12,742,165	$ 12,179,927

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, 2014. The actuary has projected the pension obligation to March 31, 2016.

	2016	2015
Balance at beginning of year	$ 23,981,328	$ 22,718,698
Benefits accrued	890,393	858,640
Interest accrued on benefits	1,433,967	1,357,407
Benefits paid	(1,054,172)	(1,049,120)
Actuarial (gain) loss	173,551	95,703
Balance at end of year	25,425,067	23,981,328
Unamortized actuarial gains (losses)	(860,297)	(660,331)
	$ 24,564,770	$ 23,320,997

The Corporation’s pension costs consist of the following:

	2016	2015
Benefits accrued	$ 890,393	$ 858,640
Interest accrued on benefits	1,433,967	1,357,407
Amortization of actuarial (gains) losses	(26,416)	136,381
	$ 2,297,944	$ 2,352,428
Employee contributions for the year	906,529	894,417

The key actuarial assumptions were a rate of return of 6.00% (2015 – 6.00%), 2.00% inflation (2015 – 2.00%), salary rate increases of 3.75% (2015 – 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, 2016.

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 $24,564,770 (2015 – $23,320,997), and has recorded revenue for 2015/16 equal to its increase in the unfunded pension liability during the year of $1,243,773 (2015 – $1,303,309). 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 (2015 -

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.

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, 2016 is:

Cash	$	2,814,029
Short term investment		2,789,588
Client accounts receivable		166,950
Receivable from the Province of Manitoba		3,450,000
Other receivables		176,749
Long-term receivables:		
• Charges on land		812,581
• Severance - Province of Manitoba		716,166
• Pension - Province of Manitoba		24,564,770
	$	35,490,833

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 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:

	2016	2015
Balance, beginning of the year	$ 1,604,743	$ 1,348,469
Provision for bad debts	175,282	286,951
Amounts written off	(15,525)	(30,677)
Balance, end of the year	$ 1,764,500	$ 1,604,743

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.

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. 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, 2016 of $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, 2016

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, 2016 and the statements of operations and accumulated surplus (deficit), 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, 2016, 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 24, 2016
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 2016		Actual 2015
Financial assets				
Cash and cash equivalents	$	**5,510,946**	$	4,332,628
Accounts receivable (Note 4)		**94,922**		340,645
Long-term investment (Note 5)		**146,079**		146,079
		5,751,947		4,819,352
Liabilities				
Accounts payable and accrued liabilities (Note 6)		**1,248,740**		1,348,529
Deferred revenue (Note 7)		**886,827**		579,666
Severance benefits (Note 8)		**956,144**		890,178
Retirement benefits (Note 8)		**195,800**		94,939
Non-vested sick leave benefits (Note 8)		**182,214**		153,086
Total employee future benefits		**1,334,158**		1,138,203
		3,469,725		3,066,398
Net financial assets		**2,282,222**		1,752,954
Non-financial assets				
Tangible capital assets (Note 9)		**278,239**		321,193
Prepaid expenses		**67,750**		62,137
		345,989		383,330
Accumulated surplus	$	**2,628,211**	$	2,136,284

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 (Deficit)

For the year ended March 31	Budget 2016	**Actual 2016**	Actual 2015
Revenue			
Licence fees – gaming	$ 6,192,700	**$ 6,124,992**	$ 6,062,160
Licence fees – liquor	1,796,600	**1,784,729**	1,755,184
MLLC funding transfer	3,250,000	**3,250,000**	2,500,000
Other revenue	36,000	**42,740**	39,550
Interest earned	33,700	**28,010**	37,300
	11,309,000	**11,230,471**	10,394,194
Expenses			
Salaries and benefits	8,202,500	**8,097,382**	7,513,169
Rent	619,600	**658,350**	611,762
Transportation	524,200	**376,883**	406,412
Legal and professional fees	410,100	**272,459**	304,962
Communications	254,300	**268,091**	268,072
Supplies and services	342,900	**238,696**	385,150
Education, training, conferences	200,000	**201,122**	211,148
Public education	225,000	**174,731**	235,741
First Nations legal and professional	0	**172,612**	5,934
Amortization	143,300	**82,916**	83,827
Accommodations	100,900	**74,248**	73,320
Board	59,800	**46,246**	33,410
Other expenses	67,900	**44,617**	32,644
Amalgamation expenses (Note 10)	0	**15,631**	21,163
HR/Systems support	20,000	**10,515**	32,218
Loss on disposal of tangible capital assets	120,500	**4,045**	175
	11,291,000	**10,738,544**	10,219,107
Annual surplus (deficit)	18,000	**491,927**	175,087
Accumulated surplus, beginning of year	2,152,300	**2,136,284**	1,961,197
Accumulated surplus, end of year	$ 2,170,300	**$ 2,628,211**	$ 2,136,284

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 2016	**Actual 2016**	Actual 2015
Annual surplus (deficit)	$ 18,000	**$ 491,927**	$ 175,087
Acquisition of tangible capital assets	(2,260,000)	**(44,007)**	(125,232)
Amortization of tangible capital assets	143,300	**82,916**	83,827
Loss on disposal of tangible capital assets	120,500	**4,045**	175
	(1,996,200)	**42,954**	(41,230)
Increase in prepaid expenses	0	**(5,613)**	(25,312)
Increase (decrease) in net financial assets	(1,978,200)	**529,268**	108,545
Net financial assets, beginning of year	1,805,700	**1,752,954**	1,644,409
Net financial assets, end of year	$ (172,500)	**$ 2,282,222**	$ 1,752,954

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		2016		2015
Operating transactions				
Annual surplus (deficit)	$	**491,927**	$	175,087
Loss on disposal of tangible capital assets		**4,045**		175
Changes in non-cash items				
Accounts receivable		**245,723**		(286,179)
Prepaid expenses		**(5,613)**		(25,312)
Accounts payable and accrued liabilities		**(99,789)**		596,623
Deferred revenue		**307,161**		579,666
Provision for employee severance benefits		**65,966**		59,552
Provision for employee pension benefits		**100,861**		30
Provision for employee sick leave benefits		**29,128**		77,433
Amortization		**82,916**		83,827
Cash provided by operating transactions		**1,222,325**		1,260,902
Capital transactions				
Cash used to acquire tangible capital assets		**(44,007)**		(125,232)
Investing transactions				
		0		0
Financing transactions				
		0		0
Increase (decrease) in cash and cash equivalents		**1,178,318**		1,135,670
Cash and cash equivalents, beginning of year		**4,332,628**		3,196,958
Cash and cash equivalents, end of year	$	**5,510,946**	$	4,332,628
Supplemental cash flow information				
Interest received		**29,342**		36,869

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 (MGCC) 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, 2016. 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 MGCC 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. Manitoba Liquor and Lotteries Corporation 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 (9 months)

e. Prepaid Expenses

Prepaid expenses include rent, insurance and supplies and are charged to expenses over the periods expected to benefit from it.

f. Revenues

Revenues are recorded on an accrual basis except for gaming event licence fees, supplier licence fees, social occasion permit fees, and licence application fees which are recognized on a cash receipt basis.

The annual funding transfer from the Manitoba Liquor and Lotteries Corporation is the amount that the LGA, with the approval of the Treasury Board, directs the Manitoba Liquor and Lotteries Corporation to pay to the LGA.

g. Expenses

Expenses are recorded on an accrual basis.

h. Measurement Uncertainty

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

3. Financial Instruments and Financial Risk Management

Measurement

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

The LGA records its financial assets at cost. Financial assets include cash and cash equivalents, temporary investments and accounts receivable. The LGA also records its financial liabilities at cost. Financial liabilities are accounts payable.

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

The LGA did not incur any re-measurement gains and losses during the year ended March 31, 2016 (2015 - $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, 2016 was:

	2016	2015
Cash and cash equivalents	**$ 5,510,946**	$ 4,332,628
Accounts receivable	**94,922**	340,645
	$ 5,605,868	$ 4,673,273

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, 2016 was:

Current	$ 56,285
30 to 60 days past billing date	2,236
61 to 90 days past the billing date	997
More than 90 days past the billing date	35,404
	$ 94,922

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

		2016		2015
MLLC	$	**12,916**	$	277,567
Liquor service/retail beer vendor licensees		**6,050**		3,750
First Nations casinos		**3,750**		10,600
Social occasion permits		**2,250**		3,950
Gaming event licensees		**3,418**		805
Interest on short-term investments		**3,886**		5,218
Other trades		**62,652**		38,755
	$	**94,922**	$	340,645

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 in the year was $996 (2015 - $1,432).

6. Accounts Payable and Accrued Liabilities

		2016		2015
Accounts payable and accrued liabilities	$	**106,474**	$	283,553
Salaries and benefits payable		**282,140**		239,348
Accrued vacation pay		**857,617**		820,852
Other		**2,509**		4,776
	$	**1,248,740**	$	1,348,529

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	$ 579,666	$ 1,231,960	$ 924,799	$ 886,827

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, 2016. It should be noted that 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 MGCC 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 MGCC 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, 2016. The LGA's actuarially-determined net liability for accounting purposes as at March 31, 2016 was $961,080 (2015 - $829,464). An actuarial loss of $20,983 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 2016 amounted to $34,537 (2014 - $0).

Significant long-term actuarial assumptions used in the March 31, 2016 valuation and in the determination of the March 31, 2016 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, 2016 includes the following components:

	2016	2015
Accrued benefit liability	**$ 961,080**	$ 829,464
Unamortized actuarial gains (losses)	**29,601**	60,714
Less: Employer severance payments	**(34,537)**	0
Severance benefit liability	**$ 956,144**	$ 890,178

The total expenses related to severance benefits at March 31, 2016 include the following components:

	2016	2015
Interest on obligation	**$ 49,768**	$ 48,584
Current period benefit cost	**56,926**	22,331
	106,692	70,915
Effect of change per new collective agreement	**26,325**	0
Effect of change in staff identification for two employees	**12,153**	0
Amortization of actuarial gain over expected average remaining service lifetime	**(10,130)**	(11,363)
Total expense related to severance benefit	**$ 135,042**	$ 59,552

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, 2014 the Fund had a deficit of $3.8 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 the year are $486,635. Contributions for the 2014/15 year were $417,610.

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, 2016, a reserve of $195,800 (2015 - $94,939) 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 in the year were $100,861 (2015 - $30). Significant long-term actuarial assumptions used in the March 31, 2016 valuation and in the determination of the March 31, 2016 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 agreements. 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, 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**

March 31, 2015

	Equipment	Furniture and Fixtures	Computer Equipment	Leasehold Improvements	Total
Cost					
Opening balance	$54,442	$432,628	$1,075,934	$57,318	$1,620,322
Additions		12,242	110,879	2,111	125,232
Disposals		(956)			(956)
Closing balance	$54,442	$443,914	$1,186,813	$59,429	$1,744,598
Accumulated amortization					
Opening balance	$46,377	$305,841	$950,946	$37,195	$1,340,359
Amortization	1,613	13,297	60,966	7,951	83,827
Disposals		(781)			(781)
Closing balance	$47,990	$318,357	$1,011,912	$45,146	$1,423,405
				Net Book Value	$321,193

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 December 31, 2016.

The minimum annual lease payment for the next three years is:

2017	$233,876

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 (2015 - $2,000,000). As at March 31, 2016, $2,000,000 (2015 - $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.

RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of the Manitoba Agricultural Services Corporation is responsible for the integrity, objectivity and reliability of the financial statements, accompanying notes and other financial information in the annual report.

Management maintains internal control systems to ensure that transactions are accurately recorded in accordance with established policies and procedures. In addition, certain best estimates and judgements have been made based on a careful assessment of the available information.

The financial statements and accompanying notes are examined by the Auditor General for Manitoba, whose opinion is included here. The Auditor General has access to MASC's Board of Directors, with or without management present, to discuss the results of their audit and the quality of MASC's financial reporting.

original signed by
Neil Hamilton
President & Chief Executive Officer

original signed by
Fern Comte
Chief Financial Officer

August 3, 2016

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, 2016, 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, 2016, 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
August 3, 2016

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2016 | IN THOUSANDS OF DOLLARS

	NOTE	MARCH 31, 2016	MARCH 31, 2015
FINANCIAL ASSETS			
Cash		$ **6,042**	$ 2,081
Accounts receivable	8	**4,161**	4,490
Receivables from the Province of Manitoba	9	**12,498**	13,425
Receivables from the Government of Canada	10	**6,243**	8,330
Investments	11	**412,578**	350,596
Loans receivable	12	**568,427**	463,659
Total Financial Assets		$ **1,009,949**	$ 842,581
LIABILITIES			
Accounts payable and accrued liabilities	13	$ **15,438**	$ 21,224
Claims payable	14	**11,401**	16,953
Loans from the Province of Manitoba	15	**595,478**	482,549
Provisions for losses on guaranteed loans	16	**14,853**	15,191
Future employee benefits	17	**8,834**	8,850
Total Liabilities		$ **646,004**	$ 544,767
Net Financial Assets		$ **363,945**	$ 297,814
NON-FINANCIAL ASSETS			
Inventories held for use	2	$ **274**	$ 274
Prepaid expenses	2	**112**	133
Tangible capital assets	2	**300**	314
Total Non-Financial Assets		$ **686**	$ 721
Accumulated surplus		$ **364,631**	$ 298,535
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 signed by
Larry Bohdanovich
Vice Chair, Board of Directors

original signed by
Leonard Harapiak
Chair, Board Audit and Finance Committee

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2016 | IN THOUSANDS OF DOLLARS

	2016 BUDGET	2016 ACTUAL	2015 ACTUAL
REVENUE			
Premiums from insured producers	$ 120,507	**$ 118,560**	$ 121,788
Interest from loans	22,873	**24,411**	22,011
Contribution from the Province of Manitoba	101,559	**94,637**	96,614
Contribution from the Government of Canada	92,377	**89,385**	95,156
Investment income	4,080	**2,898**	3,774
Other income	217	**156**	436
	341,613	**330,047**	339,779
EXPENSE			
Lending Programs	26,638	**25,905**	22,570
AgriInsurance Program	244,635	**160,410**	214,575
Hail Insurance Program	31,257	**37,274**	17,273
Wildlife Damage Compensation Program	3,626	**4,810**	4,168
Farmland School Tax Rebate Program	36,039	**34,006**	34,021
Western Livestock Price Insurance Program	2,640	**1,598**	1,067
Other Programs	108	**(52)**	979
	344,943	**263,951**	294,653
Income for the year	$ (3,330)	**66,096**	45,126
Accumulated surplus, beginning of year		**298,535**	253,409
Accumulated surplus, end of year		**$ 364,631**	$ 298,535

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, 2016 | IN THOUSANDS OF DOLLARS

	2016 ACTUAL	2015 ACTUAL
Income for the year	**$ 66,096**	$ 45,126
Tangible capital assets		
Acquisition of tangible capital assets	**(53)**	(223)
Amortization of tangible capital assets	**67**	61
	14	(162)
Other non-financial assets		
Disposal of inventory held for use	-	76
(Increase) decrease in prepaid expenses	**21**	(5)
	21	71
Increase in net financial assets	**66,131**	45,035
Net financial assets, beginning of year	**297,814**	252,779
Net financial assets, end of year	**$ 363,945**	$297,814

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2016 | IN THOUSANDS OF DOLLARS

	2016	2015
Cash provided by (used for):		
OPERATING		
Income for the year	$ 66,096	$ 45,126
Amortization of tangible capital assets	67	61
	66,163	45,187
Changes in:		
Receivables	3,343	5,907
Loans receivable	(152)	(1,448)
Accounts payable and accrued liabilities	(5,787)	(2,643)
Claims payable	(5,552)	(2,649)
Provisions for losses on guaranteed loans	(338)	91
Future employee benefits	(16)	(107)
Prepaid expenses	21	(5)
Inventories held for use	-	76
Cash provided by operating activities	57,682	44,409
CAPITAL		
Acquisition of tangible capital assets	(53)	(223)
Disposal of tangible capital assets	-	-
Cash used for capital activities	(53)	(223)
INVESTING		
Investments redeemed (purchased)	(14,000)	13,304
Loans disbursed	(210,930)	(143,235)
Loan principal received	106,315	91,512
Cash used for investing activities	(118,615)	(38,419)
FINANCING		
Debt repayments to the Province of Manitoba	(97,583)	(83,559)
Loans from the Province of Manitoba	210,512	128,000
Cash provided by financing activities	112,929	44,441
Net increase in cash and cash equivalents	51,943	50,208
Cash and cash equivalents, beginning of year	261,677	211,469
Cash and cash equivalents, end of year	$ 313,620	$261,677
Cash and cash equivalents are comprised of the following:		
Investments	$ 412,578	$350,596
Investments with terms greater than 90 days	(105,000)	(91,000)
Investments with terms of 90 days or less	307,578	259,596
Cash	6,042	2,081
	$ 313,620	$261,677
Supplemental Cash Flow Information		
Interest paid	$ 17,351	$ 16,619
Interest received	$ 27,439	$ 25,785

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

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2016 | TABULAR AMOUNTS IN THOUSANDS OF DOLLARS

1. NATURE OF ORGANIZATION

The Manitoba Agricultural Credit Corporation (MACC) was established under The Agricultural Credit Corporation Act. The Manitoba Crop Insurance Corporation (MCIC) was established under The Crop Insurance Act. As a result of the proclamation of The Manitoba Agricultural Services Corporation Act, C.C.S.M. c.A25 on September 1, 2005, MACC and MCIC were amalgamated to form a provincial Crown corporation called the Manitoba Agricultural Services Corporation (MASC) and the legislation establishing the former corporations was repealed.

MASC provides lending, insurance and other programs and services. Its core programs include direct loans to agriculture producers, loan guarantees, AgriInsurance and Hail Insurance. MASC also delivers the Wildlife Damage Compensation Program, Farmland School Tax Rebate Program, Western Livestock Price Insurance Program and other programs and services.

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 2015/16 budget in April 2015. MASC's approved budget includes provincial funding of $101,559,000. 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	$ 101,578	92,344
Non-cash items*	(19)	33
Funding approved by MASC's Board of Directors	$ 101,559	$ 92,377

*Includes items such as amortization and unfunded pension expense.

(B) Lending Programs

The Lending Programs' accumulated deficit of $32,403,000 (2015 - $31,741,000) is mainly comprised of the provision for loan losses and the provision for losses on guaranteed loans. The Province of Manitoba only funds loans 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 2015 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 2015 tax rebates is a provision of $1,817,000 for rebates that have been applied for and are in process of payment as of March 31, 2016. A provision of $19,000 remains for pre-2015 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 $714,000 in 2016 (2015 - $0) which included $42,000 (2015 - $0) in provision for unpaid claims as of March 31, 2016.

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 $95,000 in 2016 (2015 - $109,000).

(B) Flood 2011 - Building and Recovery Action Plan

In May 2011, MASC was given the responsibility of administering the following flood assistance programs announced under the Flood 2011 - Building and Recovery Action Plan. All funding for these programs was provided to MASC by the Province of Manitoba.

a) Lake Manitoba Financial Assistance Program

Part A - Lake Manitoba Pasture Flooding Assistance Component: This program assisted Manitoba livestock producers in managing their feed requirements resulting from the loss of pasture in the designated Lake Manitoba Flood Zone.

Part B - Lake Manitoba Agricultural Infrastructure, Transportation and Crop/Forage Loss Component: This program assisted agricultural producers with flood mitigation measures, lost crop production, damage to agricultural infrastructure and extra costs for feeding and transporting livestock in the Lake Manitoba Flood Zone.

Part C - Lake Manitoba Business, Principal and Non-Principal Residence Component: This program compensated residents and businesses for the cost of uninsurable property damage and flood protection measures taken as a direct result of the elevated water levels in the Lake Manitoba Flood Zone.

Part D - Lake Manitoba Flood Protection for Principal Residences, Non-Principal Residences and Business Structures: This program provided financial assistance for flood protection measures undertaken individually or cooperatively for the purpose of protecting principal residences, non-principal residences and business structures in the Lake Manitoba Flood Zone.

b) Hoop and Holler Compensation Program

This program provided compensation to families, businesses and agricultural producers in the area of the controlled release of water from the Assiniboine River near the Hoop and Holler Bend on Highway 331, and the overflow of water diverted from the Assiniboine River into the Portage Diversion. Compensation covered the majority of the cost of property damage, income loss and flood protection measures.

c) 2011 Dauphin River Flood Assistance Program

This program provided compensation to commercial fishers in the Dauphin River area for 2011 income losses resulting from the inability to access their fishery and fish processing facilities.

d) 2011 Lake Dauphin Emergency Flood Protection Program

This program provided financial assistance for emergency structural flood protection measures to protect principal residences and non-principal residences in the Lake Dauphin Flood Zone.

e) Shoal Lakes Agricultural Flood Assistance Program

This program provided financial support to agricultural producers affected by chronic flooding in the Shoal Lakes complex in the Interlake area of Manitoba. This program consisted of: assistance for lost income due to flooded hay and pasture land in 2010 and 2011, transportation assistance for movement of feed and/or animals, a voluntary buy-out option for producers with flooded property and transition assistance for producers who participated in the voluntary buy-out option. The buy-out component of the program was administered solely by Manitoba Agriculture.

f) Lake St. Martin Fishers Program

This program provided compensation to Lake St. Martin commercial fishers who experienced net income losses due to not being able to participate in the 2011/12 winter commercial fishery, resulting from ice and/or flooding, or because they were evacuated from their community.

g) 2012 Dauphin River Commercial Fishers Income Loss Assistance Program

This program provided compensation to commercial fishers who experienced income losses for the 2012 summer commercial fishing season, due to lack of access to their fishery and fish processing facilities as a direct result of elevated water levels on the Dauphin River in 2011.

h) 2012 Dauphin River Flood-Related Commercial Fishers Fall Income Loss Assistance Program

This program provided ongoing support for commercial fishers for income losses during the 2012 fall commercial fishing season resulting from elevated water levels on the Dauphin River in 2011.

The table below outlines the total costs for each program as of March 31, 2016.

PROGRAM	COMPENSATION					ADMINISTRATION[1]				TOTAL EXPENDITURES
	Expensed (recovered) in the year ended					Expensed (recovered) in the year ended				
	March 31, 2014[3, 4]	March 31, 2015	March 31, 2016	Total Compensation	Provision for Payments[2]	March 31, 2014[4]	March 31, 2015	March 31, 2016	Total Administration	**March 31, 2016**
Lake Manitoba Financial Assistance Program:										
Part A	$ 657	$ (1)	$ -	$ 656	$ 10					
Part B	30,738	(828)	-	29,910	850					
Part C	65,596	96	(156)	65,536	1,241					
Part D	8,312	(42)	-	8,270	-					
	$105,303	$ (775)	$ (156)	$ 104,372	$ 2,101	$ 13,085	$ (1,071)	$ (57)	$ 11,957	**$ 116,329**
Hoop and Holler Compensation Program	10,434	(1,713)	-	8,721	24	430	(3)	30	457	**9,178**
2011 Dauphin River Flood Assistance Program	1,973	-	-	1,973	-	2	-	-	2	**1,975**
2011 Lake Dauphin Emergency Flood Protection Program	293	-	-	293	-	60	(1)	-	59	**352**
Shoal Lakes Agricultural Flood Assistance Program	5,307	-	-	5,307	-	(4)	-	-	(4)	**5,303**
Lake St. Martin Fishers Program	127	(4)	-	123	-	5	(3)	-	2	**125**
2012 Dauphin River Commercial Fishers Income Loss Assistance Program	259	-	-	259	-	2	-	-	2	**261**
2012 Dauphin River Flood-Related Commercial Fishers Fall Income Loss Assistance Program	281	-	-	281	-	1	-	-	1	**282**
TOTAL	$123,977	$ (2,492)	$ (156)	$ 121,329	$ 2,125	$ 13,581	$ (1,078)	$ (27)	$ 12,476	**$ 133,805**

[1] Includes provision for administration of claims in process and Flood Appeals Commission expenses and is net of any interest revenue and bad debt expense.

[2] The provision for payments is as of March 31, 2016 and represents the expected outstanding payments for each program. These amounts are included in total compensation.

[3] In March 2014, $7,664,000 of compensation from the Lake Manitoba Financial Assistance Program was reallocated to the 2011 Manitoba AgriRecovery Programs. Of this amount, $2,048,000 was removed from Part A and $5,616,000 was removed from Part B.

[4] Includes costs incurred in the fiscal years ended March 31, 2012, March 31, 2013 and March 31, 2014.

(C) 2011 Manitoba AgriRecovery Programs

In June 2011, MASC was given the responsibility of administering the following emergency assistance programs. The purpose of these programs was to provide financial assistance for the restoration, maintenance and rehabilitation of farms that were impacted by excess moisture and flooding in 2011.

a) 2011 Manitoba Excess Moisture Assistance Program

This program provided financial assistance to farmers who could not seed a crop by June 20, 2011 or who had an annual crop or newly seeded forage crop that was destroyed by flooding or excess moisture prior to September 15, 2011. Producers received $30 per acre for unseeded land or drowned out crop. This program was partially funded by the Government of Canada under the Canada-Manitoba Agricultural Recovery Program. The Government of Canada provided funding for 57% of the compensation payments and 60% of the program's administrative expenses. The remaining program cost was paid by the Province of Manitoba. The total program cost of $109,376,000 was funded by the Government of Canada ($62,398,000) and the Province of Manitoba ($46,978,000).

b) 2011 Manitoba Transportation Assistance Program

This program provided livestock producers with financial assistance to deal with the extraordinary costs of transporting feed and animals, due to flooding and excess moisture conditions in 2011. The program covered breeding and market animals and provided for transportation costs associated with the pasture and overwinter feed shortages that were incurred from May 15, 2011 to March 31, 2012. The Government of Canada's funding was provided through the Canada-Manitoba Agricultural Recovery Program and the Canada-Manitoba Forage Shortfall and Restorative Assistance Initiative. The Government of Canada provided 60% of the cost of either transporting feed to breeding animals or transporting breeding animals to feed, plus 60% of the related administrative expenses. The remaining program cost was paid by the Province of Manitoba. Total program cost of $3,320,000 was provided by the Government of Canada ($1,788,000) and the Province of Manitoba ($1,532,000).

c) 2011 Manitoba Forage Shortfall Assistance Program

This program provided livestock producers with financial assistance to deal with extraordinary pasture and overwinter feeding costs due to shortfalls in their forage production caused by flooding or excess moisture conditions in 2011. The Government of Canada's funding was provided through the Canada-Manitoba Agricultural Recovery Program and the Canada-Manitoba Forage Shortfall and Restorative Assistance Initiative. The Government of Canada provided 60% of the feeding costs for breeding animals, plus 60% of the related administrative expenses. The remaining cost was provided by the Province of Manitoba. Total program cost of $19,961,000 was provided by the Government of Canada ($9,697,000) and the Province of Manitoba ($10,264,000).

d) 2011 Manitoba Forage Restoration Assistance Program

This program provided forage producers with financial assistance to restore established tame forage and forage seed crops that were damaged by excess moisture in 2011. Producers were eligible for $50 for each acre of forage that was destroyed and reseeded to forage. This program was partially funded by the Government of Canada under the Canada-Manitoba Forage Shortfall and Restoration Assistance Initiative. The Government of Canada provided 60% of the funding for the first $30 of compensation per acre, plus 60% of the related administrative expenses during the period of June 1, 2011 to March 31, 2013. The remaining cost was provided by the Province of Manitoba. Total program cost of $1,316,000 was funded by the Government of Canada ($493,000) and the Province of Manitoba ($823,000).

e) **2011 Manitoba Greenfeed Assistance Program**
This program provided financial assistance to compensate producers who seeded greenfeed by July 22, 2011 on land that was left unseeded due to excess moisture. Producers were eligible for $15 per acre based on the number of acres of greenfeed in excess of the producer's normal acreage of greenfeed. Greenfeed crops that were harvested for seed did not qualify for compensation. This program was funded entirely by the Province of Manitoba ($3,018,000).

f) **Manitoba 2011 Infrastructure and Individual Assessment Program**
This program provided financial assistance to agricultural crop and livestock producers for flood mitigation and damage to agricultural property and inventory that was not eligible for compensation under Disaster Financial Assistance or the Flood 2011 - Building and Recovery Action Plan. This program was funded entirely by the Province of Manitoba ($3,926,000).

