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# Annual Report 2013 – 2014

## **Finance**

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**Special Operating Agencies  
Financing Authority**





**MINISTER OF  
FINANCE**

Legislative Building  
Winnipeg, Manitoba, CANADA  
R3C 0V8

His Honour the Honourable Philip S. Lee, C.M., O.M.  
Lieutenant Governor of Manitoba  
Room 235, Legislative Building  
Winnipeg, Manitoba R3C 0V8

May it Please Your Honour:

I have the privilege of presenting for the information of Your Honour the Annual Report for the Special Operating Agencies Financing Authority for the fiscal year ended March 31, 2014.

Respectfully submitted,

"original signed by"

Honourable Jennifer Howard  
Minister







**MINISTER OF  
FINANCE**

Legislative Building  
Winnipeg, Manitoba, CANADA  
R3C 0V8

À son Honneur  
L'honorable Philip S. Lee, C.M., O.M.  
Lieutenant-gouverneur du Manitoba  
Palais législatif, bureau 235  
Winnipeg (Manitoba) R3C 0V8

Monsieur le Lieutenant-gouverneur,

J'ai le privilège de présenter à Votre Honneur, à titre d'information, le rapport annuel de l'Office de financement des organismes de service spécial pour l'exercice terminé le 31 mars 2014.

Je vous prie d'agréer, Monsieur le Lieutenant-gouverneur, l'expression de mon profond respect.

Le ministre des Finances,

"Original signé par"

Jennifer Howard







**Treasury Board Secretariat**

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Honourable Jennifer Howard  
Minister of Finance  
Room 103, Legislative Building  
Winnipeg, Manitoba  
R3C 0V8

Dear Minister:

I have the honour of submitting for your consideration the Annual Report for the Special Operating Agencies Financing Authority for the fiscal year ended March 31, 2014. The operations of the Financing Authority for the fiscal year ended March 31, 2014 were limited to the consolidated operations and financial results of the sixteen Special Operating Agencies (SOAs).

Some significant changes to the SOAs during the 2013/14 fiscal year are as follows:

- Manitoba