The table below outlines the cost expended for each program as of March 31, 2016.

PROGRAM	COMPENSATION					ADMINISTRATION[1]				TOTAL EXPENDITURES
	Expensed (recovered) in the year ended					Expensed (recovered) in the year ended				
	March 31, 2014[3]	March 31, 2015	March 31, 2016	Total Compensation	Provision for Payments[2]	March 31, 2014	March 31, 2015	March 31, 2016	Total Administration	**March 31, 2016**
2011 Manitoba Excess Moisture Assistance Program	$109,013	-	-	$ 109,013	$ -	$ 379	$ (14)	$ (2)	$ 363	**$ 109,376**
2011 Manitoba Transportation Assistance Program	3,204	-	-	3,204	-	116	-	-	116	**3,320**
2011 Manitoba Forage Shortfall Assistance Program	19,513	-	-	19,513	-	449	(1)	-	448	**19,961**
2011 Manitoba Forage Restoration Assistance Program	1,141	(19)	-	1,122	-	244	(44)	(6)	194	**1,316**
2011 Manitoba Greenfeed Assistance Program	2,841	-	-	2,841	-	177	-	-	177	**3,018**
2011 Manitoba Infrastructure and Individual Assessment Program	4,332	(695)	17	3,654	447	326	(41)	(13)	272	**3,926**
TOTAL	$140,044	$ (714)	$ 17	$ 139,347	$ 447	$ 1,691	$ (100)	$ (21)	$ 1,570	**$ 140,917**

[1] Includes provision for administration of claims in process and appeal committee expenses and is net of any interest revenue and bad debt expense.
[2] The provision for payments is as of March 31, 2016 and is included in the total compensation amounts.
[3] In March 2014, $7,664,000 of compensation from the Lake Manitoba Financial Assistance Program was reallocated to the 2011 Manitoba AgriRecovery Programs. Of this amount, $1,293,000 was added to the 2011 Manitoba Excess Moisture Assistance Program, $1,161,000 to the 2011 Manitoba Transportation Assistance Program, $5,202,000 to the 2011 Manitoba Forage Shortfall Assistance Program, and $8,000 to the 2011 Manitoba Forage Restoration Assistance Program.

(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. As an AgriRecovery initiative, funding was provided 60% by the Government of Canada and 40% by the Province of Manitoba. Total compensation payments of $3,376,000 include a provision for outstanding claims of $7,000. Administrative expenses are estimated to be $292,000. The program's total cost of $3,668,000 was funded by the Government of Canada ($2,205,000) and the Province of Manitoba ($1,463,000).

(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. 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

	2016	2015
Amounts from insured persons:		
AgriInsurance	$ 3,616	$ 2,507
Hail Insurance	753	1,045
Other	1,216	1,698
	5,585	5,250
Less provision for credit losses	(1,424)	(760)
	$ 4,161	$ 4,490

The provisions for credit losses of $1,424,000 (2015 - $760,000) 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

	2016	2015
AgriInsurance premiums (Note 2K)	$ **3,830**	$ 3,066
Administrative expenses	**1,558**	2,278
Pension liability	**6,300**	6,400
Severance liability	**429**	429
Vacation pay liability	**169**	169
Other Programs (Note 7)	**212**	1,083
	$ **12,498**	$ 13,425

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 $6,300,000 as of March 31, 2016 (2015 - $6,400,000), and has recorded a decrease under other contributions from the Province of Manitoba for 2015/16 equal to the related pension reduction of $100,000 (2015 - $18,000 reduction). The Province of Manitoba makes payments on the receivable when it is determined that the cash is required to discharge the related pension obligation.

Severance 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, 2016, the receivable for severance pay liability was $429,000 (2015 - $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, 2016, the receivable for vacation pay liability was $169,000 (2015 - $169,000).

10. RECEIVABLES FROM THE GOVERNMENT OF CANADA

	2016	2015
AgriInsurance Program	$ **5,749**	$ 5,613
Wildlife Damage Compensation Program	**198**	130
Western Livestock Price Insurance Program	**90**	146
Other Programs	**206**	2,441
	$ **6,243**	$ 8,330

11. INVESTMENTS

MASC's investments as of March 31, 2016 consist of the following:

Maturity Terms	Average Interest Rate	Lending Programs	AgriInsurance Program	Hail Insurance Program	Farmland School Tax Rebate Program	Other Programs	**2016**	2015
90 days or less	0.566%	$ 12,000	$ 269,302	$ 15,658	$ 778	$ 9,537	**$ 307,275**	$ 259,163
1 year	1.025%	-	50,000	-	-	-	**50,000**	40,000
3 years	1.312%	-	-	29,000	-	-	**29,000**	26,000
5 years	1.958%	-	-	26,000	-	-	**26,000**	25,000
	0.762%	12,000	319,302	70,658	778	9,537	**412,275**	350,163
Accrued Interest		-	174	125	-	4	**303**	433
		$ 12,000	$ 319,476	$ 70,783	$ 778	$ 9,541	**$ 412,578**	$ 350,596

12. LOANS RECEIVABLE

MASC's loans receivable as of March 31, 2016 consist of the following:

	2016			**2015**		
	Regular Program Loans	Special Assistance Loans*	**Total**	Regular Program Loans	Special Assistance Loans*	Total
Recorded investment	$ 563,600	$ 16,014	**$ 579,614**	$ 456,726	$ 18,429	$ 475,155
Specific provision	(1,761)	(11,823)	**(13,584)**	(2,899)	(13,356)	(16,255)
General provision	(6,251)	(407)	**(6,658)**	(2,313)	(675)	(2,988)
Unamortized discount on loans with concessionary interest	-	(270)	**(270)**	-	(450)	(450)
	555,588	3,514	**559,102**	451,514	3,948	455,462
Accrued interest	9,027	298	**9,325**	7,845	352	8,197
Net carrying value	$ 564,615	$ 3,812	**$ 568,427**	$ 459,359	$ 4,300	$ 463,659

*Includes Manitoba Hog Assistance, BSE Recovery, Producer Recovery, Flood Proofing Assistance and Enterprise Development Loans.

Impaired loans included in the preceding schedule:

	2016			2015		
	Regular Program Loans	Special Assistance Loans*	**Total**	Regular Program Loans	Special Assistance Loans*	Total
Impaired loan balance	$ 17,150	$ 15,149	**$ 32,299**	$ 16,874	$ 16,672	$ 33,546
Specific provision	(1,761)	(11,823)	**(13,584)**	(2,899)	(13,356)	(16,255)
	$ 15,389	$ 3,326	**$ 18,715**	$ 13,975	$ 3,316	$ 17,291

*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, 2016. A total of $1,443,000 (2015 - $1,534,000) of interest on impaired loans was included in revenue for the year ended March 31, 2016.

Provisions for impaired loans:

	2016			2015		
	Regular Program Loans	Special Assistance Loans*	**Total**	Regular Program Loans	Special Assistance Loans*	Total
Beginning provision balance	$ 5,212	$ 14,031	**$ 19,243**	$ 4,454	$ 16,452	$ 20,906
Write-offs, net of recoveries	(997)	(310)	**(1,307)**	(4)	(588)	(592)
Provision (recovery) expense	3,797	(1,491)	**2,306**	762	(1,833)	(1,071)
Ending provision balance	$ 8,012	$ 12,230	**$ 20,242**	$ 5,212	$ 14,031	$ 19,243

*Includes Manitoba Hog Assistance, BSE Recovery, Producer Recovery, Flood Proofing Assistance and Enterprise Development Loans.

Included in loans receivable is a specific provision of $13,584,000 (2015 - $16,255,000) and a general provision of $6,658,000 (2015 - $2,988,000) that are subject to measurement uncertainty. The resulting amount established for specific and general provisions of $20,242,000 (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 $990,355,000 (2015 - $873,104,000).

Remaining terms to maturities are as follows:

	2016			2015		
	Regular Program Loans	Special Assistance Loans*	**Total**	Regular Program Loans	Special Assistance Loans*	Total
Less than 5 years	$ 84,416	$ 11,998	**$ 96,414**	$ 59,649	$ 14,362	$ 74,011
5 years to up to 10 years	85,943	16	**85,959**	76,356	67	76,423
10 years to up to 15 years	101,965	4,000	**105,965**	88,627	-	88,627
15 years to up to 20 years	159,201	-	**159,201**	135,115	4,000	139,115
More than 20 years	132,075	-	**132,075**	96,979	-	96,979
Recorded investment	$ 563,600	$ 16,014	**$ 579,614**	$ 456,726	$ 18,429	$ 475,155

*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, 2016 consist of the following:

	Lending Programs	AgriInsurance Program	Wildlife Damage Compensation Program	Western Livestock Price Insurance Program	Other Programs	**2016**	2015
Accounts payable - general	$ -	$ 5,130	$ 85	$ 136	$ 674	**$ 6,025**	$ 4,954
Salaries and benefits	138	1,011	14	4	363	**1,530**	956
Accrued vacation pay	-	1,207	-	-	-	**1,207**	1,248
Other*	256	743	-	-	5,677	**6,676**	14,066
	$ 394	$ 8,091	$ 99	$ 140	$ 6,714	**$ 15,438**	$ 21,224

*Other accounts payable of $5,677,000 includes amounts owing to the Province of Manitoba ($5,666,000) and the Government of Canada ($11,000) for various other programs administered by MASC.

14. CLAIMS PAYABLE*

	2016	2015
AgriInsurance Program	**$ 6,281**	$ 8,397
Hail Insurance Program	**25**	13
Wildlife Damage Compensation Program	**380**	213
Farmland School Tax Rebate Program	**1,836**	2,033
Other Programs	**2,879**	6,297
	$ 11,401	$ 16,953

*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, 2016 interest rates ranging from 1.025% to 7.625% (2015 - 0.960% to 7.625%).

MATURITIES OF PRINCIPAL OVER THE FOLLOWING TERMS	2016	2015
1 year	**$ 132,903**	$ 96,276
2 years	**64,289**	50,037
3 years	**60,606**	51,658
4 years	**52,791**	44,687
5 years	**46,854**	41,301
More than 5 years	**238,035**	198,590
	$ 595,478	$482,549

16. LOAN GUARANTEES AND CONTINGENCIES

(A) Contingent liabilities and the corresponding provisions for MASC's loan guarantee programs as of March 31, 2016 are shown below:

	2016			2015		
	Contingent liability	Provision for losses	**Net Contingent Liability**	Contingent liability	Provision for losses	Net Contingent Liability
Operating Credit Guarantees for Agriculture	$ 8,658	$ (865)	**$ 7,793**	$ 9,441	$ (944)	$ 8,497
Operating Credit Guarantees for Rural Small Business	87	(9)	**78**	132	(13)	119
Manitoba Livestock Associations Loan Guarantees	7,739	(1,161)	**6,578**	5,399	(1,080)	4,319
Enhanced Diversification Loan Guarantees	57,410	(11,074)	**46,336**	53,797	(11,419)	42,378
Rural Entrepreneur Assistance Program	10,346	(1,744)	**8,602**	9,983	(1,735)	8,248
	$ 84,240	$(14,853)	**$ 69,387**	$ 78,752	$(15,191)	$ 63,561

The change in the provision for guaranteed loan losses is as follows:

	2016	2015
Beginning provision balance	$ 15,191	$ 15,100
Write-offs, net of recoveries	(227)	(43)
Provision expense (recovery)	(111)	134
Ending provision balance	$ 14,853	$ 15,191

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 1995 to provide guarantees on loans made by participating lenders for diversification or farm value-added activities. Under this program, 25% of the lender's total associated loan portfolio was guaranteed. The maximum allowable individual loan was $3,000,000. The Enhanced Diversification Loan Guarantee Program replaced the Diversification Loan Guarantee Program 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 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 2015/16, the amortization of the net actuarial loss was $10,000 (2015 - $11,000).

PROVISION FOR SEVERANCE LIABILITY	2016	2015
Accrued severance obligation, beginning of year	$ 2,626	$ 2,718
Benefits accrued	85	97
Interest accrued on benefits	171	35
Benefits paid	(175)	(224)
Actuarial loss	-	-
Accrued severance obligation, end of year	$ 2,707	$ 2,626
Unamortized actuarial loss	(101)	(111)
Provision, end of year	$ 2,606	$ 2,515

MASC'S SEVERANCE COSTS CONSIST OF THE FOLLOWING:	2016	2015
Benefits accrued	$ 85	$ 97
Interest accrued on benefits	171	35
Amortization of experience loss	10	11
Severance cost	$ 266	$ 143

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, 2014 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The key actuarial assumptions include a rate of return of 6.00% (2013 - 6.50%), inflation of 2.00% (2013 - 2.00%), salary inflation rate increases of 3.75% (2013 - 3.75%), discount rate of 6.00% (2013 - 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, 2016, all according to the formula prescribed by the consulting actuary.

The average remaining service life of this group of employees is five years. For 2015/16, the amortization of the net actuarial gain was $15,000 (2015 - $63,000).

PROVISION FOR EMPLOYER'S SHARE OF EMPLOYEES' PENSION PLAN	2016	2015
Accrued pension obligation, beginning of year	$ 6,095	$ 6,194
Interest accrued on benefits	395	405
Benefits paid	(470)	(348)
Actuarial (gain) loss	272	(156)
Accrued pension obligation, end of year	$ 6,292	$ 6,095
Unamortized actuarial gain	(64)	240
Provision, end of year	$ 6,228	$ 6,335

MASC'S PENSION PLAN COSTS CONSIST OF THE FOLLOWING:	2016	2015
Interest accrued on benefits	$ 395	$ 405
Interest earned	(10)	(11)
Amortization of experience gain	(15)	(63)
Pension cost	$ 370	$ 331

18. COMMITMENTS

	2016	2015
Approved, undisbursed loans	$ 28,090	$ 32,384
Estimated farm loan incentives	5,012	5,704
Operating leases	326	194
	$ 33,428	$ 38,282

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:

	2016	2015
Investments	$ 412,578	$ 350,596
Accounts receivable	4,161	4,490
Receivables from the Province of Manitoba	12,498	13,425
Receivables from the Government of Canada	6,243	8,330
Loans receivable	568,427	463,659
Loan guarantees	84,240	78,752
	$ 1,088,147	$ 919,252

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. 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.

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 Government of Manitoba 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 3% of MASC's overall lending portfolio.

Summarized below are the loan balances that are past due but not impaired.

	2016			2015		
	Regular Program Loans	Special Assistance Loans*	**Total**	Regular Program Loans	Special Assistance Loans*	Total
Less than 1 year in arrears	$ 4,444	$ -	**$ 4,444**	$ 3,340	$ 15	$ 3,355
1 to 2 years in arrears	1,143	20	**1,163**	2,176	52	2,228
Over 2 years in arrears	-	-	**-**	-	-	-
	$ 5,587	$ 20	**$ 5,607**	$ 5,516	$ 67	$ 5,583

*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

	2016			2015		
	Regular Program Loans	Special Assistance Loans*	**Total**	Regular Program Loans	Special Assistance Loans*	Total
Grains and oilseeds	$344,477	$ 1,813	**$ 346,290**	$ 280,549	$ 1,941	$ 282,490
Potatoes	386	-	**386**	396	-	396
Other crops	7,066	47	**7,113**	10,141	66	10,207
Cattle	188,669	1,604	**190,273**	143,146	2,360	145,506
Hogs	2,294	8,567	**10,861**	2,328	10,128	12,456
Poultry	2,835	-	**2,835**	2,942	-	2,942
Dairy	14,348	-	**14,348**	13,579	-	13,579
Other	12,552	4,281	**16,833**	11,490	4,286	15,776
Provisions and concessions	(8,012)	(12,500)	**(20,512)**	(5,212)	(14,481)	(19,693)
	$564,615	$ 3,812	**$ 568,427**	$ 459,359	$ 4,300	$ 463,659

*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.

Loans 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 (REA), 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	
	2016	2015	**2016**	2015
Grains and oilseeds	-	-	**54%**	55%
Potatoes	**4%**	5%	**6%**	5%
Other crops	**3%**	1%	**2%**	2%
Cattle	-	-	**15%**	17%
Hogs	**32%**	34%	**9%**	8%
Poultry	**8%**	9%	-	1%
Dairy	**48%**	48%	**3%**	2%
Other	**5%**	3%	**11%**	10%
	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*	**2016**	2015
Loans receivable	$ 74,641	152,856	137,734	214,383	(11,187)	**$ 568,427**	$463,659
Average Interest Rate	4.51%	4.61%	4.66%	4.64%	-	**4.62%**	4.91%
Due to the Province of Manitoba	$132,903	224,540	133,052	104,983	-	**$ 595,478**	482,549
Average Interest Rate	3.08%	3.36%	3.41%	3.34%	-	**3.31%**	3.59%
	$(58,262)	(71,684)	4,682	109,400	(11,187)	**$ (27,051)**	$(18,890)

*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:

	2016	2015
Interest earned on investments from the Province of Manitoba	$ 2,635	$ 3,491
Interest paid on loans from the Province of Manitoba	$ 17,351	$ 16,619

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	
	2016	2015	**2016**	2015
Opening surplus	**$36,040**	$36,056	**$58,060**	$58,075
Current year premium contributions (net)*	**(16)**	(16)	**(16)**	(15)
Net book value	**$36,024**	$36,040	**$58,044**	$58,060

*For 2015/16, there were no current year premium contributions, as the reinsurance premium rates for the year were zero. The negative amounts are the result of prior year adjustments and are shown net of an allowance for uncollectible accounts, which in 2015/16 is a recovery of $3,000 (2015 - $11,000 expense).

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 2015 crop year. The agreement involved 33 reinsuring companies assuming 90% (2015 - 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 $30,289,000 (2015 - $33,272,000). There was no private sector reinsurance recovery for 2016. There was an $81,000 claim reversal reimbursement for 2015 for outstanding prior year claims.

Hail Insurance

For 2015/16, MASC entered into a one-year agreement with private sector reinsurers for the Hail Insurance Program. The agreement involved 18 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 $1,675,000 (2015 - $1,586,000), with no reinsurance recovery (2015 - nil).

SCHEDULE 1: SCHEDULE OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED MARCH 31, 2016 | IN THOUSANDS OF DOLLARS

	Lending Programs		AgriInsurance Program		Hail Insurance Program	
	2016	2015	2016	2015	2016	2015
REVENUE						
Insurance Premiums						
Insured producers	$ -	$ -	$ 92,416	$ 94,298	$ 25,732	$ 26,511
Province of Manitoba	-	-	53,089	55,473	-	-
Government of Canada	-	-	79,639	83,209	-	-
	-	-	225,144	232,980	25,732	26,511
Interest from loans	24,411	22,011	-	-	-	-
Other contributions - Province of Manitoba	752	1,671	4,460	4,590	-	-
Other contributions - Government of Canada	-	-	6,662	6,857	-	-
Investment income	19	52	1,742	2,363	1,059	1,197
Other income	61	408	-	(81)	-	-
Total revenue	25,243	24,142	238,008	246,709	26,791	27,708
EXPENSE						
Insurance indemnities and compensation payments	-	-	118,216	169,732	31,134	12,274
Reinsurance premiums (Note 22)	-	-	30,254	33,250	1,675	1,586
Interest on borrowed funds	17,351	16,619	-	-	-	-
Provision (recoveries) for credit losses	2,306	(1,071)	817	145	4	23
Provision (recoveries) for guaranteed loan losses (Note 16)	(111)	134	-	-	-	-
Young farmer incentives	1,838	2,031	19	19	-	-
Loan interest concession	-	546	-	-	-	-
Farmland school tax rebates (Note 5)	-	-	-	-	-	-
Other program payments (Note 7)	-	-	-	-	-	-
Administrative expenses (Schedule 2)	4,521	4,311	11,104	11,429	4,461	3,390
Total expenses	25,905	22,570	160,410	214,575	37,274	17,273
Income (loss) for the year	(662)	1,572	77,598	32,134	(10,483)	10,435
Accumulated surplus (deficit), beginning of year	(31,741)	(33,313)	247,218	215,084	82,073	71,638
Surplus (deficit), end of year	$ (32,403)	$ (31,741)	$ 324,816	$ 247,218	$ 71,590	$ 82,073

Wildlife Damage Compensation Program		Farmland School Tax Rebate Program		Western Livestock Price Insurance Program		Other Programs		**Total**	Total
2016	2015	2016	2015	2016	2015	2016	2015	**2016**	2015
$ -	$ -	$ -	$ -	$ 412	$ 979	$ -	$ -	**$ 118,560**	$ 121,788
-	-	-	-	-	-	-	-	**53,089**	55,473
-	-	-	-	-	-	-	-	**79,639**	83,209
-	-	-	-	412	979	-	-	**251,288**	260,470
-	-	-	-	-	-	-	-	**24,411**	22,011
2,208	1,915	33,997	33,982	328	427	(197)	(1,444)	**41,548**	41,141
2,602	2,253	-	-	493	640	(11)	2,197	**9,746**	11,947
-	-	9	39	8	6	61	117	**2,898**	3,774
-	-	-	-	-	-	95	109	**156**	436
4,810	4,168	34,006	34,021	1,241	2,052	(52)	979	**330,047**	339,779
4,262	3,720	-	-	714	-	-	-	**154,326**	185,726
-	-	-	-	63	-	-	-	**31,992**	34,836
-	-	-	-	-	-	-	-	**17,351**	16,619
-	-	9	10	-	-	(21)	147	**3,115**	(746)
-	-	-	-	-	-	-	-	**(111)**	134
-	-	-	-	-	-	-	-	**1,857**	2,050
-	-	-	-	-	-	-	-	**-**	546
-	-	33,449	33,398	-	-	-	-	**33,449**	33,398
-	-	-	-	-	-	(157)	1,612	**(157)**	1,612
548	448	548	613	821	1,067	126	(780)	**22,129**	20,478
4,810	4,168	34,006	34,021	1,598	1,067	(52)	979	**263,951**	294,653
-	-	-	-	(357)	985	-	-	**66,096**	45,126
-	-	-	-	985	-	-	-	**298,535**	253,409
$ -	$ -	$ -	$ -	$ 628	$ 985	$ -	$ -	**$ 364,631**	$ 298,535

SCHEDULE 2: SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED MARCH 31, 2016 | IN THOUSANDS OF DOLLARS

	2016	2015
Adjustors' wages, benefits and expenses	$ 5,225	$ 5,110
Advertising	378	323
Amortization expense	67	61
Appeal Tribunal	(1)	(256)
Audit fees and legal	362	363
Directors' remuneration and expense	113	95
Furniture and equipment	109	74
Information technology	560	658
Office rental and utilities	1,329	1,189
Other administrative expenses	811	891
Other administrative recoveries	(910)	(803)
Postage	196	180
Printing and office supplies	178	171
Salaries and employee benefits	13,104	11,840
Telephone	231	212
Travel and vehicle expenses	377	370
Total administrative expenses	$ 22,129	$ 20,478
Administrative expenses allocation:		
Lending Programs	$ 4,521	$ 4,311
AgriInsurance Program	11,104	11,429
Hail Insurance Program	4,461	3,390
Wildlife Damage Compensation Program	548	448
Farmland School Tax Rebate Program	548	613
Western Livestock Price Insurance Program	821	1,067
Other Programs	126	(780)
Total administrative expenses	$ 22,129	$ 20,478

MANITOBA ARTS COUNCIL FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

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 29, 2016.

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

Management maintains internal controls to properly safeguard the assets and to provide reasonable assurance that the books and records from which the financial statements are derived accurately reflect all transactions and that established policies and procedures are being followed. The financial statements have been audited by Magnus Chartered Accountants LLP, independent external auditors. The responsibility of the auditor is to express an independent opinion on whether the financial statements of Manitoba Arts Council are fairly presented, in all material respects, in accordance with Canadian public sector accounting standards for government not-for-profit organizations. The Independent Auditor's Report outlines the scope of the audit and provides the audit opinion on the financial statements.

On behalf of Management of Manitoba Arts Council,

Original Document Signed

Patricia Sanders
Acting Executive Director
Associate Director of Policy, Planning & Partnerships
Writing & Publishing Consultant

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, 2016, 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, 2016 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 Chartered Accountants LLP
June 29, 2016
Winnipeg, Canada

STATEMENT OF FINANCIAL POSITION MARCH 31, 2016

	Grants & Programs Fund	Bridges Fund	Total 2016	Total 2015
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	$328,976	$0	$328,976	$360,347
Accounts receivable (NOTE 4)	19,750	0	19,750	3,055
Prepaid administrative and grant expenses	13,159	0	13,159	138,632
	361,885	**0**	**361,885**	**502,034**
Recoverable from Province of Manitoba (NOTE 8)	36,000	0	36,000	36,000
Portfolio investments (NOTE 5)	187,041	0	187,041	203,598
Capital assets (NOTE 6)	26,708	0	26,708	22,479
Interfund balances	(11,375)	11,375	0	0
TOTAL ASSETS	**$600,259**	**$11,375**	**$611,634**	**$764,111**
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES:				
Accounts payable and accrued liabilities (NOTE 9)	$126,972	$0	$126,972	$133,770
Commitments for grants and programs	538,431	11,375	549,806	426,377
	665,403	**11,375**	**676,778**	**560,147**
Employee future benefits (NOTE 9)	85,755	0	85,755	73,903
FUND BALANCES:				
Invested in capital assets	26,708	0	26,708	22,479
Unrestricted	(177,607)	0	(177,607)	107,582
	(150,899)	**0**	**(150,899)**	**130,061**
Collections (NOTE 7)				
Designated Assets (NOTE 9)				
Commitments (NOTE 10)				
TOTAL LIABILITIES AND FUND BALANCES	**$600,259**	**$11,375**	**$611,634**	**$764,111**

Approved on behalf of Council,

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ACTING CHAIR

Original Document Signed

ACTING EXECUTIVE DIRECTOR

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

STATEMENT OF OPERATIONS YEAR ENDED MARCH 31, 2016

	Grants & Programs Fund	Bridges Fund	Total 2016	Total 2015
REVENUE				
Province of Manitoba - Operating Grant	$8,598,000	$0	$8,598,000	$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	300,000	300,000	0
Other	45,649	0	45,649	45,000
Investment Income	12,004	0	12,004	14,099
	8,655,653	**1,325,000**	**9,980,653**	**9,682,099**
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	882,500
Music Organizations	1,197,060	375,000	1,572,060	1,197,060
Theatre Companies	1,657,450	150,000	1,807,450	1,801,700
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	**525,000**	**5,875,790**	**5,495,490**
Touring Grants	300,000	0	300,000	304,000
Presentation Grants	383,329	0	383,329	363,380
Special Grants	1,000	0	1,000	30,000
Management & Governance	0	25,000	25,000	0
	6,035,119	**550,000**	**6,585,119**	**6,192,870**
INDIVIDUALS				
Professional Development Grants	212,104	0	212,104	232,350
Creation and Production Grants	627,433	0	627,433	721,905
Touring Grants	20,000	0	20,000	25,000
Aboriginal Arts Grants	0	60,000	60,000	68,000
	859,537	**60,000**	**919,537**	**1,047,255**
ARTS DEVELOPMENT				
Residencies	403,367	66,574	469,941	461,725
ArtsSmarts Projects	116,608	0	116,608	115,938
Award of Distinction	30,000	0	30,000	0
Special Projects	46,196	124,111	170,307	84,737
Community Connections & Access	0	158,000	158,000	164,975
Arts Education Initiatives	0	20,000	20,000	21,000
	596,171	**368,685**	**964,856**	**848,375**
	7,490,827	**978,685**	**8,469,512**	**8,088,500**
Arts Program Delivery Expenses (SCHEDULE 1)	943,819	136,399	1,080,218	1,015,444
	8,434,646	**1,115,084**	**9,549,730**	**9,103,944**
Administrative Expenses (SCHEDULE 2)	745,247	0	745,247	706,122
	9,179,893	**1,115,084**	**10,294,977**	**9,810,066**
Rescinded Commitments	(33,364)	0	(33,364)	(30,412)
Total Expenses	**9,146,529**	**1,115,084**	**10,261,613**	**9,779,654**
(Deficiency) Excess of Revenue over Expenses	**($490,876)**	**$209,916**	**($280,960)**	**($97,555)**

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

STATEMENT OF CHANGES IN FUND BALANCES YEAR ENDED MARCH 31, 2016

	GRANTS & PROGRAMS FUND Invested In Capital Assets	GRANTS & PROGRAMS FUND General	BRIDGES FUND	Total 2016	Total 2015
FUND BALANCES, BEGINNING OF YEAR	**$22,479**	**$107,582**	**$0**	**$130,061**	**$227,616**
(Deficiency) Excess of Revenue over Expenses	(14,338)	(476,538)	209,916	(280,960)	(97,555)
Additions to Capital Assets	18,567	(18,567)	0	0	0
Interfund Transfers (NOTE 11)	0	209,916	(209,916)	0	0
FUND BALANCES, END OF YEAR	**$26,708**	**(177,607)**	**$0**	**(150,899)**	**$130,061**

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

STATEMENT OF CASH FLOW YEAR ENDED MARCH 31, 2016

	2016	2015
CASH PROVIDED BY (APPLIED TO)		
Operating activities:		
(Deficiency) of Revenue over Expenses	($280,960)	($97,555)
Adjustment for:		
Amortization of capital assets	14,338	14,658
	(266,622)	(82,897)
Changes in the following:		
Accounts receivable	(16,695)	4,313
Prepaid expenses	125,473	26,723
Accounts payable and accrued liabilities	(6,798)	(2,340)
Commitments for grants and programs	123,429	(40,916)
Employee future benefits	11,852	10,307
	237,261	(1,913)
Cash (applied to) operating activities	(29,361)	(84,810)
Investing activities:		
Change in portfolio investments	16,557	(3,197)
Cash provided by (applied to) investing activities	16,557	(3,197)
Capital activities:		
Acquisition of capital assets	(18,567)	(22,151)
Cash (applied to) capital activities	(18,567)	(22,151)
Change in cash and cash equivalents	(31,371)	(110,158)
Cash and cash equivalents, beginning of year	**360,347**	**470,505**
Cash and cash equivalents, end of year	**$328,976**	**$360,347**

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 & Programs Fund

This fund reflects the disbursement and administration of grants and programs in the spirit of the aims and objects of the Council as defined in *The Arts Council Act*.

(ii) Bridges Fund

This fund was established in June of 1999 to generate new initiatives in art development and practice, enhance public access to the arts and enhance administrative and governance skills for arts organizations. As well, the program will encourage new partnerships, provide more opportunities for professional development and assist in audience development. The excess of revenue over expenses, if any, is transferred to the Grants & Programs Fund at an amount as determined by the Council to fulfill similar goals and objectives.

(b) Revenue Recognition

(i) Contributions

The Council follows the deferral method of accounting for contributions. Externally restricted contributions are deferred and recognized as revenue in the applicable fund in the year in which the related expenses are incurred. Unrestricted and internally restricted contributions are recognized as revenue in the applicable fund when received or receivable and when collection is reasonably assured.

(ii) Investment Income

Investment income is recognized on the accrual basis.

(c) Expenses

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

(d) Cash and Cash Equivalents

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

(e) Accounts Receivable

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

(f) Portfolio Investments

Portfolio investments include term deposits and investments with original maturities greater than three months. These investments are recognized at cost.

(g) Capital Assets

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

Office furniture and equipment	5-10 years straight-line
Computer hardware and software	3 years straight-line

(h) Collections of Musical Instruments and Works of Visual Art

The Council has collections of musical instruments and works of visual art which are not recognized in the financial statements. See Note 7 for information relating to the Council's collections.

(i) Liabilities

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

(j) Commitments for Grants and Programs

Grants and program commitments are recognized as expenses when funding is formally approved and committed by the Council. Cancellations of prior years' grant expenses are reflected as rescinded commitments in the statement of operations in the year of cancellation.

3. Summary of Significant Accounting Policies (continued)

(k) Financial Instruments–Measurement

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

The Council records its financial assets at cost, which include cash and cash equivalents, accounts receivable, portfolio investments and recoverable from the Province of Manitoba. The Council also records its financial liabilities at cost, which include accounts payable and accrued liabilities and commitments for grants and programs.

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

(l) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results may differ from these estimates.

4. Accounts Receivable

Accounts receivable at March 31 is comprised of the following:

	2016	2015
Accrued interest	$1,328	$2,540
Due from the Province of Manitoba	17,504	0
Other receivables	918	515
	$19,750	$3,055

5. Portfolio investments

As at March 31, 2016, the market value of the Council's portfolio investments is $188,365 (2015–$205,781).

6. Capital Assets

	2016			2015
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office furniture and equipment	$133,730	$131,935	$1,795	$2,139
Computer hardware and software	520,754	495,841	24,913	20,340
	$654,484	$627,776	$26,708	$22,479

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, disposals or expenditures on collection items incurred during the year (2015–$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 Universities of Manitoba and Brandon, Schools of Music which are for the exclusive use of the students. There were no acquisitions, disposals or expenditures on stringed instruments during the year (2015–$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:

	2016	2015
Trade payables and accruals	$27,856	$30,139
Accrued vacation entitlements	96,317	96,191
Accrued overtime entitlements	1,545	6,266
Other accruals	1,254	1,174
	$126,972	$133,770

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 $57,440 (2015–$50,531) 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, 2016, the Council recorded a severance liability of $85,755 (2015–$73,903) 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:

	2016	2015
Severance liability, beginning of year	$73,903	$63,596
Actuarial (gains) losses	-	-
Interest cost	4,434	3,820
Current service cost	7,418	6,487
Severance benefits paid during the year	-	-
	85,755	73,903
Less: Unamortized actuarial (gains) losses	-	-
Severance liability, end of year	$85,755	$73,903

As at March 31, 2016, the total obligation for severance benefits for employees not participating in the CSSA is $nil (2015–$nil). During the year ended March 31, 2016, the Council paid a retirement allowance of $32,125 (2015–$nil) to a long-time employee not part of the Civil Service.

10. Commitments

The Council has entered into an agreement to lease office premises for ten years commencing April 1, 2012. The 2016 basic annual rent was $128,604. The 2017 basic annual rent is estimated to be $129,959. Expenses arising from an escalation clause for taxes, insurance, utilities and building maintenance are in addition to the basic rent.

11. Interfund Transfers and Internally Restricted Fund Balances

In 2016, there were no internally restricted funds allocated to programs. In addition, $209,916 (2015–$329,945) was transferred from the Bridges Fund to the Grants & Programs Fund in order to fund the cash outlays for Grants to Organizations and Arts Development Grants during the year.

12. Financial Instruments and Financial Risk Management

The Council does not have any significant financial instruments subsequently measured at fair value or denominated in a foreign currency therefore the Council did not incur any remeasurement gains or losses during the year (2015–$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 principally of cash and cash equivalents, accounts receivable, portfolio investments and recoverable from the Province of Manitoba.

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

	2016	2015
Cash and cash equivalents	$328,976	$360,347
Accounts receivable	19,750	3,055
Portfolio investments	187,041	203,598
Recoverable from the Province of Manitoba	36,000	36,000
	$571,767	$603,000

Cash and Cash Equivalents and Portfolio Investments

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

Accounts Receivable and Recoverable from the Province of Manitoba

The Council is not exposed to significant credit risk as any significant balances are due from the Province of Manitoba. The Council manages this credit risk through close monitoring and follow up of any overdue accounts. When necessary, the Council establishes an allowance for doubtful accounts that represent its estimate of potential credit losses. The balance in the allowance for doubtful accounts as at March 31, 2016 is $nil (2015 - $nil).

Liquidity Risk

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

Market Risk

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

Interest rate risk

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

The interest rate risk on cash and cash equivalents is considered to be low because of their short-term nature. The interest rate risk on portfolio investments is considered to be low because the original deposits and investments are reinvested at similar rates with similar terms and conditions.

Foreign currency risk

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

SCHEDULE 1 - ARTS PROGRAM DELIVERY EXPENSES YEAR ENDED MARCH 31, 2016

	Grants & Programs Fund	Bridges Fund	Total 2016	Total 2015
Salaries and benefits	$749,412	$110,689	$860,101	$760,535
Jurors' fees and expenses	61,136	8,564	69,700	82,070
Rent	64,305	12,861	77,166	74,280
Communications	31,600	0	31,600	30,195
Professional fees	0	0	0	25,347
Staff travel and expenses	16,036	2,258	18,294	15,923
Postage, courier and telephone	10,320	1,854	12,174	11,579
Office supplies	1,010	173	1,183	1,913
Sundry	0	0	0	612
Memberships & partnerships	10,000	0	10,000	12,990
	$943,819	**$136,399**	**$1,080,218**	**$1,015,444**

SCHEDULE 2 - ADMINISTRATIVE EXPENSES YEAR ENDED MARCH 31, 2016

	Grants & Programs Fund 2016	Grants & Programs Fund 2015
Salaries and benefits	$474,230	$452,675
Council expenses	34,319	39,692
Rent	51,484	54,994
Postage, courier and telephone	10,189	14,759
Office supplies, printing and stationery	13,791	12,007
Communications:		
Recruitment costs	699	4,783
Advocacy	298	1,344
Annual report	10,184	11,072
Strategic planning	0	1,855
Amortization	14,338	14,658
Equipment repairs and maintenance	23,449	33,042
Professional fees	64,968	15,348
Memberships and subscriptions	15,496	12,585
Insurance and sundry	4,770	7,179
Staff travel and expenses	12,032	15,129
Other (Art Bank Administration)	15,000	15,000
	$745,247	**$706,122**

Financial Statements of

MANITOBA CENTENNIAL CENTRE CORPORATION

Year ended March 31, 2016

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, 2016, 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, 2016, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Signed "**KPMG LLP**"

Chartered Professional Accountants

June 15, 2016

Winnipeg, Canada

MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Financial Position

March 31, 2016, with comparative information for 2015

	2016	2015
Assets		
Current assets:		
Cash	$ 578,696	$ 672,610
Term deposits - Province of Manitoba	413,448	611,117
Accounts receivable	333,112	424,014
Capital grant receivable - Province of Manitoba (note 10)	164,424	241,576
Inventory	50,556	49,779
Prepaid expenses	37,995	91,478
Vacation pay recoverable from the Province of Manitoba (note 4)	199,964	199,964
Other investments (note 9[b])	107,294	106,856
	1,885,489	2,397,394
Amounts recoverable - Province of Manitoba:		
Severance (note 4)	307,561	307,561
Pension (note 5)	6,442,829	6,490,000
Capital assets (note 6)	852,639	1,169,413
	$ 9,488,518	$ 10,364,368

	2016	2015

Liabilities, Deferred Contributions and Fund Balances

	2016	2015
Current liabilities:		
Accounts payable and accrued liabilities	$ 469,616	$ 585,746
Accrued vacation liability (note 4)	251,616	272,344
Capital advances (note 10)	48,434	48,434
Deferred income and rental deposits	79,554	79,040
	849,220	985,564
Accrued severance pay (note 4)	308,480	343,769
Accrued sick leave (note 4)	40,574	41,834
Pension liability (note 5)	6,442,829	6,490,000
Deferred contributions related to capital assets (note 7)	694,773	952,615
Fund balances:		
Invested in capital assets (note 8)	157,866	216,798
Internally restricted funds (note 9)	426,620	434,123
Unrestricted funds:		
General fund	568,156	899,665
	1,152,642	1,550,586
	$ 9,488,518	$ 10,364,368

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, 2016, with comparative information for 2015

	General	Capital	Internally restricted	2016 Total	2015 Total
Revenue:					
Concert Hall	$ 1,007,543	$ –	$ –	$ 1,007,543	$ 1,438,714
Rental fees	174,088	–	–	174,088	112,668
Concession sales	345,977	–	–	345,977	407,450
Parking fees	1,177,963	–	–	1,177,963	1,248,946
Miscellaneous	64,554	–	–	64,554	69,423
	2,770,125	–	–	2,770,125	3,277,201
Province of Manitoba grants:					
Operating	3,054,698	–	–	3,054,698	3,077,586
Amortization of deferred contributions (note 7)	–	257,842	–	257,842	173,271
Province of Manitoba - pension, net (note 5)	(167,885)	–	–	(167,885)	26,761
	2,886,813	257,842	–	3,144,655	3,277,618
City of Winnipeg grant:					
Strategic Economic Development grant	–	–	–	–	31,812
Recoveries of expenses	246,206	–	–	246,206	260,248
Investment income (note 9)	–	–	442	442	1,161
Total revenues, grants and recoveries	5,903,144	257,842	442	6,161,428	6,848,040
Expenses:					
Administration and general	630,584	–	–	630,584	712,751
Amortization of capital assets	–	341,201	–	341,201	274,988
Concession operations	229,400	–	–	229,400	275,000
Building services and maintenance	1,363,298	–	–	1,363,298	1,434,073
Host services and special projects	436,415	–	–	436,415	413,813
Manitoba Production Centre	225,274	–	–	225,274	245,444
Parking services	287,184	–	–	287,184	249,256
Pension (note 5)	260,301	–	–	260,301	379,335
Security services	562,605	–	–	562,605	552,775
Stage operations	414,700	–	–	414,700	440,684
	4,409,761	341,201	–	4,750,962	4,978,119
Expenses incurred on behalf of The Manitoba Museum (note 11)	1,808,410	–	–	1,808,410	1,845,172
Total expenses (schedule - operating expenses)	6,218,171	341,201	–	6,559,372	6,823,291
Excess (deficiency) of revenue over expenses	$ (315,027)	$ (83,359)	$ 442	$ (397,944)	$ 24,749

See accompanying notes to financial statements.

MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Changes in Fund Balances

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

	General	Capital	Internally restricted	2016 Total	2015 Total
Fund balances, beginning of year	$ 899,665	$ 216,798	$ 434,123	$ 1,550,586	$ 1,525,837
Excess (deficiency) of revenue over expenses	(315,027)	(83,359)	442	(397,944)	24,749
Inter-fund transfers (note 9)	7,945	–	(7,945)	–	–
Transfer of funds related to capital asset additions	(24,427)	24,427	–	–	–
Fund balances, end of year	$ 568,156	$ 157,866	$ 426,620	$ 1,152,642	$ 1,550,586

See accompanying notes to financial statements.

MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Cash Flows

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

	2016	2015
Cash provided by (used in):		
Operating:		
Excess (deficiency) of revenue over expenses	$ (397,944)	$ 24,749
Adjustments for:		
Amortization of deferred contributions	(257,842)	(173,271)
Amortization of capital assets	341,201	274,988
	(314,585)	126,466
Change in other investments	(438)	(1,161)
Change in accrued severance pay	(35,289)	(44,287)
Change in accrued sick leave	(1,260)	(1,493)
Change in non-cash working capital balances:		
Accounts receivable	90,902	(48,906)
Inventory	(777)	(9,042)
Prepaid expenses	53,483	(32,300)
Accounts payable and accrued liabilities	(116,130)	(575,922)
Accrued vacation liability	(20,728)	(13,841)
Deferred income and rental deposits	514	39,825
	(344,308)	(560,661)
Financing:		
Capital assets grants and advances - Province of Manitoba	77,152	964,781
Capital:		
Purchase of capital assets	(24,427)	(290,817)
Decrease (increase) in cash and cash equivalents	(291,583)	113,303
Cash and cash equivalents, beginning of year	1,283,727	1,170,424
Cash and cash equivalents, end of year	$ 992,144	$ 1,283,727
Cash and cash equivalents consist of:		
Cash	$ 578,696	$ 672,610
Term deposits - Province of Manitoba	413,448	611,117
	$ 992,144	$ 1,283,727

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, 2016, 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 the Letter 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.

(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.

3. Significant accounting policies (continued):

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.

(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.

3. Significant accounting policies (continued):

Capital assets are amortized on a straight-line basis using the following annual rates:

Asset	Rate
Computer equipment	20%
Concert hall refurbishments	10%
Concrete replacement	8%
Equipment and furnishings	20%
Marquee	20%
Office renovations	5% - 10%
Courtyard vestibule	2.5%
Physical plant and building controls	10%
Stage equipment	20%
Security equipment	20%
System and motor controls	10%

Assets under construction are included in the appropriate asset category once completed. 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.

3. Significant accounting policies (continued):

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, 2016 (2015 - nil) and therefore a statement of remeasurement gains and losses is not required to be included in these financial statements.

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.

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, 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 and amounts recoverable:

The Province of Manitoba funds a portion of the vacation pay benefits of the Corporation, which is limited to the amount estimated at March 31, 1995. Accordingly, the Corporation has recorded a recoverable in the amount of $199,964 from the Province of Manitoba which reflects the estimated liability for accumulated vacation pay benefits at March 31, 1995. Each year the Corporation is expected to fund the change in the liability from annual funding provided by the Province of Manitoba.

(b) Accrued severance pay and amounts recoverable:

Effective April 1, 1998, the Corporation commenced recording the estimated liability for accumulated severance pay benefits for its employees. At March 31, 2016, based on an actuarial estimate, the obligation for accrued severance pay is $308,480 (2015 - $343,769). The significant actuarial assumptions include a discount rate of 6.5 percent (2015 - 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) 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.

4. Employee benefits (continued):

(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 percent (2015 - 6 percent) and a rate of salary increase of 3.75 percent (2015 - 3 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, 2014, the Corporation has recorded an amount of $6,442,829 in its financial statements, representing the estimated unfunded liability for the Corporation's employees as at March 31, 2016 (2015 - $6,490,000). Total pension expense of $413,057 (2015 - $497,670) has been recorded in the statement of operations (see schedule - operating expenses), or $260,301 (2015 - $379,335) 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 $6,442,829 (2015 - $6,490,000) equal to the estimated value of its actuarially determined liability in its financial statements, and has recorded the associated net deficit of $167,885 (2015 - net revenue of $26,761). The Province makes payments on the receivable when it is determined that the funding is required to discharge the related pension obligation.

5. Pension liability (continued):

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

	2016	2015
Balance, beginning of year	$ 6,490,000	$ 6,368,000
Decrease (increase) in trust account held by the Province of Manitoba	(18,730)	(20,418)
Benefits accrued	159,668	186,560
Interest accrued (6.0 percent; 2015 - 6.5 percent)	394,398	428,697
Benefits paid	(590,479)	(468,105)
Actuarial (gains) losses[1]	7,972	(4,734)
Balance, end of year	$ 6,442,829	$ 6,490,000

[1]The actuarial valuations as at December 31, 2014 and 2013 were completed in 2016 and 2015, respectively. Actuarial gains and losses are recognized over the estimated average remaining service life (EARSL) of the plan members of 9 years. Assumed salary rate increases are 3.75 percent (2015 - 3.75 percent).

6. Capital assets:

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Computer equipment	$ 100,058	$ 91,969	$ 8,089	$ 16,178
Concert hall refurbishments	309,879	215,576	94,303	124,391
Concrete replacement	10,060	7,243	2,817	3,622
Equipment and furnishings	180,537	148,042	32,495	35,335
Marquee	382,230	382,230	–	–
Office renovations	578,096	427,215	150,881	193,752
Courtyard vestibule	250,017	125,009	125,008	150,010
Physical plant and building controls	235,031	227,552	7,479	63,193
Stage equipment	733,624	531,539	202,085	278,725
Security equipment	460,181	269,357	190,824	282,860
System and motor controls	71,158	56,927	14,231	21,347
Assets under construction	24,427	–	24,427	–
	$ 3,335,298	$ 2,482,659	$ 852,639	$ 1,169,413

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.

	2016	2015
Balance, beginning of year	$ 952,615	$ 835,069
Capital grants received and receivable	–	290,817
Less amortized to revenue	(257,842)	(173,271)
Balance, end of year	$ 694,773	$ 952,615

8. Invested in capital assets:

Amounts invested in capital assets are as follows:

	2016	2015
Capital assets (note 6)	$ 852,639	$ 1,169,413
Amounts financed by deferred contributions (note 7)	(694,773)	(952,615)
	$ 157,866	$ 216,798

9. Internally restricted funds and other investments:

a) Internally restricted funds:

		2016		2015
Foundation of the Future Fund:				
Balance, beginning of year	$	106,856	$	105,695
Investment income		442		1,161
Balance, end of year	$	107,298	$	106,856
Manitoba Production Centre Fund:				
Balance, beginning and end of year	$	30,000	$	30,000

		2016		2015
Equipment Purchases Fund:				
Balance, beginning of year	$	177,267	$	190,000
Transferred to general fund		(7,945)		(12,733)
Balance, end of year	$	169,322	$	177,267
Special Projects Fund:				
Balance, beginning of year	$	120,000	$	100,000
Transferred from general fund		–		20,000
Balance, end of year	$	120,000	$	120,000
Total internally restricted funds, end of year	$	426,620	$	434,123

During the year ended March 31, 2016, the Board approved a transfer of $7,945 to the General Fund from the Equipment Purchases Fund for the purchase of non-capital equipment.

(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 2016 and the remaining advances not yet undertaken at March 31, 2016 were as follows:

	2016	2015
Capital advances - Province of Manitoba:		
Advances brought forward from previous years	$ 48,434	$ 48,434
Awarded during the year (including receivable at year end)	1,096,345	727,759
	1,144,779	776,193
Capital expenditures recorded as capital assets in the accounts of the Province of Manitoba (note 3e):		
Tenant improvements	604,579	383,288
Fire Alarm System upgrade	–	2,538
Exterior lighting	–	5,120
Lamp retrofit	491,766	45,996
	1,096,345	436,942
Funded capital expenditures reflected in the Corporation's financial statements (note 3e)	–	290,817
Advances carried forward to future years	$ 48,434	$ 48,434

Included in the capital advances awarded during the year is capital grants receivable from the Province of Manitoba of $164,424 (2015 - $241,576).

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 $1,808,410 for the year ended March 31, 2016 (2015 - $1,845,172). Included in these expenses is $205,198 (2015 - $228,066) 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, 2016 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, 2016 and 2015. As at March 31, 2016 and 2015, there were no accounts receivable past due.

There have been no significant changes to the credit risk exposure from 2015.

(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 2015.

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, 2016, with comparative information for 2015

The following operating expenses include the expenses incurred on behalf of The Manitoba Museum.

	2016	2015
Administration and general:		
Salaries and employee benefits	$ 529,548	$ 552,700
Audit and legal	26,922	38,095
Insurance	78,634	83,357
Telephone and fax	31,780	32,975
Other	152,849	225,546
Marketing	16,050	8,143
	835,783	940,816
Building services and maintenance:		
Salaries and employee benefits	1,472,067	1,490,806
Repairs, maintenance and supplies	479,466	521,722
Utilities	795,057	851,969
	2,746,590	2,864,497
Concession operations:		
Salaries and employee benefits	95,127	123,109
Cost of goods sold	120,136	138,702
Other	14,137	13,189
	229,400	275,000
Host services and special projects:		
Salaries and employee benefits	409,990	394,278
Other	26,425	19,535
	436,415	413,813
Manitoba Production Centre:		
Salaries and employee benefits	4,397	11,003
Administration costs	52,159	55,452
Repairs, maintenance and supplies	19,227	38,075
Property taxes	99,087	96,451
Utilities	50,404	44,463
	225,274	245,444
Parking services:		
Salaries and employee benefits	192,711	183,796
Agency fees and expenses	76,867	48,676
Other	17,606	16,784
	287,184	249,256
Pension	413,057	497,670
Security services:		
Salaries and employee benefits	592,248	573,991
Other	37,520	47,132
	629,768	621,123
Stage operations:		
Salaries and employee benefits	326,930	360,194
Repairs, supplies and equipment	87,770	80,490
	414,700	440,684
Total expenses of general fund	$ 6,218,171	$ 6,548,303

MANITOBA COMBATIVE SPORTS COMMISSION

Financial Statements

Year Ended March 31, 2016

CHARTERED PROFESSIONAL ACCOUNTANTS
BUSINESS & TECHNOLOGY CONSULTANTS
EXCHANGE GROUP

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of Manitoba Combative Sports Commission

We have audited the accompanying financial statements of Manitoba Combative Sports Commission, which comprise the statement of financial position as at March 31, 2016 and the statements of revenue and expenses, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Manitoba Combative Sports Commission as at March 31, 2016 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Exchange

chartered professional accountants, LLP
Winnipeg, Manitoba
May 10, 2016

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Toll Free 1-866-EXG-0303
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MANITOBA COMBATIVE SPORTS COMMISSION

Statement of Financial Position

March 31, 2016

		2016		2015
ASSETS				
CURRENT				
Cash	$	86,998	$	94,410
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	$	4,647	$	4,646
Deposits received		-		4,000
		4,647		8,646
NET ASSETS				
Unrestricted		82,351		85,764
	$	86,998	$	94,410

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, 2016

		2016		2015
REVENUE				
Grant - Province of Manitoba	$	15,900	$	15,900
Event administration fees		3,000		1,500
Commission, licenses, and permits		2,200		1,926
Other		900		450
Interest		158		174
		22,158		19,950
EXPENSES				
Administration		5,860		2,500
Card expenses - boxing		857		659
Conferences		217		275
Dues and subscriptions		100		125
Event official		3,544		2,000
Honoraria		4,200		3,900
Interest and bank charges		5		1
Office		3,676		1,260
Other		152		-
Professional fees		4,696		6,145
Training		-		3,367
Travel		2,264		4,984
		25,571		25,216
DEFICIENCY OF REVENUE OVER EXPENSES	$	(3,413)	$	(5,266)

See notes to financial statements

MANITOBA COMBATIVE SPORTS COMMISSION

Statement of Changes in Net Assets

Year Ended March 31, 2016

		2016		2015
NET ASSETS - BEGINNING OF YEAR	**$**	**85,764**	$	91,030
Deficiency of revenue over expenses		**(3,413)**		(5,266)
NET ASSETS - END OF YEAR	**$**	**82,351**	$	85,764

See notes to financial statements

MANITOBA COMBATIVE SPORTS COMMISSION

Statement of Cash Flow

Year Ended March 31, 2016

		2016		2015
OPERATING ACTIVITIES				
Cash receipts from funders and others	$	22,000	$	19,776
Cash paid to suppliers and others		(29,570)		(20,070)
Interest received		158		174
DECREASE IN CASH		(7,412)		(120)
CASH - BEGINNING OF YEAR		94,410		94,530
CASH - END OF YEAR	$	86,998	$	94,410

See notes to financial statements

1. DESCRIPTION OF OPERATIONS

Manitoba Combative Sports Commission was incorporated under the Province of Manitoba by a proclamation dated October 16, 1983.

On June 14, 2012 the Provincial government passed legislation changing the name of the Manitoba Boxing Commission and the name of The Boxing Commission Act. As per section 4 of The Statute Correction and Minor Amendments Act, 2012, the name of commission will be The Manitoba Combative Sports Commission and the Act will be The Boxing Act. The purpose of the organization is to regulate professional combative sport matches in the Province of Manitoba in accordance with regulations set down in the Act

Manitoba Combative Sports Commission is tax-exempt as a registered charity under paragraph 149(1)(f) of the Income Tax Act of Canada.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement. The financial statements have, in management's opinion, been properly prepared within the reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Capital Assets

Capital assets are expensed in the year of acquisition.

Revenue recognition

Revenues are 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, 2016.

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, 2016

Del Halliday
Certified Management Accountant Inc.

Del Halliday

Certified Management Accountant Inc.

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Winnipeg, MB R3G 0R4

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Fax (204) 772-7541
Email: delhalliday@mts.net

Del Halliday, CMA
Tom Tasker, 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, 2016 and the statements of changes in net assets and financial activities 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, 2016 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
Certified Management Accountant

Winnipeg, Manitoba
June 21, 2016

MANITOBA COMMUNITY SERVICES COUNCIL INC.

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2016

Assets	2016	2015
Current assets		
Cash	$ 271,694	$ 84,816
Guaranteed investment certificates (note 4)	516,475	308,556
Accrued interest	3,846	5,612
GST refund	2,447	2,619
Prepaid expense	2,983	3,052
	797,445	404,655
Guaranteed investment certificates (note 4)	-	302,339
Capital assets (note 5)	14,588	22,886
	$ 812,033	$ 729,880

Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 10,644	$ 10,876
Allocations not yet paid	449,484	389,857
	460,128	400,733

Net assets		
Invested in capital assets	14,588	22,886
Funds for future allocation	337,317	306,261
	351,905	329,147
	$ 812,033	$ 729,880

Approved on Behalf of the Board

Original Document Signed

________________________ Director

MANITOBA COMMUNITY SERVICES COUNCIL INC.

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED MARCH 31, 2016

	2016	2015
Revenue		
Province of Manitoba		
Manitoba Housing and Community Development	$ 1,704,000	$ 1,704,000
Interest	12,247	11,767
	1,716,247	1,715,767
Allocations and expenses		
Administrative expenses		
Amortization	8,298	7,821
Bank charges	1,353	1,355
Communications	2,172	3,693
Computer expense	8,687	6,895
Insurance	2,395	5,737
Meeting costs and volunteer travel	21,318	29,064
Occupancy	31,333	33,505
Office supplies	6,504	10,690
Postage, courier and delivery	538	2,512
Professional and consulting fees	27,451	17,321
Salaries and benefits - regular	171,524	210,246
Salaries and benefits – retirement allowance	-	15,731
Telephone	6,210	5,824
	287,783	350,394
Grant allocations - regular	1,239,396	1,133,702
Grant allocations - emergency capital	172,400	270,055
Grant allocations (recovered)	(6,090)	(28,078)
	1,693,489	1,726,073
Excess (deficiency) of revenue over allocations and expenses	$ 22,758	$ (10,306)

MANITOBA COMMUNITY SERVICES COUNCIL INC.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2016

	Invested in Capital Assets	Funds for Future Allocation	Total 2016	Total 2015
Balance, beginning of year	$ 22,886	$ 306,261	$ 329,147	$ 339,453
Excess (deficiency) of revenue over allocations and expenses	(8,298)	31,056	22,758	(10,306)
Purchase of capital assets	-	-	-	-
Balance, end of year	$ 14,588	$ 337,317	$ 351,905	$ 329,147

MANITOBA COMMUNITY SERVICES COUNCIL INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

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 funds and/or 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, Minister of Housing and Community Development. 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

	2016	2015
Assiniboine Credit Union, bearing interest at 2.2%, maturing June 3, 2016.	$ 308,991	$ 302,339
Assiniboine Credit Union, bearing interest at 1.85%, maturing October 28, 2016.	207,484	-
National Trust Company, matured during the year.	-	104,641
Scotia Mortgage Corporation, matured during the year.	-	203,915
	$ 516,475	$ 610,895

Current portion due within one year	$ 516,475	$ 308,556
Long-term portion	-	302,339
	$ 516,475	$ 610,895

5. Capital assets

	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	$ 19,464	$ 12,069	$ 19,464	$ 8,176
Computer software	17,908	13,901	17,908	12,528
Furniture and equipment	38,122	34,936	38,122	31,904
	$ 75,494	$ 60,906	$ 75,494	$ 52,608
Cost less accumulated amortization		$ 14,588		$ 22,886

6. Provincial funding

The Province of Manitoba has committed funding in the amount of $1,704,000 for the year ended March 31, 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, 2017 is $14,715.

8. Pension plan

The employees of the organization participate in the Community Agencies' Retirement Plan, a multi-employer, defined benefit pension plan. The Council's pension contribution and expense for the year was $8,415 (2015 - $9,924).

In accordance with the provisions of the Manitoba Pensions Benefit Act the plan is required to calculate the value of its assets and actuarial liabilities on a going concern valuation, a hypothetical wind-up valuation and a solvency basis.

Following the most recent Actuarial Valuation Report (AVR) as at December 31, 2012, the Plan remains in a solvency deficiency. As a result, the Board of Trustees have elected to apply for the Special Payments Relief Regulation 2011 – solvency relief. This regulation permits the Plan's solvency deficiencies to be amortized over a 10 year period, rather than the normal 5 year period. It is possible to elect relief only once, provided funding payments are up to date, for the first AVR filed with the Office of the Superintendent – Pension Commission before January 2, 2014.

By electing, the Board of Trustees is hoping to alleviate the current financial strain in contributions by spreading the payments over a longer period of time. The election of the solvency relief will not affect the benefits accrued to the Members of the Plan.

The Province of Manitoba has committed annual on-going funding assistance to the member agencies, and as a result of these commitments, the Trustees of the Plan have committed to preserving the Plan as a defined benefit pension plan.

Based on the proposed employee and employer contribution rates and a 10 year solvency amortization, the proposed contributions should be sufficient to fund the current solvency deficiency without additional payments from the agencies.

9. Bingo earnings

The Council allocates a certain number of bingo events to various organizations that it funds.

The funds received from bingos are paid directly by the Manitoba Liquor & Lotteries to the above organizations. These funds are not reflected on the statement of financial activities.

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 26, 2016.

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 follows.

The responsibility of the external audit is to express an independent opinion on whether the financial statements of Manitoba Development Corporation are fairly represented 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 signed by

____
Jeff Hodge, General Manager

September 26, 2016

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Canada

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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, 2016, 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Manitoba Development Corporation as at March 31, 2016, 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

September 26, 2016

Winnipeg, Canada

MANITOBA DEVELOPMENT CORPORATION

Statement of Financial Position

March 31, 2016, with comparative information for 2015

		PNP-B		Business support		MTI		2016 Total		2015 Total
Assets										
Cash and cash equivalents	$	34,427,438	$	1,484,694	$	424,406	$	36,336,538	$	38,571,174
Accounts receivable (note 3)		266,928		5,213		23,615		295,756		497,936
Loans receivable (note 4)		–		73,295,947		–		73,295,947		70,285,541
Portfolio investments (note 5)		16,530,607		4,265,498		500,000		21,296,105		20,079,729
Restricted funds (note 8)		53,785,759		–		–		53,785,759		50,478,658
	$	105,010,732	$	79,051,352	$	948,021	$	185,010,105	$	179,913,038
Liabilities and Surplus										
Liabilities:										
Accounts payable and accrued liabilities	$	4,808,433	$	383,112	$	3,672	$	5,195,217	$	5,710,717
Deferred revenue (note 6)		–		389,536		9,000		398,536		439,317
Operating advance payable (note 7)		–		–		500,000		500,000		500,000
Funds provided by the Province of Manitoba		–		73,295,947		–		73,295,947		70,716,198
Deposits payable (note 8)		53,785,759		–		–		53,785,759		50,033,001
		58,594,192		74,068,595		512,672		133,175,459		127,399,233
Accumulated surplus (note 9)		46,416,540		4,982,757		435,349		51,834,646		52,513,805
Commitments (note 10)										
	$	105,010,732	$	79,051,352	$	948,021	$	185,010,105	$	179,913,038

See accompanying notes to financial statements.

On behalf of the Board:

Original signed by James Wilson Director

Original signed by Jeff Hodge Director

MANITOBA DEVELOPMENT CORPORATION

Statement of Operations and Accumulated Surplus

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

	Budget	2016	2015
Income:			
Income from portfolio investments	$ 1,174,991	$ 942,924	$ 1,911,391
Interest income	9,363,548	3,643,819	3,634,504
Deposit retentions (note 8)	9,000,000	5,026,086	11,626,130
Application processing fees (note 8)	1,250,000	783,730	768,861
Participation fees	170,000	426,180	48,827
Project revenue	96,000	5,271	311,669
Recovery (reimbursement) of Business Support expenses from (to) the Province of Manitoba:			
Provision for doubtful loans receivable	1,387,156	(1,977,605)	64,477
Provision for decline in value of investments	105,000	1,315	14,070
	22,546,695	8,851,720	18,379,929
Expenses:			
Program administration	2,361,000	2,092,957	1,525,376
Payment of Business Support interest on loans receivable to the Province of Manitoba	8,810,000	3,263,941	3,259,920
Provision for (reversal of) doubtful loans receivable	1,387,156	(1,977,605)	64,477
Provision for decline in value of investments	105,000	1,315	14,070
Project costs	96,000	5,271	311,669
	12,759,156	3,385,879	5,175,512
Transfers to the Department of Education and Training (formerly Education and Advanced Learning) (note 11)	208,000	208,000	208,000
Transfers to the Department of Education and Training (formerly Labour and Immigration) (note 11)	4,142,000	3,615,000	4,457,000
Transfers to the Department of Growth, Enterprise and Trade (formerly Jobs and the Economy) (note 11)	2,737,000	2,322,000	2,377,000
	19,846,156	9,530,879	12,217,512
Accumulated surplus (deficiency)	2,700,539	(679,159)	6,162,417
Accumulated surplus, beginning of year		52,513,805	46,351,388
Accumulated surplus, end of year		$ 51,834,646	$ 52,513,805

See accompanying notes to financial statements.

MANITOBA DEVELOPMENT CORPORATION
Statement of Changes in Net Financial Assets

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

	2016	2015
Annual surplus (deficiency)	$ (679,159)	$ 6,162,417
Net financial assets, beginning of year	52,513,805	46,351,388
Net financial assets, end of year	$ 51,834,646	$ 52,513,805

See accompanying notes to financial statements.

MANITOBA DEVELOPMENT CORPORATION

Statement of Cash Flows

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

	2016	2015
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficiency)	$ (679,159)	$ 6,162,417
Adjustments for:		
Provision for (reversal of) doubtful loans receivable	(1,977,605)	64,477
Provision for decline in value of investments	1,315	14,070
Deposit retentions	(5,026,086)	(11,626,130)
Amortization of bond premiums	417,232	992,310
Capitalized interest	(83,643)	(118,172)
Recovery (reimbursement) of Business Support expenses to the Province of Manitoba	1,976,290	(78,547)
Change in non-cash operating working capital:		
Restricted funds	(3,489,891)	10,252,292
Accounts receivable	202,180	521,172
Accounts payable and accrued liabilities	(515,500)	1,732,599
Deferred revenue	(40,781)	(320,462)
Net change in deposits payable	8,778,844	598,672
Cash provided by operating activities	(436,804)	8,194,698
Investing activities:		
Loans receivable principal repayments	13,635,149	11,767,843
Issuance of loans receivable	(14,584,307)	(9,566,449)
Purchase of portfolio investments	(4,751,315)	(21,213,909)
Redemption of portfolio investments	3,299,182	26,032,387
Cash provided by investing activities	(2,401,291)	7,019,872
Financing activities:		
Funds provided by (paid to) the Province of Manitoba for Business Support	603,459	(2,069,719)
Increase (decrease) in cash and cash equivalents	(2,234,636)	13,144,851
Cash and cash equivalents, beginning of year	38,571,174	25,426,323
Cash and cash equivalents, end of year	$ 36,336,538	$ 38,571,174
Cash and cash equivalents consists of the following:		
Cash	$ 13,982,784	$ 2,755,685
Cash equivalents	22,353,754	35,815,489
	$ 36,336,538	$ 38,571,174
Supplementary information:		
Cash paid for interest	$ 3,263,941	$ 3,259,920
Cash received for interest	5,214,935	7,051,616

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 the Manitoba Trade and Investment Division (MTI). Business Support administers the Manitoba Industrial Opportunities Program (MIOP) and the Third-Party Investment Funds Program (Investment Program). 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 retained earnings). There have been no changes to what the Corporation considers to be its capital since the previous period.

As a government enterprise, the Corporation’s operations are reliant on revenues generated annually. The Corporation has accumulated retained earnings over its history, which is included in retained earnings in the statement of financial position. A portion of these accumulated funds is retained as working capital (current assets less current liabilities) which may be required from time to time due to timing delays in receiving its primary funding.

The Province of Manitoba has directed that the balance of restricted retained earnings for the year to be equal to three years’ operating expenses of the Business Immigration and Investment Branch (based on the most recent year’s actual expenses) plus 25 percent of the previous year’s PNP-B forfeitures as a reserve which would not be available for annual distribution to the Province. Any excess beyond that amount, once it has been released by the Province, would then be transferred to unrestricted accumulated surplus. For the year ended March 31, 2016, 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. 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 rate 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 investment 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) 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.

(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 revenues and expenses during the period. Significant items subject to estimates and assumptions include the carrying amount of loans receivable and portfolio investments. Actual results could differ from those estimates.

3. Accounts receivable:

	2016	2015
Accrued interest:		
PNP-B	$ 266,928	$ 457,133
Business support	5,213	25,968
Other receivables	23,615	14,835
	$ 295,756	$ 497,936

4. Loans receivable managed for the Province of Manitoba:

	2016	2015
Business support:		
Manitoba Industrial Opportunities Program - repayable	$ 81,535,454	$ 80,088,924
Other loans receivable	10,624,769	11,038,498
	92,160,223	91,127,422
Provision for doubtful loans receivable	(18,864,276)	(20,841,881)
	$ 73,295,947	$ 70,285,541

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:

	2016	2015
2016	$ –	$ 9,111,552
2017	7,332,676	9,997,272
2018	9,926,426	11,221,304
2019	10,380,504	9,582,336
2020	8,591,928	7,223,889
2021	8,373,252	–
Subsequent to 2021	36,350,486	32,456,032
Accrued and capitalized interest	580,182	496,539
	81,535,454	80,088,924
Provision for doubtful loans receivable	(18,114,276)	(20,091,881)
	$ 63,421,178	$ 59,997,043

4. Loans receivable managed for the Province of Manitoba (continued):

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:

	2016	2015
Greater than nil, less than 5%	$ 48,137,556	$ 43,551,280
5% or greater, less than 6%	32,051,049	34,814,438
6% or greater, less than 7%	–	–
7% or greater, less than 8%	766,667	1,226,667
Accrued and capitalized interest	580,182	496,539
	81,535,454	80,088,924
Provision for doubtful loans receivable	(18,114,276)	(20,091,881)
	$ 63,421,178	$ 59,997,043

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, 2016, other loans receivable include non-interest bearing loans (2015 - non-interest bearing loans) and maturities ranging from no fixed terms of repayment to December 2022 (2015 - ranging from no fixed terms of repayment to December 2022). At March 31, 2016, the provision for doubtful loans receivable for these loans is $750,000 (2015 - $750,000).

5. Portfolio investments:

Portfolio investments are comprised of provincial bonds, term deposits, GICs and equity investments.

	2016	2015
Provincial bonds	$ 16,530,607	$ 16,765,049
GICs	265,498	814,680
Term deposits	4,500,000	2,500,000
Equity investments	–	–
	$ 21,296,105	$ 20,079,729

The provincial bonds, which are included in PNP-B, bear interest at rates ranging from 2.05 percent to 4.50 percent (2015 - 2.05 percent to 4.50 percent) and mature between December 2016 and November 2019 (2015 - between December 2015 and November 2019). Interest earned on provincial bonds for the year ended March 31, 2016 totaled $499,164 (2015 - $862,141). Amortization of bond premiums for the year ended March 31, 2016 totaled $234,442 (2015 - $333,342). Fair value of the provincial bonds at March 31, 2016 is $16,837,040 (2015 - $17,203,320).

The GICs and term deposits, which are included in Business Support and MTI, bear interest at rates ranging from 0.62 percent to 1.70 percent (2015 - 0.68 percent to 3.05 percent) and mature between September 2016 and March 2017 (2015 - June 2015 and February 2017). Fair values approximate cost. Interest earned on GICs and term deposits for the year ended March 31, 2016 totaled $76,201 (2015 - $112,698).

Equity investments managed for the Province of Manitoba included in Business Support consist of the following:

	2016	2015
CentreStone Ventures Limited Partnership	$ 3,408,522	$ 3,408,522
Manitoba Science and Technology Fund	1,832,233	1,830,918
	5,240,755	5,239,440
Provision for decline in value of investments	(5,240,755)	(5,239,440)
	$ –	$ –

6. Deferred revenue:

	2016	2015
Business Support		
BFO funding (geothermal program)	$ 214,540	$ 235,340
Electric vehicle initiative	143,691	143,691
Manitoba Hydro funding (shallow unconventional shale gas project)	21,600	26,871
Other unearned project receipts	9,705	9,705
	389,536	415,607
MTI	9,000	23,710
Deferred revenue	$ 398,536	$ 439,317

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 1 chartered bank and the Province of Manitoba were as follows:

	2016	2015
Cash and cash equivalents with a chartered bank	$ 10,083,783	$ 1,304,996
Amounts invested with the Minister of Finance	43,701,976	48,728,005
	$ 53,785,759	$ 50,033,001

Included within amounts invested with the Minister of Finance is a provincial bond with a carrying value of $5,044,655 (2015 - provincial bonds with a carrying value of $25,227,444) with the remainder consisting of term deposits with maturities of three months or less held with the Province of Manitoba.

8. Restricted funds and deposits payable (continued):

The provincial bond bears interest at a rate of 2.45 percent (2015 - interest at rates ranging from 2.45 percent to 4.40 percent) and matures December 2019 (2015 - mature between December 2015 and December 2019).

Interest earned on provincial bonds for the year ended March 31, 2016 totaled $784,791 (2015 - $1,928,592). Amortization of bond premiums for the year ended March 31, 2016 totaled $182,790 (2015 - $658,698). Fair value of the provincial bond at March 31, 2016 is $5,224,650 (2015 - fair value of the provincial bonds is $25,862,350).

As at March 31, deposits payable under the PNP-B were as follows:

	2016	2015
Deposits payable	$ 53,785,759	$ 50,033,001

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), which offers individuals who wish to immigrate to Manitoba to establish and operate a business the opportunity to obtain a 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.

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 agreements. The final decision as to admission to Canada for permanent residence is made by the Government of Canada. In the event that the nominees are not granted permanent residence visas by the Government of Canada, the Corporation also refunds the deposits. The Corporation invests the deposits, retains all interest income earned on the deposits and, should immigrants fail to satisfy the conditions of the agreements, the Corporation also has the right, under the agreements, to retain the deposits.

8. Restricted funds and deposits payable (continued):

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 $783,730 (2015 - $768,861).

Actual deposits retained during the year amounted to $5,551,088 (2015 - $11,701,130) and are presented net of the reversal of amounts previously retained of $525,002 (2015 - $75,000) as a result of immigrants subsequently satisfying the conditions of the agreements. Net deposits retained are $5,026,086 (2015 - $11,626,130).

9. Accumulated surplus:

Accumulated surplus is made up of the following:

				2016	2015
	PNP-B	Business support	MTI		
Unrestricted surplus	$ 40,159,436	$ 4,981,757	$ 435,349	$ 45,576,542	$ 45,435,234
Restricted surplus	6,257,104	–	–	6,257,104	7,077,571
Share capital	–	1,000	–	1,000	1,000
	$ 46,416,540	$ 4,982,757	$ 435,349	$ 51,834,646	$ 52,513,805

10. Commitments:

Commitments and undisbursed balances of approved loans and equity investments:

	2016	2015
Manitoba Industrial Opportunities Program	$ 4,775,000	$ 6,384,307
Manitoba Science & Technology Fund	667,767	669,083
CentreStone Ventures Limited Partnership	1,381,525	1,381,525
	$ 6,824,292	$ 8,434,915

11. 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:

	2016	2015
Education and Training (formerly Education and Advanced Learning)	$ 208,000	$ 208,000
Education and Training (formerly Labour and Immigration)	3,615,000	4,457,000
Growth, Enterprise and Trade (formerly Jobs and the Economy)	2,322,000	2,377,000
	$ 6,145,000	$ 7,042,000

12. 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.

13. 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:

	2016	2015
Cash and cash equivalents	$ 36,336,538	$ 38,571,174
Accounts receivable	295,756	497,936
Loans receivable	73,295,947	70,285,541
Portfolio investments	21,296,105	20,079,729
Restricted funds	53,785,759	50,478,658
	$ 185,010,105	$ 179,913,038

13. Financial risks and concentration of risk (continued):

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. 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 allowance required for loans receivable as at March 31, 2016 is $18,864,276 (2015 - $20,841,881).

Management has determined that the allowance required for portfolio investments as at March 31, 2016 is $5,240,755 (2015 - $5,239,440).

(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 1 Canadian chartered bank. 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.

13. Financial risks and concentration of risk (continued):

(iii) Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they come due.

The Corporation manages liquidity risk by maintaining adequate cash balances and by review from the Province of Manitoba to ensure adequate funding will be received to meet the obligations. Funds provided by the Province of Manitoba have a direct correlation to the loans receivable and equity investments as funds borrowed are used for these purposes. Funding is provided by the Province of Manitoba for the full amount of loans receivable and equity investments that are written off. Subsequently, the Corporation has minimal liquidity risk on its loans receivable and equity investments in respect of the funds provided by the Province of Manitoba.

MANITOBA DEVELOPMENT CORPORATION

Schedule of Operations and Accumulated Surplus - PNP-B Schedule A

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

	Budget	2016	2015
Income:			
Income from portfolio investments	$ 1,056,991	$ 866,723	$ 1,798,693
Interest income	460,790	377,805	368,981
Deposit retentions	9,000,000	5,026,086	11,626,130
Application processing fees	1,250,000	783,730	768,861
	11,767,781	7,054,344	14,562,665
Expenses:			
Program administration	2,091,000	1,623,129	1,390,345
Transfers to the Department of Education and Training (formerly Education and Advanced Learning)	208,000	208,000	208,000
Transfers to the Department of Education and Training (formerly Labour and Immigration)	4,142,000	3,615,000	4,457,000
Transfers to the Department of Growth, Enterprise and Trade (formerly Jobs and the Economy)	2,737,000	2,322,000	2,377,000
	9,178,000	7,768,129	8,432,345
Annual surplus (deficiency)	2,589,781	(713,785)	6,130,320
Accumulated surplus, beginning of year		47,130,325	41,000,005
Accumulated surplus, end of year		$ 46,416,540	$ 47,130,325

MANITOBA DEVELOPMENT CORPORATION

Schedule of Operations and Accumulated Surplus - Business Support — Schedule B

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

	Budget	2016	2015
Income:			
Interest from portfolio investments	$ 103,000	$ 72,792	$ 107,798
Interest income	8,902,758	3,266,014	3,265,523
Project revenue	96,000	5,271	311,669
Recovery (reimbursement) of Business Support expenses from (to) the Province of Manitoba:			
Provision for doubtful loans receivable	1,387,156	(1,977,605)	64,477
Provision for decline in value of investments	105,000	1,315	14,070
	10,593,914	1,367,787	3,763,537
Expenses:			
Program administration	100,000	64,623	78,786
Payment of Business Support interest on loans receivable to the Province of Manitoba	8,810,000	3,263,941	3,259,920
Provision for (reversal of) doubtful loans receivable	1,387,156	(1,977,605)	64,477
Provision for decline in value of investments	105,000	1,315	14,070
Project costs	96,000	5,271	311,669
	10,498,156	1,357,545	3,728,922
Annual surplus	95,758	10,242	34,615
Accumulated surplus, beginning of year		4,972,515	4,937,900
Accumulated surplus, end of year		$ 4,982,757	$ 4,972,515

MANITOBA DEVELOPMENT CORPORATION

Schedule of Operations and Accumulated Surplus - MTI — Schedule C

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

	Budget	2016	2015
Income:			
Income from portfolio investments	$ 15,000	$ 3,409	$ 4,900
Participation fees	170,000	426,180	48,827
	185,000	429,589	53,727
Expenses:			
Program administration	170,000	405,205	56,245
Annual surplus (deficiency)	15,000	24,384	(2,518)
Accumulated surplus, beginning of year		410,965	413,483
Accumulated surplus, end of year		$ 435,349	$ 410,965

MANITOBA DEVELOPMENT CORPORATION

Report of Assistance Granted or to be Granted — Schedule D

Year ended March 31, 2016

Under the *Manitoba Development Corporation Act*, the following new assistance was authorized in the current fiscal year:

MIOP	Term	Amount
C.P. Loewen	Merged with existing loan	$7,000,000
Sightline Innovation	10 year repayable term loan	$2,000,000
HD Petroleum	10 year repayable term loan	$3,975,000

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, 2016, 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, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters

The financial statements of MANITOBA FILM & SOUND RECORDING DEVELOPMENT CORPORATION for the year ended March 31, 2015 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 10, 2015.

BDO Canada LLP

Chartered Accountants
Winnipeg, Manitoba
June 6, 2016

Manitoba Film & Sound Recording Development Corporation

Statement of Financial Position

For the year ended March 31, 2016

	2016	2015
Assets		
Current Assets		
Cash and bank (Note 2)	$ 1,514,009	$ 1,403,379
Short-term investment (Note 3)	72,264	65,315
Accounts receivable	35,961	1,365
Prepaid expenses	47,657	59,703
	1,669,891	1,529,762
Capital assets (Note 4)	92,540	91,518
	$ 1,762,431	$ 1,621,280
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accruals	$ 139,539	$ 176,790
Carry-over commitments (Note 5)	967,735	1,052,385
	1,107,274	1,229,175
Net Assets		
Invested in capital assets	92,540	91,518
Unrestricted	562,617	300,587
	655,157	392,105
	$ 1,762,431	1,621,280

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 & Sound Recording Development Corporation

Statement of Operations

For the year ended March 31, 2016

	2016	2015
Revenue		
Province of Manitoba	$ 3,865,600	$ 3,865,600
Federal film screening initiative (Note 14)	63,750	75,000
Other	14,218	21,297
	3,943,568	3,961,897
Expenditures (Schedule)		
Corporate services	235,432	223,987
Federal film screening initiative (Note 14)	63,750	79,260
File commission/location services	398,739	368,172
Film and television programs	1,647,714	2,059,553
Industry support	190,025	200,550
Music programs	604,000	534,000
Program delivery - film/television, tax credits and music programs (Note 8)	707,754	710,731
	3,847,414	4,176,253
Excess (deficiency) of revenue over expenditures before program recoupments	96,154	(214,356)
Program recoupments (Note 11)	166,898	170,387
Excess (deficiency) of revenue over expenditures	$ 263,052	$ (43,969)

Manitoba Film & Sound Recording Development Corporation

Statement of Changes in Net Assets

For the year ended March 31, 2016

	Invested in capital assets	Unrestricted	2016 Total	2015 Total
Net assets, beginning of year	$ 91,518	$ 300,587	$ 392,105	$ 436,074
Excess (deficiency) of revenue over expenditures	(17,625)	280,677	263,052	(43,969)
Purchase of capital assets	18,647	(18,647)	-	-
Net assets, end of year	$ 92,540	$ 562,617	$ 655,157	$ 392,105

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

Manitoba Film & Sound Recording Development Corporation

Statement of Cash Flows

For the year ended March 31, 2016

	2016	2015
Cash Flows from Operating Activities		
Excess (deficiency) of revenue over expenditures for the year	$ 263,052	$ (43,969)
Amortization of capital assets	17,624	15,507
	280,676	(28,462)
Changes in non-cash working capital balances		
Short-term investment	(6,949)	(3,540)
Accounts receivable	(34.596)	(459)
Prepaid expenses	12,046	(6,789)
Accounts payable and accruals	(37,250)	(2,949)
Carry-over commitments	(84,650)	(50,402)
	129,277	(92,601)
Cash Flows from Investing Activities		
Purchase of capital assets	(18,647)	(15,601)
Increase (decrease) in cash and bank during the year	110,630	(108,202)
Cash and bank, beginning of year	1,403,379	1,511,581
Cash and bank, end of year	$ 1,514,009	$ 1,403,379

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

Manitoba Film & Sound Recording Development Corporation

Notes to the Financial Statements

For the year ended March 31, 2016

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%

Manitoba Film & Sound Recording Development Corporation

Notes to the Financial Statements

For the year ended March 31, 2016

1. Nature of the Organization and Summary of Significant Accounting Policies (Continued from previous page)

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.

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.

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 Supperannuation 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 $60,049 (2015 - $52,502) and is included in employees benefits expense.

Manitoba Film & Sound Recording Development Corporation

Notes to the Financial Statements

For the year ended March 31, 2016

1. Nature of the Organization and Summary of Significant Accounting Policies (Continued from previous page)

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 (2015- $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

	2016	2015
Cash	$ 546,274	$ 350,994
Internally designated cash	967,735	1,052,385
	$ 1,514,009	$ 1,403,379

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, 2017, bearing interest at a rate of 0.80% per annum.

4. Capital Assets

2016	Cost	Accumulated Amortization	Net Book Value
Computer equipment	$ 68,008	$ 61,025	$ 6,983
Equipment	10,746	8,713	2,033
Furniture and fixtures	59,054	57,079	1,975
Leasehold improvements	145,609	75,404	70,205
Website	42,413	31,069	11,344
	$ 325,830	$ 233,290	$ 92,540

2015	Cost	Accumulated Amortization	Net Book Value
Computer equipment	$ 67,841	$ 58,535	$ 9,306
Equipment	10,042	8,077	1,965
Furniture and fixtures	59,211	57,048	2,163
Leasehold improvements	145,609	68,123	77,486
Website	28,663	28,065	598
	$ 311,366	$ 219,848	$ 91,518

Manitoba Film & Sound Recording Development Corporation

Notes to the Financial Statements

For the year ended March 31, 2016

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, 2016 and prior years, which were not fully advanced as at March 31, 2016 are as follows:

	Year of Commitment			Total	
	2015-2016	2014-2015	2013-2014 & Older	**2016**	2015
Development Financing Programs	$ 30,650	$ 13,449	$ -	**$ 44,099**	$ 57,573
Production Financing Programs	283,500	373,450	77,359	**734,309**	785,343
Emerging Talent Matching Funds	17,000	6,000	1,000	**24,000**	10,888
Feature Film Marketing Program	1,200	-	-	**1,200**	2,100
Access to Markets/Festivals	5,000	-	-	**5,000**	5,000
	337,350	392,899	78,359	**808,608**	860,904
Sound Recording Production Fund Level 1	6,565	400	-	**6,965**	6,400
Sound Recording Production Fund Level 2	32,421	7,300	9,000	**48,721**	65,950
Sound Recording Production Fund Level 3	7,000	5,536	-	**12,536**	37,036
Sound Recording Production for Out-of-Province Artists	4,000	-	-	**4,000**	-
Music Video Fund	4,760	-	-	**4,760**	4,985
Record Product Marketing Fund	46,400	2,050	-	**48,450**	29,765
Recording Artist Touring Fund	20,695	-	-	**20,695**	28,845
Music Business Development Fund	7,500	-	-	**7,500**	7,500
Market Access Fund	5,500	-	-	**5,500**	11,000
	134,841	15,286	9,000	**159,127**	191,481
Total Commitments:	$ 472,191	$ 408,185	$ 87,359	**$ 967,735**	$1,052,385

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 November 2019. Future minimum annual payments are as follows:

2017	$ 74,495
2018	77,826
2019	24,043
2020	568

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 110 applications were received for processing during the 2016 fiscal year (2015 - 104). This represents production activity for projects which took place in the current and prior years, in excess of the $129 million worth of production activity (2015 - $174 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 $67,194 (2015 - $110,486).

Manitoba Film & Sound Recording Development Corporation

Notes to the Financial Statements

For the year ended March 31, 2016

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:

	2016	2015
Invested in capital assets	$ 92,540	$ 91,518
Unrestricted net assets	562,617	300,587
	$ 655,157	$ 392,105

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, 2014.

The pension obligation liability at March 31 includes the following components:

Accrued obligation liability	2016	2015
Balance, beginning of year	$ 65,315	$ 61,775
Current service costs	4,943	5,069
Interest cost	4,162	3,937
Effect of changes in assumptions	840	908
Experience gain and transitional adjustment	(2,996)	(6,374)
Balance, end of year	$ 72,264	$ 65,315

The total expenses related to pension benefits at March 31 include the following components:

	2016	2015
Current service costs	$ 4,943	$ 5,069
Interest cost	4,162	3,937
Effect of changes in assumptions	840	908
Experience gain and transitional adjustment	(2,996)	(6,374)
Balance, end of year	$ 6,949	$ 3,540

Significant long-term actuarial assumptions used in the December 31, 2014 valuation and in the determination of the March 31, 2016 present value of the accrued pension obligation were:

	2016	2015
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.

Manitoba Film & Sound Recording Development Corporation

Notes to the Financial Statements

For the year ended March 31, 2016

11. Program Recoupments

During the year the Organization received $2,465 (2015 - $5,686) in program recoupments related to the Jump Start program. These funds 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

For the past two years 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.

Manitoba Film & Sound Recording Development Corporation

Schedule of Expenditures

For the year ended March 31, 2016

	2016	2015
Corporate Services		
Salaries and benefits	$ 148,291	$ 144,387
Operating	87,141	79,600
	235,432	223,987
Federal Film Screening Initiative	63,750	79,260
Film Commission/Location Services	398,739	368,172
Film and Television Programs		
Development Funding	143,114	133,149
Production Financing	1,453,135	1,854,089
Emerging Talent Matching Funds	40,000	47,928
Feature Film Marketing	9,000	18,701
Jump Start	2,465	5,686
	1,647,714	2,059,553
Industry Support		
Film industry associations	50,000	50,000
Film sponsorships/partnerships	41,025	45,700
Music industry associations	75,000	75,000
Music sponsorship/partnerships	24,000	29,850
	190,025	200,550
Music Programs		
Music Recording Production Levels 1-3	142,670	170,458
Music Business Development Fund	-	25,000
Music Video	38,750	26,264
Record Product Marketing Support	103,244	77,129
Recording Artist Touring Support	260,336	235,149
Sound Recording Production Fund for Out-of-Province Artists	4,000	-
Market Access Fund	55,000	-
	604,000	534,000
Program Delivery - Film/Television, Tax Credits and Music		
Salaries and benefits	524,926	492,507
Operating	182,828	218,224
	707,754	710,731
Total expenditures	$ 3,847,414	$ 4,176,253

MANITOBA FLOODWAY AND EAST SIDE ROAD AUTHORITY AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 WERE NOT AVAILABLE AT THE TIME OF PRINTING THE PROVINCE OF MANITOBA PUBLIC ACCOUNTS VOLUME IV

FINANCIAL STATEMENTS

2015/16

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, 2016.

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, 2016

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, 2016 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, 2016 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, 2016
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, 2016
(with comparative figures for 2015)

	2016	2015
ASSETS		
Current Assets		
Cash	$557,440	$641,169
Funds on deposit with Province of Manitoba	706,063	579,377
Accounts receivable		
Government of Canada	737,227	752,509
Province of Manitoba	158,898	203,150
U.S. Governments	379,070	137,768
Other	34,989	55,522
Prepaid expenses	82,670	64,087
	2,656,357	2,433,582
Prepaid land use rights	141,330	-
Capital Assets (Note 6)	22,552,101	20,565,369
TOTAL ASSETS	$25,349,788	$22,998,951
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$453,932	$488,626
Deferred contributions related to operations (Note 4)	414,780	93,738
Deferred contributions related to future capital asset acquisitions (Note 5)	223,573	269,493
	1,092,285	851,857
FUND BALANCES		
Invested in Capital Assets	22,552,101	20,565,369
Unrestricted	862,219	852,627
Internally restricted (Note 10)	843,183	729,098
	24,257,503	22,147,094
TOTAL LIABILITIES & FUND BALANCES	$25,349,788	$22,998,951

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, 2016
(with comparative figures for 2015)

	North American Waterfowl Management Plan	Conservation Districts Program	Wetland Restoration Program	Wetland Inventory Program	Capital Assets	Inter Plan / Program Eliminations	2016	2015
REVENUE								
Government of Canada	$456,663	$40,000	$102,013	$ -	$ -	$ -	$598,676	$730,067
Province of Manitoba	620,306	18,694	-	205,895	-	-	844,895	832,280
Highways Mitigation Fund, Province of Manitoba	48,843	-	-	-	-	-	48,843	-
U.S. Governments	269,980	-	-	-	-	-	269,980	394,124
Wildlife Habitat Canada	99,725	-	-	-	-	-	99,725	97,750
Conservation districts	-	91,940	-	-	-	-	91,940	81,976
Donations	350	-	-	-	-	-	350	351
Interest income	6,289	-	-	-	-	-	6,289	11,169
Land use revenue	141,680	-	-	-	-	-	141,680	102,832
Mitigation for property damages	17,194	-	-	-	-	-	17,194	12,588
Amortization of deferred contributions	-	-	-	-	-	-	-	13,885
Other	-	-	-	-	-	-	-	41,165
Management Fees (Note 14)	179,161	11,965	-	-	-	(154,215)	36,911	37,959
	1,840,191	162,599	102,013	205,895	-	(154,215)	2,156,483	2,356,146
EXPENSES								
(Gain)/Loss on disposal of capital assets	-	-	-	-	11,005	-	11,005	(639)
Amortization of capital assets	-	-	-	-	60,175	-	60,175	48,488
Service delivery - Schedule 1 (NAWMP)	1,638,570	-	-	-	-	-	1,638,570	1,614,481
- Schedule 2 (CD)	-	162,599	-	-	-	(154,215)	8,384	39,289
- Schedule 3 (WRP)	-	-	141,194	-	-	-	141,194	104,756
- Schedule 4 (WLI)	-	-	-	205,895	-	-	205,895	215,848
	1,638,570	162,599	141,194	205,895	71,180	(154,215)	2,065,223	2,022,223
Excess (deficiency) of revenue over expenses	201,621	-	(39,181)	-	(71,180)	-	91,260	333,923
FUND BALANCES								
Fund balances, beginning of year	1,390,902	-	190,823	-	20,565,369	-	22,147,094	14,252,474
Investment in capital assets	-	-	-	-	896,649	-	896,649	1,240,244
Donated land and land use rights	-	-	-	-	1,122,500	-	1,122,500	6,320,453
Interfund transfers (Note 7)	(38,763)	-	-	-	38,763	-	-	-
TOTAL FUND BALANCES	$1,553,760	$ -	$151,642	$ -	$22,552,101	$ -	$24,257,503	$22,147,094

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

STATEMENT OF CASH FLOWS

For the year ended March 31, 2016
(with comparative figures for 2015)

	2016	2015
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	$91,260	$333,923
Items not affecting cash		
Amortization of deferred contributions	-	(13,885)
Amortization of capital assets	60,175	48,488
(Gain)/Loss on disposal of capital assets	11,005	(639)
Net change in non-cash working capital	(195,126)	(890,630)
Net cash used in operating activities	(32,686)	(522,743)
CAPITAL ACTIVITIES		
Purchase of capital assets net of disposals	(38,765)	(36,668)
Net change in accounts receivable for acquisition of land rights	(30,849)	406,162
Restricted grants received for purchases of and rights	896,648	1,240,883
Acquisition of land rights with restricted grants	(896,648)	(1,266,817)
Net change in accounts payable for acquisition of land rights	191,177	318,988
Net change in deferred contributions related to capital assets	(45,920)	60,835
Received donation of land and land rights	1,122,500	6,320,453
Acquisition of donated land and land rights	(1,122,500)	(6,320,453)
Net cash used in capital activities	75,643	723,383
INVESTING and FINANCE ACTIVITIES	-	-
Net change in cash and cash equivalents	42,957	200,640
Cash and cash equivalents, beginning of year	1,220,546	1,019,906
Cash and cash equivalents, end of year	$1,263,503	$1,220,546
Cash and cash equivalents consist of :		
Cash	$557,440	$641,169
Funds on deposit with Province of Manitoba	706,063	579,377
	$1,263,503	$1,220,546
Supplementary Information		
Interest received	$6,289	$11,168

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

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2016

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 seven years, the Corporation has put more emphasis on joint programming with CDs.

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 and Water Stewardship provided funds to the Corporation to set-up the Wetland Inventory Project. The project is currently focusing on the mapping of Boreal wetlands in Southeastern 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.

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 (2015 – 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 collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

3. Funds on Deposit with Province of Manitoba

Funds on deposit with the Province of Manitoba will mature no later than June 29, 2016, yielding 0.57%.

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2016

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	2016	2015
Balance, beginning of year	$44,843	$5,180	$ -	$43,715	$93,738	$233,133
Less: Revenue recognized in the year	(47,034)	(16,700)	(1,370)	(205,895)	(270,999)	(255,273)
Add: Amounts transferred from/(to) Capital Fund	-	16,700	-	-	16,700	(22,199)
Add: Revenue received related to						-
the following year	362,741	-	37,600	175,000	575,341	138,077
Balance, end of year	$360,550	$5,180	$36,230	$12,820	$414,780	$93,738

NAWMP

At March 31, 2016, the Corporation had $255,450 from Manitoba Infrastructure and Transportation for future mitigation for Highway 10 and Highway 6 construction, $31,883 from U.S. Fish and Wildlife Service, and $73,217 from Environment Canada for the acquisition of conservation contracts. At March 31, 2015, Manitoba Infrastructure and Transportation's contribution was $44,843.

CD

At March 31, 2016, the Whitemud Conservation District had $5,180 remaining for riparian conservation and enhancement activities. At March 31, 2015, the Whitemud Conservation District had $5,180 for riparian conservation and enhancement activities.

WRP

The deferred contributions balance of $36,320 originated from Environment Canada for the acquisition of conservation contracts.

WLI

The deferred contributions balance of $12,820 originated from Manitoba Sustainable Development. The 2015 balance of $43,715 was also from the Province of Manitoba.

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	2016	2015
Balance, beginning of year	$50,263	$219,230	$ -	$ -	$269,493	$208,658
Add: Contributions received	-	74,500	-	-	74,500	133,200
Add: Amounts invested in capital assets	-	(103,720)	-	-	(103,720)	(94,564)
Add: Amounts transferred from/(to) Operations Fund	-	(16,700)	-	-	(16,700)	22,199
Balance, end of year	$50,263	$173,310	$ -	$ -	$223,573	$269,493

The balance of $223,573 is restricted to signed conservation agreements (land use rights) with landowners, and staff time to complete the projects.

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, $6,980 from Assiniboine Hills Conservation District, $10,800 from Pembina Valley Conservation District and $7,500 from the Seine Rat River Conservation District. The deferred contributions at March 31, 2015 consist of $9,673 from the R.M. of Riverside, $34,600 from the Turtle Mountain Conservation District, $66,900 from East Interlake Conservation District, $10,230 from Whitemud Conservation District, $40,590 from Wildlife Habitat Canada, Assiniboine Hills Conservation District contributed $80,000, $10,800 came from Pembina Valley Conservation District and $16,700 from the La Salle Redboine Conservation District.

6. Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2016	Net Book Value 2015
Land and land use rights	$22,415,684	$ -	$22,415,684	$20,396,536
Computer hardware	97,337	49,300	48,037	64,366
Computer software	86,882	76,201	10,681	37,523
Equipment	111,731	49,170	62,561	65,949
Furniture and fixtures	24,621	9,483	15,138	406
Leasehold improvements	4,942	4,942	-	589
Total capital assets	**$22,741,197**	**$189,096**	**$22,552,101**	**$20,565,369**

Purchases of capital assets in the year are as follows:

	2016	2015
Land and land use rights	$2,019,148	$7,587,269
Computer hardware	10,889	29,681
Computer software	562	10,361
Equipment	17,521	4,674
Furniture and fixtures	9,793	-
	$2,057,913	$7,631,985

The sources of funding for land and land use rights are as follows:

	2016	2015
Environment Canada	$215,888	$289,197
U.S. Fish & Wildlife / Delta Waterfowl Foundation	497,540	542,890
Manitoba Sustainable Development	-	342,565
Manitoba Infrastructure and Transportation	-	32,000
Manitoba Conservation Districts	183,220	60,164
Donations	1,122,500	6,320,453
	$2,019,148	$7,587,269

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2016

7. Interfund Transfers

In 2016, $38,763 was transferred from the NAWMP Operating Fund to the Capital Asset Fund in order to fund the cash outlays for capital asset acquisitions. In 2015 a total of $26,092 was transferred from NAWMP, and $22,624 was transferred from WLI for the same purpose.

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:

2017	$90,246
2018	$88,205
2019	$71,554
2020	$36,000
2021	$36,000

The Corporation leases vehicles and office equipment under NAWMP. The minimum annual lease payments for the next three fiscal years are as follows:

2017	$10,942
2018	$7,946
2019	$2,050

9. Capital Commitments

At March 31, 2016, 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, 2016 totaled approximately $171,720 (2015 - $79,070).

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 $3,362,353 at March 31, 2016 (2015 - $3,059,480) for the Corporation.

The changes in the internally restricted fund balances during the year are as follows:

	2016	2015
Balance, beginning of year	$538,275	$484,955
Less: Approved costs during the year	(25,440)	(72,939)
Add: Non-government operating revenue	178,356	125,908
Add: Donations	350	351
Balance, end of year	$691,541	$538,275

b) Wetland Restoration Program

In 2015 this program carried a small balance as it was winding down. However, the Corporation signed a new four-year contribution agreement with Environment Canada (EC) under the Lake Winnipeg Basin Stewardship Fund (LWBSF). Under this contribution agreement, EC forwarded a significant proportion of total project funding, however, there is a significant contingent liability in the form of future construction expenses for wetland restoration projects that are now being negotiated. Therefore, the Corporation is internally restricting a portion of received funds for these future liabilities.

The changes in these internally restricted fund balances during the year are as follows:

	2016	2015
Balance, beginning of year	$190,823	$103,784
Less: Approved costs during the year	(189,181)	(112,961)
Add: Contributions received	150,000	200,000
Balance, end of year	$151,642	$190,823

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2016

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, 2016, it would have been required to pay $385,642 (2015 - $333,409) in obligations to its employees, funded by unrestricted fund balances.

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 2016 were $36,686 (2015 - $36,599). 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.

Trust assets held by the Corporation on behalf of this program as at March 31 are as follows:

	2016	2015
Cash and funds on deposit with Province of Manitoba	$297,046	$301,815
Land portfolio	241,214	241,214
	$538,260	$543,029

These amounts are not 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. As at March 31, 2016 and 2015, the Corporation holds no trust assets on behalf of this project.

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2016

14. Management Fees

The Corporation charged the following amounts for services provided by NAWMP to other programs during the year:

	2016	2015
CD	$154,215	$5,000
DMRP	11,965	-
CWHP	24,946	37,959
	$191,126	$42,959

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. Contingency

Subsequent to year-end, a statement of claim was filed by the Corporation. A statement of defense has been filed. 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.

18. Financial Instrument Risk Management (continued)

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 $862,219 (2015 - $852,627), $843,183 (2015 - $729,098) 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 year.

NORTH AMERICAN WATERFOWL MANAGEMENT PLAN

Schedule of Expenses for the year ended March 31, 2016
(with comparative figures for 2015)

SCHEDULE 1

	2016	2015
EXPENSES		
Habitat Activities		
Salaries and benefits	$470,673	$457,199
Field office operations	68,724	68,393
Staff support costs	93,678	91,355
Habitat development	58,690	137,318
Nest basket program	128,077	49,088
Mitigation banks	9,331	37,133
Land securement	2,190	-
Mitigation	5,000	-
Property taxes	47,731	40,934
	884,094	881,420
Evaluation	74,375	75,524
Communications		
Salaries and benefits	21,256	19,031
Program delivery	27,411	44,273
	48,667	63,304
Program Coordination		
Salaries and benefits	387,726	342,047
Rent	32,463	31,128
Office expenses	59,385	64,832
Staff support	18,851	15,464
Board remunerations	19,884	13,508
Professional fees	71,747	96,738
Other	41,378	30,516
	631,434	594,233
TOTAL EXPENSES	**$1,638,570**	**$1,614,481**

CONSERVATION DISTRICTS PROGRAM

Schedule of Expenses for the year ended March 31, 2016
(with comparative figures for 2015)

SCHEDULE 2

	2016	2015
EXPENSES		
Habitat Activities		
Salaries and benefits	$6,784	$7,560
Field office operations	-	1,190
Staff support costs	-	1,774
Habitat management fees	124,596	5,000
	131,380	15,524
Evaluation	1,600	7,200
Program Coordination		
Salaries and benefits	-	16,884
Rent	-	2,114
Office expenses	-	1,694
Staff support	-	873
Program coordination management fees	29,619	-
	29,619	21,565
TOTAL EXPENSES	**$162,599**	**$44,289**

WETLAND RESTORATION PROGRAM

Schedule of Expenses for the year ended March 31, 2016
(with comparative figures for 2015)

SCHEDULE 3

	2016	2015
EXPENSES		
Habitat Activities		
Salaries and benefits	$48,886	$ -
Staff support costs	1,741	608
Land securement	1,370	-
Project delivery		
MHHC	14,197	3,148
DUC	63,683	51,748
	129,877	55,504
Evaluation	11,317	49,252
TOTAL EXPENSES	**$141,194**	**$104,756**

WETLAND INVENTORY PROGRAM

Schedule of Expenses for the year ended March 31, 2016
(with comparative figures for 2015)

SCHEDULE 4

	2016	2015
EXPENSES		
Habitat Activities		
Salaries and benefits	$148,771	$159,987
Field office operations	34,546	29,512
Staff support costs	1,323	7,166
Aerial surveys	-	1,065
	184,640	197,730
Program Coordination		
Salaries and benefits	21,255	18,118
	$205,895	**$215,848**

MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 WERE NOT AVAILABLE AT THE TIME OF PRINTING THE PROVINCE OF MANITOBA PUBLIC ACCOUNTS VOLUME IV

MANAGEMENT REPORT

Management of Manitoba Health, Healthy Living and Seniors is responsible to the Minister of Health, Healthy Living and Seniors for the integrity and objectivity of the financial statements and schedules of the Manitoba Health Services Insurance Plan. The financial statements for the year ended March 31, 2016 have been prepared in accordance with Canadian public sector accounting standards.

Manitoba Health, Healthy Living and Seniors 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 meets to review audit, financial reporting and related matters.

On behalf of the management,

(Original signed by)

Karen Herd, CA
Deputy Minister of Health, Healthy Living and Seniors

(Original signed by)

Dan Skwarchuk, CPA, CGA
Assistant Deputy Minister and
Chief Financial Officer

Winnipeg, Manitoba
June 29, 2016

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Minister of Health, Seniors and Active Living

We have audited the accompanying financial statements of the Manitoba Health Services Insurance Plan, which is comprised of the statement of financial position as at March 31, 2016 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, 2016 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 29, 2016
Winnipeg, Manitoba

MANITOBA HEALTH SERVICES INSURANCE PLAN
Statement of Financial Position
As At March 31, 2016
(in thousands of dollars)

	2016	2015
Financial Assets		
Cash	$ 13,180	$ 16,237
Funds on deposit with the Province of Manitoba	364,209	391,863
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	26,564	37,581
Other	12,918	15,653
	668,731	711,174
Liabilities		
Accounts Payable and Accrued Liabilities (Note 5)	418,891	451,951
Due to:		
Province of Manitoba	-	9,383
Province of Manitoba - vacation pay (Note 4)	121,663	121,663
Province of Manitoba - post employment benefits (Note 4)	128,177	128,177
	668,731	711,174
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, 2016
(in thousands of dollars)

	Budget 2016	Actual 2016	Actual 2015
Revenue			
Province of Manitoba - Grants (Note 7)	$ 5,503,074	$ 5,550,453	$5,249,282
Inter-provincial reciprocal recoveries - Hospital	65,977	55,860	58,495
Inter-provincial reciprocal recoveries - Medical	16,121	16,179	16,924
Third party recoveries	27,388	51,327	31,996
Miscellaneous	2,000	2,649	7,327
	5,614,560	5,676,468	5,364,024
Expenses			
Health Authorities and Facilities (Note 7)	3,843,598	3,881,561	3,697,089
Medical	1,294,832	1,293,087	1,234,370
Provincial programs	207,814	213,281	179,720
Pharmacare	268,316	288,539	252,845
	5,614,560	5,676,468	5,364,024
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, 2016
(in thousands of dollars)

	2016	2015
Operating Activities		
Annual Surplus (Deficit)	$ -	$ -
Changes in Working Capital:		
Due from:		
Province of Manitoba	(2,020)	11,890
Other Provinces and Territories	11,017	(2,046)
Other	2,735	(4,291)
Accounts Payable and Accrued Liabilities	(33,060)	113,446
Due to:		
Province of Manitoba	(9,383)	9,383
	(30,711)	128,382
Increase (Decrease) in Cash and Funds on deposit	(30,711)	128,382
Cash and Funds on deposit with the Province, Beginning of year	408,100	279,718
Cash and Funds on deposit with the Province, End of year	$ 377,389	$ 408,100
Consists of:		
Cash	$ 13,180	$ 16,237
Funds on deposit with Province of Manitoba	364,209	391,863
	$ 377,389	$ 408,100

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, 2016
(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, 2016
(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.

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

MANITOBA HEALTH SERVICES INSURANCE PLAN
Notes to the Financial Statements
For the Year ended March 31, 2016
(in thousands of dollars)

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

	2016	2015
Health Authorities and Facilities	**$288,519**	$326,095
Provincial Health Services	**4,735**	3,944
Medical Service Claims	**81,247**	72,904
Pharmacare Claims	**6,878**	2,856
General	**37,512**	46,152
	$418,891	$451,951

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.

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.

	2016	**2015**
Hospital Services	**$3,142,780**	$3,025,264
Medical Services	**1,254,835**	1,203,002
Other Health Services	**46,536**	46,613

7. Special Warrant

The special warrant for supplementary funding of $51,536 is not included in the 2016 Budget figures presented.

MANITOBA HEALTH SERVICES INSURANCE PLAN
Notes to the Financial Statements
For the Year ended March 31, 2016
(in thousands of dollars)

8. Economic Dependence

The Plan is economically dependent on the Province of Manitoba for its funding.

9. 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.

10. The Public Sector Compensation Disclosure Act

The Schedule of Payments pursuant to the provisions of The Public Sector Compensation Disclosure Act is included as part of the Annual Report of Manitoba Health.

11. Subsequent Events

In May 2016, the Provincial Government announced that it would provide one-time funding of $66,066 to the Regional Health Authorities to eliminate their forecasted 2015/16 annual deficits.

The government transfer (revenue and receivable from the Province) and the expense and liability (to the Regional Health Authorities) are not recorded in the 2016 financial statements because the Government made the decision to provide the one-time funding and communicated its decision to the Regional Health Authorities after year end. Therefore, the government transfer to the Plan was not authorized until May 2016 and the liability to the Regional Health Authorities did not exist until May 2016.

Consequently, these transactions are disclosed only as subsequent events.

12. Comparative Figures

Certain of the 2015 comparative figures have been reclassified to conform with the presentation adopted for 2016.

MANITOBA HORSE RACING COMMISSION

Financial Statements
For the year ended March 31, 2016

BDO

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BDO Canada LLP/s.r.l./S.E.N.C.R.L.
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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, 2016, 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, 2016, 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 Accountants

Winnipeg, Manitoba
June 22, 2016

MANITOBA HORSE RACING COMMISSION
Statement of Financial Position

March 31	General Fund	Capital Assets Fund	Restricted Funds: 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	2016 Total	2015 Total
Assets									
Current Assets									
Cash (bank indebtedness)	$ 151,307	$ -	$ -	$ (40)	$ 5,405	$ 32,256	$ 132,203	$ 321,131	$ 365,291
Accounts receivable	-	-	-	40	-	-	-	40	-
Receivable from the Province of Manitoba - pension	74,703	-	-	-	-	-	-	74,703	58,571
Prepaid expenses	4,334	-	-	-	-	-	-	4,334	-
	230,344	-	-	-	5,405	32,256	132,203	400,208	423,862
Long-term investment (Note 2)	270,611	-	-	-	-	-	-	270,611	269,532
Capital assets (Note 3)	-	9,961	-	-	-	-	-	9,961	11,289
	270,611	9,961	-	-	-	-	-	280,572	280,821
	$ 500,955	$ 9,961	$ -	$ -	$ 5,405	$ 32,256	$ 132,203	$ 680,780	$ 704,683
Liabilities and Fund Balances									
Current Liabilities									
Accounts payable and accrued liabilities	$ 44,575	$ -	$ -	$ -	$ 5,405	$ 32,256	$ 132,203	$ 214,439	$ 287,707
Deferred revenue	4,320	-	-	-	-	-	-	4,320	-
Provision for employee pension benefits (Note 4)	345,314	-	-	-	-	-	-	345,314	328,103
	394,209	-	-	-	5,405	32,256	132,203	564,073	615,810
Fund Balances									
Unrestricted	106,746	-	-	-	-	-	-	106,746	77,584
Invested in capital assets	-	9,961	-	-	-	-	-	9,961	11,289
	106,746	9,961	-	-	-	-	-	116,707	88,873
	$ 500,955	$ 9,961	$ -	$ -	$ 5,405	$ 32,256	$ 132,203	$ 680,780	$ 704,683

Approved on behalf of the Commission:

Original Document Signed ____________ Chairman

Original Document Signed ____________ Controller

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

MANITOBA HORSE RACING COMMISSION
Statement of Operating Revenue and Expenses and Fund Balances

For the year ended March 31			Restricted Funds					2016	2015
	General Fund	Capital Assets Fund	Pari-Mutuel Levy Fund	Minister of Finance Fund	Rural Fund	H.B.P.A. Fund	C.T.H.S. Fund	Total	Total
Revenue									
Fees, licenses and fines (Note 5)	$ 165,287	$ -	$ -	$ -	$ -	$ -	$ -	$ 165,287	$ 190,230
Grant from Manitoba Agriculture, Food and Rural Development	196,500	-	-	-	347,500	-	-	544,000	596,500
Interest	335	-	-	-	-	-	-	335	580
Pari-mutuel levy	-	-	2,213,057	-	-	-	-	2,213,057	2,361,059
Sundry	621	-	-	-	-	-	-	621	-
	362,743	-	2,213,057	-	347,500	-	-	2,923,300	3,148,369
Expenditures									
General Fund operating expenses (Schedule 1)	563,823	-	-	-	-	-	-	563,823	604,882
Overnight purse support thoroughbred	-	-	-	331,957	-	1,303,856	347,002	1,982,815	2,116,588
Owners/breeders incentive thoroughbred	-	-	-	-	-	-	-	-	-
Quarter Horse support	-	-	-	-	-	-	-	-	-
Amortization of capital assets	-	1,328	-	-	-	-	-	1,328	1,611
Standard rural	-	-	-	-	347,500	-	-	347,500	400,000
Other	-	-	-	-	-	-	-	-	-
	563,823	1,328	-	331,957	347,500	1,303,856	347,002	2,895,466	3,123,081
Excess (deficiency) of revenue over expenditures for the year	(201,080)	(1,328)	2,213,057	(331,957)	-	(1,303,856)	(347,002)	27,834	25,288
Pari-Mutuel Levy Fund transfer	230,242	-	(2,213,057)	331,957	-	1,303,856	347,002	-	-
Fund balances, beginning of year	77,584	11,289	-	-	-	-	-	88,873	63,585
Fund balances, end of year	$ 106,746	$ 9,961	$ -	$ -	$ -	$ -	$ -	$ 116,707	$ 88,873

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		2016		2015
Cash Flows from Operating Activities				
Excess of revenue over expenditures	$	27,834	$	25,288
Amortization of capital assets		1,328		1,611
		29,162		26,899
Changes in non-cash working capital balances				
Receivable from Province of Manitoba - pension		(16,132)		(3,432)
Prepaid expenses		(4,334)		-
Accounts payable and accrued liabilities		(73,308)		71,673
Deferred revenue		4,320		-
Provision for employee pension benefits (Note 4)		17,211		5,811
		(43,081)		100,951
Cash Flows from Investing Activities				
Net change in investments		(1,079)		(2,379)
Increase (decrease) in cash and bank during the year		(44,160)		98,572
Cash, beginning of year		365,291		266,719
Cash, end of year	$	321,131	$	365,291

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

For the year ended March 31, 2016

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.

3. Capital Assets

	2016			2015		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Security equipment	$ 13,118	$ 8,848	$ 4,270	$ 13,118	$ 7,699	$ 5,419
Furniture & fixtures	7,571	7,233	338	7,571	7,182	389
Computer equipment	12,299	6,946	5,353	12,299	6,818	5,481
	$ 32,988	$ 23,027	$ 9,961	$ 32,988	$ 21,699	$ 11,289

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, 2014 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The key actuarial assumptions were a rate of return of 6.00% (6.00% in 2013), 2.00% inflation (2.00% in 2013), salary rate increases of 3.75% (3.75% in 2013), discount rate of 6.00% (6.00% in 2013) 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, 2016 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 1.78 years. During 2016 amortization of the net actuarial loss was $12,910.

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

	2016	2015
Accrued benefit obligation, beginning of year	$ 328,103	$ 322,292
Benefits accrued	12,382	10,673
Interest accrued on benefits	18,356	15,002
Benefits paid	(27,874)	(25,756)
Accrued benefit obligation, end of year	330,967	322,211
Unamortized actuarial gain	14,347	5,892
Provision, end of year	$ 345,314	$ 328,103

4. Provision for Employee Pension Benefits (continued)

The Commission's pension plan costs consist of the following:

		2016		2015
Benefits accrued	$	**12,382**	$	10,673
Interest accrued on benefits		**18,356**		15,002
Amortization of actuarial loss		**(12,910)**		(9,551)
Pension cost	$	**17,828**	$	16,124

5. Fees, Licenses and Fines

		2016		2015
Assiniboia Downs				
Daily licenses	$	**135,220**	$	142,695
Fees and licenses		**25,702**		28,340
Fines		**3,790**		17,005
		164,712		188,040
Rural Circuit				
Fees and licenses		**500**		1,355
Fines		**75**		835
		575		2,190
	$	**165,287**	$	190,230

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	2016	2015
Commissioners' per diem and honoraria	$ 8,736	$ 18,141
Drug, alcohol and security	16,141	18,691
Employee benefits	60,048	31,238
Equipment and office furniture	1,367	4,080
Insurance	1,944	2,110
Membership and dues	5,432	5,132
Office	21,773	28,606
Pension cost	17,828	16,124
Professional fees	6,546	54,859
Repairs and Maintenance	26,061	41,789
Salaries		
Administration	185,965	167,009
Security	6,609	7,352
Stewards and judges	113,980	100,050
Veterinarian services	53,981	55,054
Support grant	11,839	32,786
Telephone	10,685	10,833
Travel	14,888	11,028
	$ 563,823	$ 604,882

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, 2016, 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, 2016, 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, 2016
Winnipeg, Manitoba

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

THE MANITOBA HOUSING AND RENEWAL CORPORATION

Statement of Financial Position

Year ended March 31, 2016, with comparative figures for 2015

	2016	2015
Assets		
Current assets:		
Cash and cash equivalents (note 3)	$ 54,384,596	$ 73,808,952
Accounts receivable (note 4)	24,942,399	27,212,281
Prepaid expenses	1,382,947	4,599,294
Current portion of loans and mortgages receivable (note 5)	8,272,007	7,985,777
	88,981,949	113,606,304
Other long-term receivables (note 4)	23,367,512	28,417,023
Loans and mortgages receivable (note 5)	103,188,002	104,847,443
Land inventory (note 6)	74,225,685	70,735,423
Capital assets (note 8)	742,993,713	620,980,590
	$ 1,032,756,861	$ 938,586,783
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 57,016,730	$ 52,705,949
Current portion of long-term debt (note 9)	52,115,475	43,914,736
	109,132,205	96,620,685
Long-term debt (note 9)	1,022,929,099	914,035,278
Other long-term liabilities (note 10)	14,680,263	15,214,885
Deferred revenue (note 11)	11,527,071	11,220,235
Deferred contributions: (note 12)		
Expenses of future periods	8,230,684	8,193,444
Capital assets	20,177,478	19,813,934
Funds held for third party expenses	8,571,853	13,080,444
Housing Development and Rehabilitation Fund	734,208	11,394,471
	37,714,223	52,482,293
Net assets:		
Unrestricted	(163,226,000)	(150,986,593)
Commitments (note 25)		
Contingencies (note 24)		
Guarantees (note 26)		
	$ 1,032,756,861	$ 938,586,783

See accompanying notes to financial statements

On behalf of the Board:

Original Document Signed
Director

Original Document Signed
Director

THE MANITOBA HOUSING AND RENEWAL CORPORATION

Statement of Operations

Year ended March 31, 2016, with comparative figures for 2015

	2016	2015
Revenue:		
Grants from the Province of Manitoba (note 13)	$ 80,129,455	$ 70,859,367
Contributed services (note 14)	2,360,800	2,487,000
Rental revenue (note 15)	79,694,089	77,721,640
Other government contributions (note 16)	61,897,090	65,327,617
Housing Development and Rehabilitation Fund (note 12)	19,734,766	38,163,064
Recoveries related to advance agreement (note 17)	1,943,423	1,293,872
Amortization of deferred contributions (note 12)	925,878	622,928
	246,685,501	256,475,488
Interest:		
Loans and mortgages	9,478,927	10,072,236
Bank and other	261,320	195,466
	9,740,247	10,267,702
Sales of land:		
Waverley West (note 12)	30,919,335	28,884,716
Other land holdings	1,926,000	2,255,654
	32,845,335	31,140,370
Gain on disposal of capital assets	2,493,865	1,400,318
Other	1,337,318	1,345,114
Total revenue	293,102,266	300,628,992
Expenses:		
Housing operations - excluding amortization and interest (note 15)	129,466,928	129,845,306
Housing operations amortization (note 15)	35,826,507	27,007,136
Housing operations interest (note 15)	31,059,789	27,776,303
Rental subsidies (note 18)	38,816,894	37,751,093
Grants and subsidies (note 19)	5,056,892	5,238,779
Interest expense	10,730,325	11,476,109
Administrative services	4,380,700	4,886,700
Provision for loss and write downs	15,450	55,080
Cost of land sales - joint venture (note 7)	143,248	1,016
Cost of land sales - Waverley West (note 12)	30,919,335	28,884,716
Cost of land sales - other land holdings	483,262	30,366
Housing program supports (note 20)	16,708,380	17,312,810
Pension (note 21)	(944,252)	36,506
Expenses related to advance agreement (note 17)	1,943,423	1,293,872
Other amortization	177,378	177,378
Other	557,414	623,624
	305,341,673	292,396,794
Excess (deficiency) of revenue over expenses	$ (12,239,407)	$ 8,232,198

See accompanying notes to financial statements

THE MANITOBA HOUSING AND RENEWAL CORPORATION

Statement of Changes in Net Assets

Year ended March 31, 2016, with comparative figures for 2015

	2016	2015
Net assets, beginning of year	$ (150,986,593)	$ (159,218,791)
Excess (deficiency) of revenue over expenses	(12,239,407)	8,232,198
Net assets, end of year	$ (163,226,000)	$ (150,986,593)

See accompanying notes to financial statements

THE MANITOBA HOUSING AND RENEWAL CORPORATION

Statement of Cash Flows

Year ended March 31, 2016, with comparative figures for 2015

	2016	2015
Operating activities:		
Excess (deficiency) of revenue over expenses	$ (12,239,407)	$ 8,232,198
Non-cash changes in operations:		
Amortization of capital assets	35,826,507	27,007,136
Amortization of other capital assets	177,378	177,378
Amortization of deferred contributions related to capital assets	(925,878)	(622,928)
Provision for loss and write downs	15,450	55,080
Gain on disposal of capital assets	(2,493,865)	(1,400,318)
Change in non-cash working capital:		
Accounts receivable	2,269,882	(2,720,265)
Prepaid expenses	3,216,347	(394,229)
Other long-term receivables	5,049,511	(5,434,389)
Land inventory	(3,490,262)	(2,537,010)
Accounts payable and accrued liabilities	4,310,781	(10,306,537)
Other long-term liabilities	(534,622)	328,462
Net increase/(decrease) in deferred revenue	306,837	(2,166,398)
Net increase/(decrease) in deferred contributions related to expenses of future periods	37,240	(1,292,672)
Net increase/(decrease) in deferred contributions related to Housing Development and Rehabilitation Fund	(10,660,263)	(7,350,383)
Net increase/(decrease) in deferred contributions related to funds held for third party expenses	(4,508,592)	(9,563,853)
	16,357,044	(7,988,728)
Capital activities:		
Net increase in deferred contributions related to capital assets	1,289,422	5,549,321
Proceeds from disposal of land	-	74,400
Proceeds from disposal of capital assets	8,711,241	2,008,390
Purchase of capital assets	(164,234,384)	(120,392,831)
	(154,233,721)	(112,760,720)
Investing activities:		
Additions to loans and mortgages receivable	(7,014,913)	(2,463,472)
Proceeds from repayment of loans and mortgages receivable	8,372,674	9,780,412
	1,357,761	7,316,940
Financing activities:		
Repayment of long-term debt	(225,680,569)	(195,170,700)
Proceeds from long-term debt	342,775,129	286,662,285
	117,094,560	91,491,585
Net decrease in cash	(19,424,356)	(21,940,923)
Cash and cash equivalents, beginning of year	73,808,952	95,749,875
Cash and cash equivalents, end of year	$ 54,384,596	$ 73,808,952

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 in use by Legislation 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, balances with banks and highly liquid trust deposits with the Province of Manitoba that are convertible to cash within three months or less.

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 11 years (2015 - 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

	2016	2015
On deposit with the Minister of Finance:		
Trust deposits	$ -	$ 12,899,271
Risk Reserve related to Social Housing Agreement	-	8,193,444
	-	21,092,715
Bank	46,146,287	52,708,312
Risk Reserve related to Social Housing Agreement	8,230,684	-
Petty cash	7,625	7,925
	$ 54,384,596	$ 73,808,952

4. Accounts receivable

	2016	2015
Current accounts receivable:		
Canada Mortgage and Housing Corporation	$ 7,173,594	$ 11,214,745
Government of the Province of Manitoba and its agencies	1,375,028	683,041
Rent receivables - net of allowance of $7,098,709 (2015 - $6,478,104)	3,078,077	2,829,217
Accrued interest on loans and mortgages receivable	244,757	228,844
City of Winnipeg	820,436	833,753
Other - net of allowance of $16,213 (2015 - $10,885)	12,250,507	11,422,681
	$ 24,942,399	$ 27,212,281

	2016	2015
Other long-term receivables:		
Government of the Province of Manitoba:		
Pension recoverable (note 21)	$ 8,713,241	$ 9,657,492
Severance benefits (note 22)	1,446,105	1,446,105
	10,159,346	11,103,597
Securities for Waverley West installation of services - City of Winnipeg	10,200,008	14,307,693
Other long-term receivables	3,008,158	3,005,733
	$ 23,367,512	$ 28,417,023

5. Loans and mortgages receivable

a) Composition of loans and mortgages receivable

	2016	2015
Federal/Provincial Housing Programs:		
Private Non-Profit Housing	$ 68,527,912	$ 73,329,047
Rural and Native Housing	207,728	318,655
Urban Native Housing	10,295,304	11,584,646
	79,030,944	85,232,348
Market Rental Programs:		
Co-operative HomeStart	4,907,510	5,186,288
Co-operative Index Linked	1,763,876	2,536,533
	6,671,386	7,722,821
Other Programs:		
Community Residences	1,303,691	1,469,171
Homeowner Rehabilitation	26,012	36,393
Affordable Rental Housing	17,983,636	15,300,782
Other	9,384,633	6,023,076
	28,697,972	22,829,422
	114,400,302	115,784,591
Less - allowance for loan impairment	(2,940,293)	(2,951,371)
Subtotal repayable loans and mortgages receivable	111,460,009	112,833,220
Forgivable loans	255,685,314	241,561,364
	367,145,323	354,394,584
Less - forgivable loans asset valuation allowance	(255,685,314)	(241,561,364)
Loans and mortgages receivable	$ 111,460,009	$ 112,833,220
Current portion of loans and mortgages receivable	$ 8,272,007	$ 7,985,777
Long-term portion of loans and mortgages receivable	103,188,002	104,847,443
Loans and mortgages receivable	$ 111,460,009	$ 112,833,220

Loans and mortgages receivable bear interest at various rates between 0% and 14.25% (2015 - 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:

2017	$ 8,272,007
2018	8,268,170
2019	8,452,442
2020	8,721,773
2021	9,176,091
Thereafter	71,509,819
	$ 114,400,302

b) Allowance for loan impairment

The allowance for loan impairment is comprised of the following specific provisions:

	2016	2015
Other programs	$ 2,940,293	$ 2,951,371
	$ 2,940,293	$ 2,951,371

6. Land inventory

		2016		2015
Land under development	$	73,462,272	$	69,512,010
Future development or sale		763,413		1,223,413
	$	74,225,685	$	70,735,423

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 (note 12). If the joint venture has a loss in a fiscal year, MHRC will recognize revenue from deferred contributions - HDRF to offset the loss. For fiscal 2016, MHRC recognized revenue of $143,248 (2015 - $1,016) from deferred contributions - HDRF to offset the loss from the joint venture.

The following is a summary of MHRC's pro rata share at 37.6% of the assets, liabilities, revenues and expenses of the Ladco Company Limited joint venture.

		2016		2015
Current assets:				
Cash	$	776,871	$	609,301
Prepaid expenses		5,140		6,133
Accounts receivable from land sales		108		44,709
		782,119		660,143
Long-term assets:				
Development costs to complete		(335,335)		(69,537)
	$	446,784	$	590,606
Current liabilities:				
Accounts payable and accrued liabilities	$	2,299	$	2,873
Net assets		444,485		587,733
	$	446,784	$	590,606

		2016		2015
Sales of land	$	-	$	-
Cost of land sales		141,938		-
Gross margin		(141,938)		-
Expenses		1,310		1,016
Excess (deficiency) of revenue over expenses	$	(143,248)	$	(1,016)

8. Capital assets

	2016	2015
Land	$ 32,041,809	$ 31,010,702
Buildings and improvements	1,013,778,916	942,887,139
Less - accumulated amortization	(477,088,296)	(444,281,272)
Buildings - net book value	536,690,620	498,605,867
Under construction	168,113,748	86,512,786
Total land and buildings	736,846,177	616,129,355
Other assets	8,462,507	6,868,032
Less - accumulated amortization	(2,314,971)	(2,016,797)
Other assets - net book value	6,147,536	4,851,235
Net book value	$ 742,993,713	$ 620,980,590

MHRC has capitalized $2,432,466 (2015 - $2,328,074) of interest during 2016 to construction in progress.

9. Long-term debt

	2016	2015
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, 2016 was 1.95% (2015 - 2.10%).	$ 304,071,170	$ 293,684,580
Long-term advances, at interest rates from 2.625% to 13.375% (2015 - 2.625% to 13.375%) maturing at various dates to 2055 and requiring annual principal and interest payments of $75,903,607 (2015 - $65,501,689).	666,113,775	551,601,578
Canada Mortgage and Housing Corporation:		
Long-term advances, at interest rates from 5.670% to 8.0% (2015 - 5.675% to 8.0%) maturing at various dates to 2030 and requiring annual principal and interest payments of $14,449,688 (2015 - $14,449,688).	104,477,829	112,262,605
Mortgages payable (assumed on property acquisitions), at an interest rate of 10.5% (2015 - 10.5%) maturing at various dates to 2028 and requiring annual principal and interest payments of $50,337 (2015 - $50,337).	381,800	401,251
	$ 1,075,044,574	$ 957,950,014
Current portion of long-term debt	$ 52,115,475	$ 43,914,736
Long-term debt	1,022,929,099	914,035,278
	$ 1,075,044,574	$ 957,950,014

Principal repayments on the long-term debt, excluding unfixed term advances of $304,071,170 are estimated as follows:

2017	52,115,475
2018	51,859,994
2019	51,807,624
2020	54,553,240
2021	58,043,244
Thereafter	502,593,827
	$ 770,973,404

10. Other long-term liabilities

	2016	2015
Pension liability (note 21)	$ 8,713,241	$ 9,657,492
Severance liability (note 22)	5,219,853	4,857,460
Sick leave liability	747,169	699,933
	$ 14,680,263	$ 15,214,885

11. Deferred revenue

	2016	2015
Tenant prepaid rent	$ 2,475,829	$ 2,563,379
Prepaid land lease	36,282	37,821
Lot options - land under development	6,013,960	8,389,635
Deposit for future sales	3,001,000	229,400
	$ 11,527,071	$ 11,220,235

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.

	2016	2015
Balance, beginning of year	$ 8,193,444	$ 9,486,116
Adjustment to third party equity accounts	-	(309,379)
Amount reclassified from accounts payable and accrued liabilities	3,444	2,802
Amount (disbursed)/recovered from loans and mortgages receivable	33,796	(986,095)
Balance, end of year	$ 8,230,684	$ 8,193,444

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.

	2016	2015
Balance, beginning of year	$ 19,813,934	$ 14,887,541
Contributions received	1,289,422	5,549,321
Amount amortized to revenue in the year	(925,878)	(622,928)
Balance, end of year	$ 20,177,478	$ 19,813,934

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 three agreements with the Federal government. They consist of the Investment in Affordable Housing (IAH), Affordable Housing Initiative (AHI) agreements and the advance agreement for Dauphin River First Nation (DRFN). The balances as of March 31, 2016 for IAH was $8,566,853 (2015 - $10,665,552), AHI was $5,000 (2015 - $1,707,650) and DRFN was nil (2015 - $707,242).

	2016	2015
Balance, beginning of year	$ 13,080,444	$ 22,644,297
Contributions received	9,764,151	9,764,151
Interest earned	-	(191,525)
Commitment paid	(14,272,742)	(19,136,479)
Balance, end of year	$ 8,571,853	$ 13,080,444

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 $39,886,400 (2015 - $59,521,602) and the cost of land sales was $30,919,335 (2015 - $28,884,716) during the year ended March 31, 2016. Interest earned on the amounts 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.

	2016	2015
Balance, beginning of year	$ 11,394,471	$ 18,744,854
Land development profits	8,967,065	30,636,886
Interest earned	107,438	175,795
Current year disbursements	(19,734,766)	(38,163,064)
Balance, end of year	$ 734,208	$ 11,394,471

13. Grants from the Province of Manitoba

	2016	2015
Department of Housing and Community Development:		
MHRC operating programs	$ 63,097,816	$ 52,239,220
MHRC administration	14,392,121	15,059,780
Grants and subsidies	3,484,063	3,432,473
	80,974,000	70,731,473
Grants recovered from the Department of Finance:		
School Tax Assistance for Tenants 55 Plus Program	99,706	91,388
Change to pension obligation (note 21)	(944,251)	36,506
	(844,545)	127,894
	$ 80,129,455	$ 70,859,367

14. Contributed services

	2016	2015
Administrative services provided by Departments of the Province of Manitoba were allocated as follows:		
Included in Statement of Operations, administrative services	$ 905,100	$ 1,058,700
Included in administrative expenses in note 15, direct managed housing operations	1,158,600	1,141,800
Included in administrative expenses in note 15, sponsor managed housing operations	28,700	30,900
Included in rental subsidies, note 18	137,700	142,200
Included in Statement of Operations, housing program supports, note 20	130,700	113,400
	$ 2,360,800	$ 2,487,000

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:

	2016			2015		
	Direct Managed	Sponsor Managed	Total	Direct Managed	Sponsor Managed	Total
Revenue:						
Rental revenue	$ 60,443,441	$ 19,250,648	$ 79,694,089	$ 59,561,172	$ 18,160,468	$ 77,721,640
Expenses:						
Administrative (note 14)	38,681,732	4,088,594	42,770,326	38,641,961	3,332,207	41,974,168
Property operating	54,661,674	15,029,526	69,691,200	56,006,831	14,983,843	70,990,674
Grants in lieu of taxes	14,065,452	2,939,950	17,005,402	14,131,364	2,749,100	16,880,464
Amortization	27,273,328	8,553,179	35,826,507	20,312,100	6,695,036	27,007,136
Interest	23,712,730	7,347,059	31,059,789	22,328,802	5,447,501	27,776,303
	158,394,916	37,958,308	196,353,224	151,421,058	33,207,687	184,628,745
Operating loss	$ 97,951,475	$ 18,707,660	$ 116,659,135	$ 91,859,886	$ 15,047,219	$ 106,907,105

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.

	2016	2015
Federal contributions	$ 61,272,737	$ 64,634,961
Municipal contributions	624,353	692,656
	$ 61,897,090	$ 65,327,617

17. Advance agreement

During 2014, the agreement with Little Saskatchewan First Nation was terminated and unexpended funds were returned to MHRC in March 2014. The fund balance is reported as Funds held for third party expenses under Deferred Contributions (Note 12).

MHRC, on behalf of the Province, 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 funds refunded from the cancelled Little Saskatchewan First Nation agreement referred to in Note 12 were applied to the new agreement with Dauphin River First Nation.

In 2016, MHRC moved 41 homes to Dauphin River First Nation with $1,943,423 (2015 - $1,293,872) of costs incurred under the Advance Agreement with a recovery from deferred contributions, funds held for third party expense of $707,242 and the balance of $1,236,181 recovered 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:

	2016	2015
Not-for-Profit Housing	$ 25,418,765	$ 26,097,305
Co-operative Housing	3,947,803	3,898,102
Private Landlords	9,450,326	7,755,686
	$ 38,816,894	$ 37,751,093

19. Grants and subsidies

	2016	2015
Portable Housing Benefit	$ 1,827,111	$ 1,775,521
Emergency Shelter Assistance	1,656,952	1,656,952
School Tax Assistance for Tenants 55 Plus	99,708	91,388
Elderly & Infirm Persons Housing	143,973	143,973
Co-op HomeStart	97,538	88,785
Homeless Strategy	1,231,610	1,482,160
	$ 5,056,892	$ 5,238,779

20. Housing program supports

	2016	2015
Forgivable loans	$ 14,238,988	$ 14,747,666
Administration and delivery agent fees	2,469,392	2,565,144
	$ 16,708,380	$ 17,312,810

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, 2015 reported the Superannuation Fund had a deficiency of net assets over actuarial value of pension obligations of $3.9 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, 2016 was $1,716,236 (2015 - $1,583,179).

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, 2016.

		2016		2015
Pension liability per actuarial valuation:				
Balance at beginning of year	$	9,958,606	$	9,497,120
Interest cost on benefit obligations		597,517		617,313
Current service costs		641,039		655,873
Benefits paid		(2,209,157)		(1,225,419)
Experience loss (amortized over EARSL)		182,073		413,719
Balance at end of year		9,170,078		9,958,606
Unamortized actuarial loss		(456,837)		(301,114)
Pension liability balance at end of year	$	8,713,241	$	9,657,492

At March 31, 2016, the unamortized actuarial (gain)/loss to be recognized in future periods are as follows:

		2016		2015
Unamortized actuarial gain/(loss):				
Balance at beginning of year	$	(301,114)	$	123,866
In year loss amortized over EARSL - 2016 - 11 years (2015 - 11 years)		(182,073)		(413,719)
Amortization of actuarial (gain)/loss		26,350		(11,261)
Balance at end of year	$	(456,837)	$	(301,114)

		2016		2015
Change to pension obligation:				
Interest cost on benefit obligations	$	597,517	$	617,313
Current service costs		641,039		655,873
Benefits paid		(2,209,157)		(1,225,419)
Amortization of actuarial (gain)/loss		26,350		(11,261)
Change to pension obligation	$	(944,251)	$	36,506

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 6.0% (2015 - 6.0%), 2.0% inflation (2015 - 2.0%), general salary rate increases of 2.75%, excluding the 1.0% service and merit increases (2015 - 2.75%) 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, 2016 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 $8,713,241 as of March 31, 2016 (2015 - $9,657,492) and has recorded a decrease in revenue for fiscal 2016 equal to the related pension liability decrease of $944,252 (2015 - $36,506 increase). The Province of Manitoba makes payments on the receivable when it is determined that the cash is required to discharge the related pension obligation.

THE MANITOBA HOUSING AND RENEWAL CORPORATION

Notes to Financial Statements

Year ended March 31, 2016

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, 2016. MHRC's actuarially determined liability relating to the Direct Managed employees as at March 31, 2016 was $3,512,458 (2015 - $3,364,228). 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, 2016. MHRC's actuarially determined liability relating to the former Department of Family Services and Housing employees as at March 31, 2016 was $1,192,049 (2015 - $1,255,040). The report provides a formula to update the liability on an annual basis.

	2016	2015
Severance liability per actuarial valuation:		
Direct Managed employees:		
Balance at beginning of year	$ 3,364,228	$ 3,288,228
Interest cost on benefit obligations	201,854	213,735
Current service costs	284,430	292,972
Benefits paid	(144,261)	(286,027)
Experience gain (amortized over EARSL)	(193,793)	(144,680)
Balance at end of year	3,512,458	3,364,228
Former Department of Family Services and Housing employees:		
Balance at beginning of year	1,255,040	1,252,711
Interest cost on benefit obligations	75,302	81,426
Current service costs	75,100	85,987
Benefits paid	(107,233)	(120,750)
Experience gain (amortized over EARSL)	(106,160)	(44,334)
Balance at end of year	1,192,049	1,255,040
Unamortized actuarial gain	515,346	238,192
Severance liability balance at end of year	$ 5,219,853	$ 4,857,460

22. Severance (continued)

At March 31, 2016, the unamortized actuarial (gain)/loss to be recognized in future periods are as follows:

		2016		2015
Unamortized actuarial gain/(loss):				
Direct Managed employees:				
Balance at beginning of year	$	89,154	$	(61,696)
In year gain amortized over EARSL - 2016 - 10 years (2015 - 10 years)		193,793		144,680
Amortization of actuarial (gain)/loss		(8,298)		6,170
Direct Managed employees balance at end of year		274,649		89,154
Former Department of Family Services and Housing employees:				
Balance at beginning of year		149,038		115,174
In year gain amortized over EARSL - 2016 - 11 years (2015 - 11 years)		106,159		44,334
Amortization of actuarial gain		(14,500)		(10,470)
Former Department of Family Services and Housing employees balance at end of year		240,697		149,038
Balance at end of year	$	515,346	$	238,192

		2016		2015
Change to severance obligation:				
Direct Managed employees:				
Interest cost on benefit obligations	$	201,854	$	213,735
Current service costs		284,430		292,972
Benefits paid		(144,261)		(286,027)
Amortization of actuarial (gain)/loss		(8,298)		6,170
		333,725		226,850
Former Department of Family Services and Housing employees:				
Interest cost on benefit obligations		75,302		81,426
Current service costs		75,100		85,987
Benefits paid		(107,233)		(120,750)
Amortization of actuarial gain		(14,500)		(10,470)
		28,669		36,193
Change to severance obligation	$	362,394	$	263,043

The key actuarial assumptions were a rate of return of 6.0% (2015 - 6.0%), 2.0% inflation (2015 - 2.0%), and general salary rate increases of 2.75%, excluding the 1.0% service and merit increases (2015 - 2.75%). The projected benefit method was used and the liability has been calculated as at March 31, 2016 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:

	2016	2015
On deposit with the Minister of Finance (note 3)	$ -	$ 21,092,715
Accounts receivable (note 4)	48,309,911	55,629,304
Loans and mortgage receivable (note 5)	111,460,009	112,833,220
Loan guarantees (note 26)	9,557,125	9,591,768
	$ 169,327,045	$ 199,147,007

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:

	2016	2015
Balance, beginning of the year	$ 6,488,989	$ 6,669,530
Provision for receivable impairment	875,342	236,023
Amounts written off	(249,409)	(416,564)
Balance, end of the year	$ 7,114,922	$ 6,488,989

As at March 31, 2016, $3,734,919 (2015 - $4,450,954) of accounts receivable and nil (2015 - nil) of loans and mortgages receivable were past due, but not impaired.

Accounts receivable

The accounts receivable partially consists of $7,173,594 (2015 - $11,214,745) due from Canada Mortgage and Housing Corporation, $11,534,374 (2015 - $11,786,638) from the Province of Manitoba and $11,020,444 (2015 - $15,141,446) 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 on deposit with the Minister of Finance, 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 advance from the Province of Manitoba have variable interest rates which expose MHRC to cash flow interest rate risk. At March 31, 2016, had prevailing interest rates increased or decreased by 1%, the estimated impact on interest expense would be approximately $3,040,712 (2015 - $2,936,846).

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. Subsequently, 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. Commitments

MHRC has the following commitments as at March 31, 2016:

Capital assets:

a) Housing project enhancements and new construction	$	146,187,447
b) Third party repair, renovation and new construction	$	20,579,865

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:

2017	$	119,081,100
2018		132,808,800
2019		143,417,900
2020		155,101,600
2021		164,182,500

26. 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:

	2016	2015
Waverley West Letters of Credit	$ 9,552,496	$ 9,583,696
Mobile Home Loan Guarantee Program	4,629	8,072
	$ 9,557,125	$ 9,591,768

27. 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.

28. 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, 2016

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 26, 2016.

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 represented in accordance with Canadian public sector accounting standards. The Independent Auditors' Report outlines the scope of the audit examination and provides the audit opinion.

On behalf of Management,

Manitoba Opportunities Fund Ltd.

Original Document Signed

Jeff Hodge, General Manager

September 26, 2016

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, 2016, 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.

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, 2016, 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 26, 2016

Winnipeg, Canada

MANITOBA OPPORTUNITIES FUND LTD.

Statement of Financial Position

March 31, 2016, with comparative information for 2015

	2016	2015
Financial Assets		
Cash equivalents (note 4)	$ 16,692,485	$ 17,964,306
Portfolio investments (note 5)	171,189,297	230,641,372
Accrued interest receivable	7,641	15,100
	$ 187,889,423	$ 248,620,778
Liabilities		
Accounts payable and accrued liabilities	$ 342,544	$ 345,140
Borrowings (note 6)	175,302,642	239,825,844
	175,645,186	240,170,984
Net financial assets	$ 12,244,237	$ 8,449,794
Non-Financial Assets		
Deferred charges	$ 3,695,947	$ 6,132,661
Accumulated surplus	$ 15,940,184	$ 14,582,455

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

On behalf of the Board:

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____________________ Director

Original Document Signed
____________________ Director

MANITOBA OPPORTUNITIES FUND LTD.

Statement of Operations and Accumulated Surplus

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

	Budget	2016	2015
Investment income	$ 4,222,700	$ 4,129,913	$ 5,929,100
Expenses:			
Amortization of deferred charges	2,594,000	2,549,621	3,416,785
Amortization of bond premium (note 5)	–	144,158	66,578
Program administration	20,000	4,405	4,751
	2,614,000	2,698,184	3,488,114
Operating income for the year	1,608,700	1,431,729	2,440,986
Growing Through Immigration Strategy and Economic Development Support (note 7)	3,674,000	74,000	671,000
Annual surplus	(2,065,300)	1,357,729	1,769,986
Accumulated surplus, beginning of year	14,582,455	14,582,455	12,812,469
Accumulated surplus, end of year	$ 12,517,155	$ 15,940,184	$ 14,582,455

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, 2016, with comparative information for 2015

	2016	2015
Annual surplus	$ 1,357,729	$ 1,769,986
Deferred charges:		
Additions of deferred charges	(112,907)	(1,169,373)
Amortization of deferred charges	2,549,621	3,416,785
	2,436,714	2,247,412
Increase in net financial assets	3,794,443	4,017,398
Net financial assets, beginning of year	8,449,794	4,432,396
Net financial assets, end of year	$ 12,244,237	$ 8,449,794

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

MANITOBA OPPORTUNITIES FUND LTD.

Statement of Cash Flows

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

	2016	2015
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 1,357,729	$ 1,769,986
Amortization of deferred charges	2,549,621	3,416,785
Amortization of bond premium	144,158	66,578
Increase in present value of portfolio investments	(3,900,242)	(5,524,179)
Changes in:		
Accrued interest receivable	7,459	92,585
Accounts payable and accrued liabilities	(2,596)	(1,242,360)
Net cash provided by (used) in operating activities	156,129	(1,420,605)
Investing activities:		
Purchase of portfolio investments	(13,135,380)	(17,850,182)
Redemption of portfolio investments	76,343,540	76,605,975
Net cash provided by investing activities	63,208,160	58,755,793
Financing activities:		
Repayment of borrowings	(66,380,152)	(61,994,745)
Advances of borrowings	1,744,042	18,839,678
Net cash provided by (used in) financing activities	(64,636,110)	(43,155,067)
Increase (decrease) in cash equivalents	(1,271,821)	14,180,121
Cash equivalents, beginning of year	17,964,306	3,784,185
Cash equivalents, end of year	$ 16,692,485	$ 17,964,306

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 2015-16 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 provincial bonds and term notes.

	2016	2015
Term notes	$170,189,297	$230,641,372
Equity investments	1,000,000	–
	$171,189,297	$230,641,372

The term notes are made up of five-year zero coupon term notes which the organization purchases on a monthly basis from the Province of Manitoba. The maturity dates range monthly from April 2016 to March 2021 (2015 - April 2015 to March 2020). The effective interest rates range from 0.79 percent to 2.73 percent (2015 - 0.79 percent to 3.07 percent) payable at the end of the 5-year term.

During the year, the organization held a provincial bond that bore interest at a rate of 4.30% and matured in March 2016. Interest earned on the provincial bond for the year ended March 31, 2016 totaled $156,612 (2015 - $310,279). Amortization of the bond premium for the year ended March 31, 2016 totaled $144,158 (2015 - $66,578).

5. Portfolio investments (continued):

Equity investments managed for the Province of Manitoba under the Manitoba Innovation Growth Side Car Fund consist of the following:

	2016	2015
Cubresa Inc.	$ 500,000	$ –
Librestream Technologies Ltd.	500,000	–
	$ 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.

2017	$ 54,728,852
2018	34,194,999
2019	64,895,989
2020	19,625,850
2021	1,856,952
	$ 175,302,642

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:

	2016	2015
Education and Training (formerly Education and Advanced Learning)	$ 88,000	$ 151,000
Growth, Enterprise and Trade (formerly Jobs and the Economy)	(14,000)	520,000
	$ 74,000	$ 671,000

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 Corporation to credit risk consist principally of cash equivalents and portfolio investments.

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

	2016	2015
Cash equivalents	$ 16,692,485	$ 17,964,306
Portfolio investments	171,189,297	230,641,372
	$ 187,881,782	$ 248,605,678

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.

MANITOBA POTASH CORPORATION AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016 WERE NOT AVAILABLE AT THE TIME OF PRINTING THE PROVINCE OF MANITOBA PUBLIC ACCOUNTS VOLUME IV

The Manitoba Water Services Board

Management Report

The accompanying financial statements are the responsibility of management and have been prepared in conformity with the accounting policies noted in the financial statements. The statements are examined by the Office of the Auditor General of the Province of Manitoba, whose opinion is included herein.

To fulfil this responsibility, management maintains internal control systems to provide reasonable assurance that the accounts and records accurately reflect all transactions, and that appropriate policies and procedures are established and respected.

The Provincial Auditor General has free access to the Board of Directors, with and without management present, to discuss the results of their audit and the quality of financial reporting of the Board.

"Original signed by D. Shwaluk"	"Original signed by C. Brigden"
D. Shwaluk, P. Eng. General Manager	C. Brigden Chief Financial Officer

August 09, 2016

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, 2016, 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, 2016, 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.

"Original signed by the
Office of the Auditor General"

Office of the Auditor General
August 9, 2016
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, 2016

		March 31, 2016		March 31, 2015
Financial assets				
Cash	$	3,098,925	$	-
Accounts Receivable		7,447,443		5,527,516
Accrued Interest		10,295		9,079
		10,556,663		5,536,595
Liabilities				
Bank Indebtedness (note 15)		-		145,902
Accounts payable and accrued charges		11,629,970		7,533,443
Advances from The Province of Manitoba payable on demand (note 13)		36,100,000		21,100,000
		47,729,970		28,779,345
Net Debt		(37,173,307)		(23,242,750)
Non-financial assets				
Construction in progress (note 4)		34,059,608		19,968,703
Tangible capital assets (note 5)		10,494		10,494
Prepaid supplies		64,472		64,577
		34,134,574		20,043,774
Accumulated surplus (deficit) (note 6)	$	(3,038,733)	$	(3,198,976)

Commitments (note 9)
Contingencies (note 10)

See accompanying notes to financial statements.

On behalf of Board:

"Original signed by Fred Meier"
______________________ Chair

THE MANITOBA WATER SERVICES BOARD

Statement of Operations

For the year ended March 31, 2016

	Budget (note 14)	2016	2015
Revenues:			
Sale of Water	$ 4,100,000	$ 4,501,602	$ 4,063,291
Administrative expenses paid by the Province of Manitoba (note 8)	2,526,000	2,352,248	2,291,490
Interest	4,000	1,216	5,660
	6,630,000	6,855,066	6,360,441
Expenses:			
Direct expenses for water supply plants:			
Interest expense	350,000	689,226	363,082
Interest allocated to new construction	(375,000)	(830,738)	(397,560)
	(25,000)	(141,512)	(34,478)
Chemicals	353,000	336,596	341,016
Heat, telephone, light and power	987,000	1,027,395	922,918
Professional services	650,000	709,774	655,672
Salaries and benefits	1,225,000	1,321,281	1,210,180
Repairs and maintenance	865,000	660,497	696,926
Administrative (note 8)	2,526,000	2,352,248	2,291,490
	6,581,000	6,266,279	6,083,724
Annual surplus	49,000	588,787	276,717
Accumulated surplus (deficit), beginning of year	(1,681,834)	(3,198,976)	(1,681,834)
Disposition of funds (note 6)	(350,000)	(428,544)	(1,793,859)
Accumulated deficit, end of year	$ (1,982,834)	$ (3,038,733)	$ (3,198,976)

See accompanying notes to financial statements.

THE MANITOBA WATER SERVICES BOARD

Statement of Change in Net Debt

For the year ended March 31, 2016

	Budget (note 14)	2016	2015
Annual Surplus	$ 49,000	$ 588,787	$ 276,717
New construction costs	(60,452,043)	(86,282,076)	(69,399,309)
Funds recovered from:			
Province of Manitoba	14,996,000	15,971,868	16,277,788
Municipalities	45,456,043	56,219,303	37,467,815
	0	(14,090,905)	(15,653,706)
Decrease (increase) in prepaid supplies	1,000	105	(1,300)
Disposition of funds	(845,000)	(428,544)	(1,793,859)
Increase in net debt	(795,000)	(13,930,557)	(17,172,148)
Net debt, beginning of year	(23,242,750)	(23,242,750)	(6,070,602)
Net debt, end of year	$ (24,037,750)	$ (37,173,307)	$ (23,242,750)

See accompanying notes to financial statements.

THE MANITOBA WATER SERVICES BOARD

Statement of Cash Flows

For the year ended March 31, 2016

	2016	2015
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 588,787	$ 276,717
Change in non-cash operating working capital:		
Accounts receivable	(1,919,927)	669,438
Prepaid supplies	105	(1,300)
Accounts payable and accrued charges	4,096,527	4,386,354
Accrued Interest	(1,216)	(2,722)
Cash provided by (used in) operating activities	2,764,276	5,328,487
Financing activities:		
Advances received	24,700,000	19,800,000
Advances repaid	(9,700,000)	(6,200,000)
Cash provided by (used in) financing activities	15,000,000	13,600,000
Capital activities:		
New construction costs	(86,282,076)	(69,399,309)
Funding recovered from:		
Province of Manitoba	15,971,868	16,277,788
Municipalities	56,219,303	37,467,815
Increase in construction in progress	(14,090,905)	(15,653,706)
Disposition of funds	(428,544)	(1,793,859)
Cash used in capital activities	(14,519,449)	(17,447,565)
Increase in cash	3,244,827	1,480,922
Cash, beginning of year	(145,902)	(1,626,824)
Cash, end of year	$ 3,098,925	$ (145,902)

Supplementary Financial Information

Interest paid $689,226 (2015 - $363,082)

Interest received $830,738 (2015 - $397,560)

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 construction in progress:

Tangible capital assets represent water supply plants owned by the Board. They are recorded at cost and amortization is calculated on a straight-line basis over the following terms:

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

Construction in progress 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 construction in progress 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 (2015 - 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, 2016		March 31, 2015
Accounts receivable	$	7,447,443	$	5,527,516
Accrued interest		10,295		9,079
	$	7,457,738	$	5,536,595

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, 2016	March 31, 2015
Current	$ 4,325,529	$ 3,224,488
30-60 days past billing date	3,114,169	2,280,668
60-90 days past billing date	7,745	22,360
	$ 7,447,443	$ 5,527,516

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. Construction in progress:

	March 31, 2016	March 31, 2015
Balance, beginning of year	$ 19,968,703	$ 4,314,997
New construction costs	86,282,076	69,399,309
	106,250,779	73,714,306
Funding recovered from:		
Municipalities	56,219,303	37,467,815
Province of Manitoba	15,971,868	16,277,788
	72,191,171	53,745,603
Construction in progress	$ 34,059,608	$ 19,968,703

5. Tangible capital assets:

March 31, 2016	Cost	Accumulated amortization	Net book value
Land and easements	$ 10,494	$ —	$ 10,494
Buildings	522,722	522,722	—
Equipment	132,628	132,628	—
	$ 665,844	$ 655,350	$ 10,494

March 31, 2015	Cost	Accumulated amortization	Net book value
Land and easements	$ 10,494	$ —	$ 10,494
Buildings	522,722	522,722	—
Equipment	132,628	132,628	—
	$ 665,844	$ 655,350	$ 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, 2016	No.	March 31, 2015
Plants operated by the Board:				
Plants with a deficit	7	$ (4,257,280)	7	$ (4,586,255)
Plants with a surplus	4	1,118,547	3	1,287,279
Total funds retained (deficit), water supply plants	11	(3,138,733)	10	(3,298,976)
Interest and adjustment fund account (note 7)		100,000		100,000
		$ (3,038,733)		$ (3,198,976)

The Board is responsible for all ongoing capital repairs and improvements necessary for the water plants it operates. Disposition of funds relating to this during 2015/2016 include capital works approved by the Board for regional systems operated by the Board including, Cartier Regional, Southwest Regional, Whitehead Regional, and the Yellowhead Regional Water Co-operatives and amounted to $644,973 (2015-$1,793,859). The Board received funds from the Rural Municipality of Oakview (Oak River), to apply against the operating deficit of their plant in 2015/2016 $216,429.

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:

	2016	2015
Professional services	$ 8,988	$ 8,225
Salaries and benefits	2,232,806	2,029,901
Telephone and utilities	17,800	17,474
Travel	325	1,721
Rental for office premises	-	144,942
Other administrative	92,329	89,227
	$ 2,352,248	$ 2,291,490

9. Commitments:

	March 31, 2016	March 31, 2015
Signed agreements and offers for construction of sewer and water systems for municipalities and cooperatives	$ 82,686,400	$ 60,452,043
These commitments are expected to be funded as follows:		
Subsidization of construction costs – Province of Manitoba	$25,231,300	$14,996,000
Recovery of construction costs – Municipalities and cooperatives	57,455,100	45,456,043
	$82,686,400	$ 60,452,043

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 2015/2016 the rate of interest charged was between 1.95 and 2.10 percent on a quarterly basis. These advances are repaid once funding is received from the municipalities and cooperatives and the Province for their share of the eligible project costs.

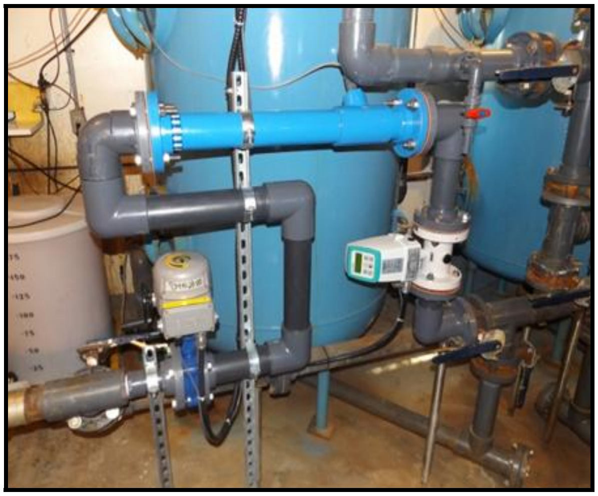
As at March 31, 2016, the Province had unused authority of $62,220,000 under The *Loan Act* - 2015 to provide future financing to the Board for construction of municipal sewer and water facilities on behalf of municipalities and cooperatives.

14. Budgeted figures:

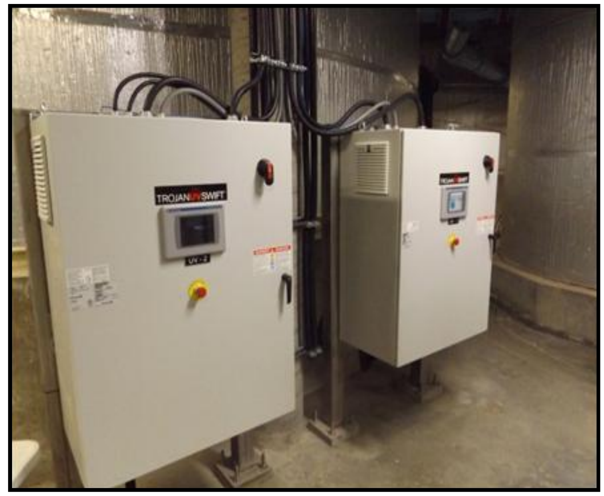
The budgeted figures presented in these financial statements have been derived from the estimates approved by the Board.

15. Bank Indebtedness:

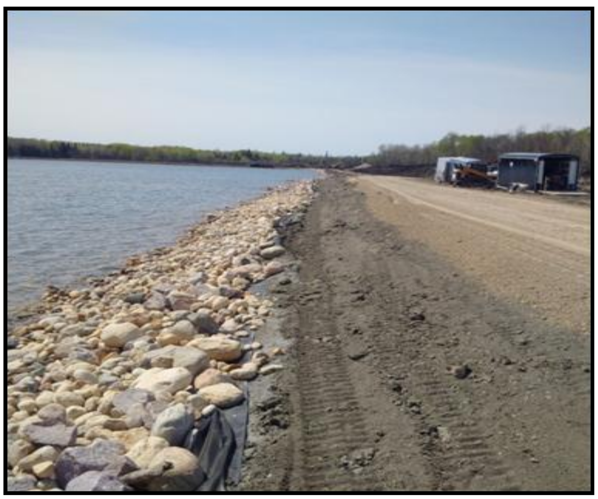
The Board does not have an overdraft in place on its bank account. However, funds could be borrowed from the Province of Manitoba as needed to fund cash deficits. At March 31, 2016, the bank indebtedness is nil. The bank indebtedness for 2015 is the result of outstanding cheques that have not been cashed at March 31, 2015. The Board anticipates it will have sufficient funds in place to cover these outstanding disbursements.



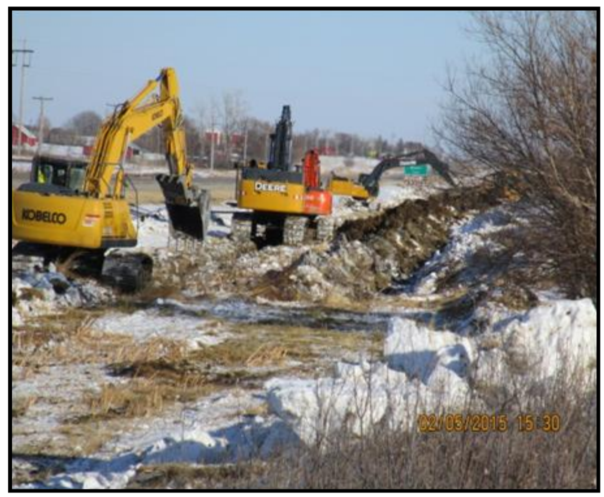
Blumenfeld Hochfeld Water Co-op Water Supply Upgrades



Morden Water & Wastewater System Upgrades - UV Treatment



Pinawa Wastewater Lagoon Upgrade



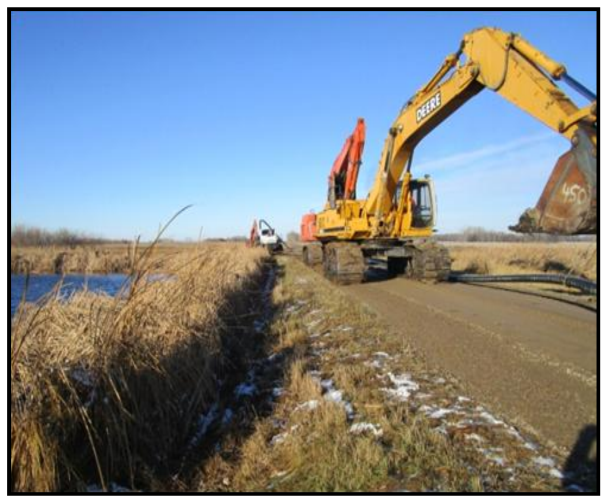
Pipestone Rural Water Pipeline

Rivers Water Treatment Plant

South Central District Water Co-op Water
Treatment Plant Upgrades

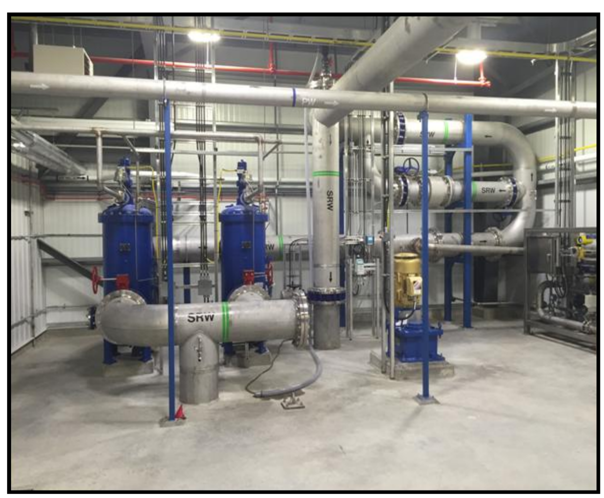
Russell-Binscarth Well Mechanization

Winnipeg Beach Wastewater Lagoon Upgrades



Whitehead Rural Water Pipeline

Cartier Regional Water Expansion
Headingley Water Treatment Plant



Cartier Regional Water Expansion
Headingley Water Treatment Plant

METIS CHILD AND FAMILY SERVICES AUTHORITY

Financial Statements
For the year ended March 31, 2016

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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 statements of financial position as at March 31, 2016, 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, 2016, 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 13 through 16 of the **METIS CHILD AND FAMILY SERVICES AUTHORITY** financial statements.

BDO Canada LLP

Chartered Professional Accountants

Winnipeg, Manitoba
September 8, 2016

METIS CHILD AND FAMILY SERVICES AUTHORITY
Statement of Financial Position

March 31		2016		2015
Assets				
Current Assets				
Cash and cash equivalents (Note 2)	$	**963,859**	$	881,668
Accounts receivable (Note 3)		**279,480**		113,334
Prepaid expenses		**17,371**		251,520
Deposit for leasehold improvement		**-**		46,125
		1,260,710		1,292,647
Advances Due from Agencies (Note 5)		**4,567,500**		4,567,500
Capital Assets (Note 4)		**147,105**		110,507
	$	**5,975,315**	$	5,970,654
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued liabilities (Note 6)	$	**550,607**	$	454,206
Deferred revenue (Note 7)		**574,219**		656,598
		1,124,826		1,110,804
Advances Due to Province of Manitoba (Note 5)		**4,567,500**		4,567,500
Deferred Contributions Related to Capital Assets (Note 8)		**147,105**		156,466
		5,839,431		5,834,770
Commitments (Note 11)				
Net Assets				
Unrestricted net assets (Page 5)		**135,884**		135,884
	$	**5,975,315**	$	5,970,654

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	2016 Budget	2016 Actual	2015 Actual
Revenue			
Province of Manitoba (Note 9)	$ 18,659,499	$ 18,507,169	$ 18,525,092
Amortization of deferred contributions (Note 8)	30,000	35,428	27,534
Interest	14,000	8,474	15,733
Other	25,072	-	-
	18,728,571	18,551,071	18,568,359
Expenses			
Agency operations (Schedules 3 and 4)	15,424,417	15,053,544	15,258,296
Salaries and benefits	2,634,904	2,605,462	2,606,488
Professional fees	51,234	63,189	55,621
Office	272,900	284,879	269,679
Agency education and training	127,000	111,233	97,682
Information technology	55,000	65,857	58,401
Board expenses	50,000	43,892	55,345
Amortization of capital assets	30,000	35,428	27,534
Annual general meeting	11,000	17,917	14,191
Staff expenses	11,044	29,077	14,824
Other	25,072	1,453	9,803
Insurance	12,000	11,002	11,796
Professional development	13,000	7,312	4,993
Communications	10,000	3,018	9,742
Bank charges	1,000	912	864
Standing committee programming	-	216,896	73,100
	18,728,571	18,551,071	18,568,359
Excess of revenue over expenses	$ -	-	-
Net assets, beginning of year		135,884	135,884
Net assets, end of year		$ 135,884	$ 135,884

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		2016		2015
Cash Flows from (used in) Operating Activities				
Excess of revenue over expenses	$	-	$	-
Adjustments for non-cash items				
Amortization of capital assets		**35,428**		27,534
Amortization of deferred contributions related to capital assets		**(35,428)**		(27,534)
		-		-
Changes in non-cash working capital items				
Accounts receivable		**(166,146)**		180,998
Due to agencies		-		(163,662)
Prepaid expenses		**234,315**		(232,664)
Accounts payable and accrued liabilities		**96,401**		191,054
Deferred revenue		**(82,379)**		(602,190)
		82,191		(626,464)
Cash Flows from Investing Activities				
Purchase of capital assets		**(26,067)**		(47,660)
Contributions received for purchase of capital assets		**26,067**		47,660
		-		-
Increase (decrease) in cash and cash equivalents for the year		**82,191**		(626,464)
Cash and cash equivalents, beginning of year		**881,668**		1,508,132
Cash and cash equivalents, end of year	$	**963,859**	$	881,668

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 2016.

3. Accounts Receivable

	2016	2015
Due from Province of Manitoba	$ 243,645	$ 87,419
GST receivable	13,538	7,738
Other	22,297	18,177
	$ 279,480	$ 113,334

4. Capital Assets

	2016			2015		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	$ 271,103	$ 190,185	$ 80,918	$ 253,881	$ 163,753	$ 90,128
Furniture and fixtures	100,128	76,016	24,112	87,232	66,853	20,379
Leasehold improvements	46,125	4,050	42,075	-	-	-
	$ 417,356	$ 270,251	$ 147,105	$ 341,113	$ 230,606	$ 110,507

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 2015), 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.

	2016	2015
Metis Child, Family and Community Services	$ 3,513,048	$ 3,813,048
Michif Child & Family Services	1,054,452	754,452
	$ 4,567,500	$ 4,567,500

6. Accounts Payable and Accrued Liabilities

	2016	2015
Due to agencies	$ -	$ 11,191
Trade payables	70,281	53,575
Accrued expenses	480,326	389,440
	$ 550,607	$ 454,206

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.

	2016	2015
Balance, beginning of year	$ 656,598	$ 1,258,788
Unspent contributions received:		
Province of Manitoba - Core operations	518,679	381,948
Province of Manitoba - Standing Committee	189,392	191,608
	708,071	573,556
Less amounts recognized as revenue in the year		
Core operations	(384,161)	(417,313)
Standing Committee	(406,289)	(758,433)
	(790,450)	(1,175,746)
Balance, end of year	$ 574,219	$ 656,598

Deferred contributions are restricted for the following programs as at March 31:

	2016	2015
Core operations	$ 514,253	$ 381,948
Standing committee operations	59,966	274,650
	$ 574,219	$ 656,598

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.

	2016	2015
Balance, beginning of year	$ 156,466	$ 136,340
Funds received by Province of Manitoba	26,067	47,660
Amortization	(35,428)	(27,534)
Balance, end of year	$ 147,105	$ 156,466

9. Revenue from Province of Manitoba

	2016	2015
Revenue as per Province of Manitoba confirmation	$ 18,443,139	$ 18,146,588
Add		
Deferred revenue amounts recognized as revenue in the year	790,450	1,175,746
Funding claims subsequent to confirmation	93,588	37,985
	884,038	1,213,731
Deduct		
Unspent contributions received	708,071	573,556
Grants related to capital assets	26,067	47,660
Funding of prior year accounts receivable	85,870	89,427
Amount refunded	-	27,540
Other	-	97,044
	820,008	835,227
Revenue from Province of Manitoba	$ 18,507,169	$ 18,525,092

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:

2017	$	153,433
2018		150,828
2019		127,403
2020		121,627
2021		121,627

12. Financial Risk Management

The Authority is exposed to different types of risk in the normal course of operations, including credit risk, market risk and liquidity risk. The Authority's objective in risk management is to optimize the risk return trade-off, within set limits, by applying integrated risk management and control strategies, policies and procedures throughout the Authority's activities.

Credit Risk

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

The Authority's maximum exposure to credit risk without taking account of any collateral or other credit enhancements is $279,480 ($113,334 at March 31, 2015).

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.

12. Financial Risk Management (continued)

Market Risk (continued)

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

Liquidity Risk

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

Fair Value

The carrying values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

13. Pension

During the year the Authority contributed $37,861 ($39,857 in 2015) to a defined contribution pension plan. Contributions are made at 3% of employee salaries and invested in RRSPs held with Great-West Life.

14. Economic Dependence

The Authority's primary source of income is the grant funding received from the Province of Manitoba Department of Family Services and Housing. The Authority's ability to continue viable operations is dependent upon maintaining its ability to obtain funding. As at the date of these financial statements, the Authority believes that the grant funding from the Province of Manitoba will continue.

METIS CHILD AND FAMILY SERVICES AUTHORITY
Schedule 1 - Statement of Program Operations: Core Operations (Unaudited)

For the year ended March 31	2016 Budget	2016 Actual	2015 Actual
Revenue			
Grant - Province of Manitoba			
Core	$ 1,876,120	$ 1,722,988	$ 1,868,142
Other	330,000	331,225	330,072
Education and training	127,000	127,225	97,682
Centralization	710,355	865,898	710,355
Standing committee IT revenue	36,000	36,000	36,000
Amortization of deferred contributions related to capital assets	30,000	35,428	27,534
Interest	14,000	8,474	15,733
Other	25,072	-	-
	3,148,547	3,127,238	3,085,518
Expenses			
Salaries and benefits	2,483,341	2,456,318	2,456,743
Office	272,900	284,879	269,679
Agency education and training	127,000	111,233	97,682
Professional fees	51,234	63,189	55,621
Information technology	55,000	65,857	58,401
Board expenses	50,000	43,892	55,345
Amortization of capital assets	30,000	35,428	27,534
Annual general meeting	11,000	17,917	14,191
Other	25,072	812	9,803
Staff expenses	10,000	26,179	13,124
Professional development	10,000	6,602	4,993
Insurance	12,000	11,002	11,796
Communications	10,000	3,018	9,742
Bank charges	1,000	912	864
	3,148,547	3,127,238	3,085,518
Excess of revenue over expenses	$ -	$ -	$ -

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		2016 Budget		2016 Actual		2015 Actual
Revenue						
Grant - Province of Manitoba						
Current year funding	$	191,607	$	189,393	$	187,445
Prior year funding		-		216,896		73,100
		191,607		406,289		260,545
Expenses						
Professional fees		15,000		15,000		15,000
Salaries and benefits		151,563		149,144		149,745
Office		18,000		18,641		18,000
Information technology		3,000		3,000		3,000
Staff expenses		1,044		2,898		1,700
Professional development		3,000		710		-
Standing committee programming		-		216,896		73,100
		191,607		406,289		260,545
Excess of revenue over expenses	$	-	$	-	$	-

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	2016 Budget	2016 Actual	2015 Actual
Revenue			
Grant - Province of Manitoba			
Core and Operational	$ 10,224,453	$ 9,636,607	$ 10,088,532
Other	-	-	119,060
	10,224,453	9,636,607	10,207,592
Expenses			
Grant to Agency			
Core and Operational	10,224,453	9,636,607	10,088,532
Other	-	-	119,060
	10,224,453	9,636,607	10,207,592
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	2016 Budget	2016 Actual	2015 Actual
Revenue			
Grant - Province of Manitoba			
Core and Operational	$ 5,199,964	$ 5,416,937	$ 5,018,061
Other	-	-	32,643
	5,199,964	5,416,937	5,050,704
Expenses			
Grant to Agency			
Core and Operational	5,199,964	5,416,937	5,018,061
Other	-	-	32,643
	5,199,964	5,416,937	5,050,704
Excess of revenue over expenses	$ -	$ -	$ -

SOUTHERN FIRST NATIONS NETWORK OF CARE

Financial Statements

For the year ended March 31, 2016

BDO

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Independent Auditor's Report

To the Board of Directors
SOUTHERN FIRST NATIONS NETWORK OF CARE

We have audited the accompanying financial statements of the **SOUTHERN FIRST NATIONS NETWORK OF CARE**, which comprise the statement of financial position as at March 31, 2016 and the statements of operations and changes in net assets 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 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 **SOUTHERN FIRST NATIONS NETWORK OF CARE** as at March 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.

Unaudited Information
We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedules on pages 13 through 19 of the financial statements.

BDO Canada LLP

Chartered Professional Accountants

Winnipeg, Manitoba
September 20, 2016

SOUTHERN FIRST NATIONS NETWORK OF CARE
Statement of Financial Position

March 31		2016	2015
Assets			
Current Assets			
Cash and cash equivalents		$ 1,324,045	$ 1,505,861
Accounts receivable (Note 2)		3,014,324	2,409,070
Prepaid expenses		235,874	147,846
		4,574,243	4,062,777
Capital assets (Note 3)		1,762,227	1,945,461
Due from agencies (Note 4)		6,200,026	5,537,990
		$ 12,536,496	$ 11,546,228
Liabilities and Fund Balances			
Current Liabilities			
Accounts payable and accrued liabilities (Note 5)		$ 3,180,270	$ 3,097,462
Deferred revenue (Note 6)		1,282,259	941,252
		4,462,529	4,038,714
Due to Province of Manitoba (Note 4)		6,200,026	5,537,990
		10,662,555	9,576,704
Commitments (Note 9)			
Net Assets			
Operating Fund		1,873,941	1,969,524
		$ 12,536,496	$ 11,546,228

Approved by:

Original Document Signed
_______________ Chairperson

Original Document Signed
_______________ CEO

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

SOUTHERN FIRST NATIONS NETWORK OF CARE
Statement of Operations

For the year ended March 31		2016 Budget (Unaudited)		2016 Actual		2015 Actual
Revenue						
Province of Manitoba (Note 7)						
Network Core (Schedule 1)	$	2,911,135	$	2,987,844	$	2,856,574
Education and Training (Schedule 5)		525,894		536,723		525,894
IT Support (Schedule 2)		900,400		726,410		706,286
Agency Grants (Schedule 3)		47,516,231		48,939,347		47,002,970
Foster Care Backlog Reduction		-		107,286		-
Golden Eagle		1,175,000		1,094,193		1,111,110
Ji-Zhaabwiing (Schedule 4)		2,015,604		2,076,062		1,849,373
Kinship/Foster Care Recruitment Campaign		-		54,755		-
Emergency Foster Care Stand By Fees		27,000		15,845		10,105
Other		-		95,379		245,671
Deferred Revenue - Recognition		150,000		64,997		77,060
Total Province of Manitoba		55,221,264		56,698,841		54,385,043
Indigenous and Northern Affairs Canada (INAC)						
IT Capacity Development (Schedule 2, 6)		250,000		250,000		279,360
Regional Advisory Committee (Schedule 7)		30,000		30,000		30,000
Total Indigenous and Northern Affairs Canada		280,000		280,000		309,360
Agency						
IT Support (Schedule 2)		450,000		444,461		100,005
Morningstar		149,432		129,576		126,042
Total Agency		599,432		574,037		226,047
Other						
Miscellaneous		-		37,376		7,122
		56,100,696		57,590,254		54,927,572
Expenses						
Network Core						
Staffing (Schedule 1)		2,517,190		2,463,726		2,319,036
Operating (Schedule 1)		556,487		520,108		697,589
Education and Training (Schedule 5)		402,364		342,839		348,866
IT Support (Schedule 2)		1,291,803		1,282,840		1,133,818
Agency Grants (Schedule 3)		47,516,231		48,939,347		47,002,970
Programming						
Golden Eagle		1,175,000		1,094,193		1,111,110
Ji-Zhaabwiing (Schedule 4)		2,015,604		2,127,837		1,879,911
Morningstar		157,632		130,311		130,111
Kinship/Foster Care Recruitment Campaign		-		54,755		-
Foster Care Backlog Reduction		-		107,286		-
Age of Majority		96,500		37,636		11,143
Emergency Foster Care Stand by Fees		27,000		15,545		10,105
Stepping out on Saturdays		27,000		27,961		17,794
Regional Advisory Committee (Schedule 7)		30,000		47,561		31
Agency Review		-		45,000		-
		55,812,811		57,236,945		54,662,474
Excess before amortization		287,885		353,309		265,098
Amortization		512,417		448,892		591,947
Deficiency before other items		(224,532)		(95,583)		(326,849)
Recoveries (non-recoverable expenses) (Note 8)		-		-		108,999
Debt forgiveness (Note 8)		-		-		1,607,595
Revenue recognized for differential response (Note 8)		-		-		728,135
Excess (deficiency) of revenue over expenses		(224,532)		(95,583)		2,117,880
Fund balance, beginning of year		-		1,969,524		(148,356)
Fund balance, end of year	$	(224,532)	$	1,873,941	$	1,969,524

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

SOUTHERN FIRST NATIONS NETWORK OF CARE
Statement of Cash Flows

For the year ended March 31	2016	2015
Cash Flows from Operating Activities		
Excess (deficiency) of revenue over expenses	$ (95,583)	$ 2,117,880
Adjustments for items not involving cash		
Amortization of capital assets	448,892	591,947
	353,309	2,709,827
Changes in non-cash working capital balances		
Accounts receivable	(605,254)	(406,637)
Prepaid expenses and deposits	(88,028)	(84,265)
Due from agencies	(662,036)	-
Accounts payable and accrued liabilities	82,809	(1,413,771)
Deferred revenue	341,007	616,915
Due to Province of Manitoba	662,036	(300,000)
	83,843	1,122,069
Cash Flows from Capital Activities		
Purchase of capital assets	(271,838)	(120,317)
Proceeds on sale of capital assets	6,179	-
	(265,659)	(120,317)
Net increase (decrease) in cash during the year	(181,816)	1,001,752
Cash and cash equivalents, beginning of year	1,505,861	504,109
Cash and cash equivalents, end of year	$ 1,324,045	$ 1,505,861

1. Nature of Organization and Summary of Significant Accounting Policies

(a) Nature of the Organization

The First Nations of Southern Manitoba Child and Family Services Authority (the "Network") 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. On November 15, 2015, the legal name was changed to Southern First Nations Network of Care.

The Network was established as a non-profit organization with the responsibility for administering and providing for the delivery of a system of child and family services to Southern First Nations people who are members of the Southern First Nations and other persons who are identified with those Southern First Nations. In partnership with the Province of Manitoba, the Network is committed to establishing a jointly coordinated child and family services system that recognizes the distinct rights and authorities of First Nations and Metis people in Manitoba.

The Network 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 Network must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

(b) Management's Responsibility for the Financial Statements

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

(c) Basis of Accounting

The financial statements have been prepared using the fund accounting method under the Canadian public sector accounting standards for government not-for-profit organizations as established by the Public Sector Accounting Board.

(d) Revenue Recognition

The Network 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) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances and investments in money market instruments with maturities of three months or less.

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

(f) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided using the declining balance and straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

Computer equipment	30% declining balance basis
Furniture and fixtures	20% declining balance basis

Leasehold improvements are amortized over the term of the lease.

(g) 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.

Certain accounts receivable amounts contain measurement uncertainty as they relate to funding based upon the latest communication with the Province of Manitoba.

(h) 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.

2. Accounts Receivable

	2016	2015
Indigenous and Northern Affairs Canada	$ 125,000	$ 69,840
Due from Agencies	236,744	140,491
Due from Province of Manitoba		
Golden Eagle funding	181,382	182,300
IT support cost recoveries	248,460	315,236
Ji-zhaabwiing funding	420,927	456,406
Stabilization funding	953,458	-
Foster care recruitment campaign	77,805	-
Kindship/Customary care programming	293,004	-
Other	338,364	1,135,809
GST receivable	113,727	68,079
Other	25,453	40,909
	$ 3,014,324	$ 2,409,070

3. Capital Assets

	2016			2015		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	$ 4,497,363	$ 3,498,422	$ 998,941	$ 4,225,525	$ 3,128,555	$ 1,096,970
Furniture and fixtures	429,328	320,904	108,424	429,328	286,073	143,255
Leasehold improvements	1,221,272	566,410	654,862	1,221,272	516,036	705,236
	$ 6,147,963	$ 4,385,736	$ 1,762,227	$ 5,876,125	$ 3,930,664	$ 1,945,461

4. Due from Agencies and Due to Province of Manitoba

The Province of Manitoba advanced the Network a working capital advance in the amount of $6,200,026 ($5,537,990 in 2015), which in turn was advanced by the Network to the Agencies. The advances are repayable by the Network if the Network's operations cease. The amounts due from the Agencies have no fixed terms of repayment and are non-interest bearing.

	2016	2015
Animikii-Ozoson Child and Family Services	$ 1,204,000	$ 1,204,000
Child and Family All Nations Coordinated Response Network	538,400	538,400
Dakota Ojibway Child and Family Services	689,610	689,610
Intertribal Child and Family Services	121,030	121,030
Peguis Child and Family Services	221,820	221,820
Sandy Bay Child and Family Services	158,700	158,700
Sagkeeng Child and Family Services	662,036	-
Southeast Child and Family Services	1,368,830	1,368,830
West Region Child and Family Services	1,235,600	1,235,600
	$ 6,200,026	$ 5,537,990

5. Accounts Payable and Accrued Liabilities

	2016	2015
Due to agencies	$ 1,846,996	$ 1,696,893
Trade payables	1,108,870	1,179,042
Accrued expenses	221,554	217,716
Social fund	2,850	3,811
	$ 3,180,270	$ 3,097,462

6. 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. Deferred revenue comprise of:

	2016	2015
CFSIS/SDM Compliance	$ 732,478	$ 732,441
Age of Majority	228,544	169,095
FASD - SOS Program	69,255	39,716
Customary Care Program Funding	251,982	-
	$ 1,282,259	$ 941,252

7. Revenue from Province of Manitoba

Revenue as per Province of Manitoba confirmation	$ 69,179,301
Add:	
Deferred revenue amounts recognized as revenue in the year	-
Current years receivables	459,007
CSA withheld from operating grants	1,829,204
	2,288,211
Deduct:	
Funding of prior year accounts receivable	1,185,485
Working capital advance	662,036
Revenue deferred during the year	340,966
Advance funding received for next year	12,457,950
Others	122,234
	14,768,671
Revenue from Province of Manitoba	$ 56,698,841

8. Other Items

During 2015 included in statement of operations are other items related to the Network working with the Province of Manitoba in obtaining working capital and financing as follows:

i) recovery of a previously disallowed receivable amount of $108,999;

ii) debt forgiveness of $1,607,595; and

iii) a cash payment of $728,135, to be disbursed to All Nations Coordinated Response, as partial payment for the $1,600,385 in differential response funding due to the agencies. The remaining balance due to agencies will be $872,250.

During 2016 none of these transactions were incurred.

9. Commitments

The Network has entered into various lease agreements for premises for its operations and to support other agencies and programs expiring between December 2016 and November 2021.

The minimum annual lease payments for the next five years are as follows:

2017	$	906,988
2018		380,333
2019		327,750
2020		327,750
2021		218,333

10. Employment Benefits

Pension Benefits

The Network has a defined contribution pension plan for its employees. Employees contribute at least 4% of their salaries and the Network contributes 5%. The Network's total pension contribution for 2016 was $174,557 ($175,912 in 2015).

Sick Leave Benefits

Employees of the Network are entitled to sick leave benefits during their employment. Sick leave benefits, which accumulate but do not vest, are not considered to be significant by management. As such, management has not recorded a liability for these benefits in the financial statements of the Network.

11. Comparative Figures

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

12. Financial Risk Management

The Network is exposed to different types of risk in the normal course of operations, including credit risk and market risk. The Network'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 Network'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 Network to credit risk consist principally of accounts receivable.

The Network's maximum exposure to credit risk without taking account of any collateral or other credit enhancements is $3,014,324 ($2,409,070 at March 31, 2015).

The Network is not exposed to significant credit risk as the majority of the receivables are from the the Province of Manitoba and agencies.

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 Network is not exposed to significant interest rate risk as its cash and investments are held in short-term or variable rate products.

The Network 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 Network will encounter difficulty in meeting financial obligations as they become due, and arises from the Network's management of working capital. The Network'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, short-term investments, 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.

SOUTHERN FIRST NATIONS NETWORK OF CARE
Schedule 1
Statement of Revenues and Expenditures - Network Core
Unaudited

For the year ended March 31	2016 Budget	2016 Actual	2015 Actual
Revenue			
Province of Manitoba - Core grant	$ 2,792,764	$ 2,781,894	$ 2,792,766
Province of Manitoba - Other	118,371	205,950	63,808
	2,911,135	2,987,844	2,856,574
Expenses			
Staffing			
Salaries and benefits	2,445,190	2,370,880	2,246,014
Travel - staff	30,000	41,664	27,028
Training - staff	25,000	31,750	18,181
Recruitment	5,000	13,430	17,256
Health and education tax levy	12,000	6,002	10,557
	2,517,190	2,463,726	2,319,036
Operations			
Rent	247,000	216,011	250,280
Board and administrator costs	30,000	72,091	22,120
Agency relations	28,000	35,033	26,837
Office supplies	30,000	32,497	23,309
Professional fees	80,000	32,238	270,905
Insurance	32,000	26,711	10,961
Telephone and fax	30,000	25,465	28,281
Community relations	5,000	24,208	4,804
Cultural expenses	35,000	21,644	25,067
Repairs and maintenance	20,000	16,595	17,320
Annual general meeting	15,000	7,788	13,189
Bank service charges	4,487	5,884	4,205
Moving costs	-	3,943	311
	556,487	520,108	697,589
	3,073,677	2,983,834	3,016,625
Excess (deficiency) of revenue over expenses	$ (162,542)	$ 4,010	$ (160,051)

SOUTHERN FIRST NATIONS NETWORK OF CARE
Schedule 2
Statement of Revenues and Expenditures - IT Support
Unaudited

For the year ended March 31	2016 Budget	2016 Actual	2015 Actual
Revenue			
Province of Manitoba	$ 900,400	$ 726,410	$ 706,286
INAC - Capacity Development	250,000	250,000	279,360
Agency revenue - IT	450,000	444,461	100,005
	1,600,400	1,420,871	1,085,651
Expenses			
Salaries and benefits	573,382	533,296	556,409
Internet	418,800	400,202	365,917
Information technology	256,621	316,348	184,467
Travel	20,000	18,505	19,594
Training and development	18,000	8,371	368
Telephone and fax	5,000	6,118	7,063
	1,291,803	1,282,840	1,133,818
Excess (deficiency) of revenue over expenses before capital asset purchases	308,597	138,031	(48,167)
Capital asset purchases	279,877	271,838	113,678
Excess (deficiency) of revenue over expenses	$ 28,720	$ (133,807)	$ (161,845)

SOUTHERN FIRST NATIONS NETWORK OF CARE
Schedule 3
Statement of Revenues and Expenditures - Agency Grants
Unaudited

For the year ended March 31	2016 Budget	2016 Actual	2015 Actual
Revenue			
Province of Manitoba	$ 47,516,231	$ 48,939,347	$ 47,002,970
Expenses			
Protection	24,803,860	24,483,274	23,800,231
Central support	13,108,727	12,510,569	11,718,664
Core	6,607,171	6,607,172	6,701,986
Prevention	3,415,069	3,830,273	3,415,071
Stabilization	-	953,458	-
Other	-	708,801	1,561,616
CFSIS data entry clerk	558,954	558,961	558,954
Family care	541,263	541,264	541,263
Workload relief	-	224,000	224,000
Designated intake	76,086	76,086	76,087
Vacancy management	(1,594,899)	(1,554,511)	(1,594,902)
	47,516,231	48,939,347	47,002,970
Excess (deficiency) of revenue over expenses	$ -	$ -	$ -

SOUTHERN FIRST NATIONS NETWORK OF CARE
Schedule 4
Statement of Revenues and Expenditures - Ji-zhaabwiing
Unaudited

For the year ended March 31	2016 Budget	2016 Actual	2015 Actual
Revenue			
Province of Manitoba	$ 2,015,604	$ 2,076,062	$ 1,849,373
Expenses			
Grant funding	1,277,700	1,417,972	1,277,700
Rent	570,000	465,190	465,190
Building maintenance	130,000	124,700	96,256
Professional fees	-	87,155	5,251
Utilities	30,000	24,524	26,102
Insurance	7,404	7,785	2,223
Telephone and fax	500	511	5,887
Office supplies	-	-	944
Travel	-	-	358
	2,015,604	2,127,837	1,879,911
Excess (deficiency) of revenue over expenses	$ -	$ (51,775)	$ (30,538)

SOUTHERN FIRST NATIONS NETWORK OF CARE

Schedule 5

Statement of Revenues and Expenditures - Education and Training

Unaudited

For the year ended March 31	2016 Budget	2016 Actual	2015 Actual
Revenue			
Province of Manitoba	$ 525,894	$ 536,723	$ 525,894
Expenses			
Rent	129,156	129,154	131,875
Salaries and benefits	140,697	94,606	131,287
Training - agency	95,940	78,981	61,787
Insurance	11,996	17,808	-
Office supplies	12,000	10,844	12,665
Building maintenance	10,000	9,319	9,822
Travel	2,300	2,127	1,430
Telephone and fax	275	-	-
	402,364	342,839	348,866
Excess of revenue over expenses	$ 123,530	$ 193,884	$ 177,028

SOUTHERN FIRST NATIONS NETWORK OF CARE
Schedule 6
INAC Funding and Expenditures - Capacity Development
Unaudited

For the year ended March 31	2016	2016	2015
	Budget	Actual	Actual
Revenue			
INAC contribution	$ 250,000	$ 250,000	$ 279,360
Expenses			
VoIP	96,000	192,256	95,262
VLAN	36,000	29,537	26,463
Virtual	85,000	13,303	136,878
ACCPAC	18,000	8,203	20,757
Records management	6,000	4,120	-
Refresh	9,000	2,581	-
	250,000	250,000	279,360
Excess of revenue over expenses	$ -	$ -	$ -

SOUTHERN FIRST NATIONS NETWORK OF CARE
Schedule 7
Statement of INAC Funding and Expenditures - Regional Advisory Committee
Unaudited

For the year ended March 31	2016 Budget	2016 Actual	2015 Actual
Revenue			
INAC - Regional Advisory Committee	$ 30,000	$ 30,000	$ 30,000
Province of Manitoba - Child Maintenance Billings Working Group	-	15,000	-
	30,000	45,000	30,000
Expenses			
Regional Advisory Committee	7,000	576	298
Funding Model Working Group Meetings	-	-	754
Child Maintenance Billings Working Group Meetings	12,170	20,417	-
First Nation Child and Family Services Regional Meeting	9,330	26,568	(1,021)
	28,500	47,561	31
Administrative costs	1,500	7,500	1,500
Amount Claimed in 2014/15 and recorded in 2015/16	-	(7,110)	7,110
	30,000	47,951	8,641
Excess (deficiency) of revenue over expenses	$ -	$ (2,951)	$ 21,359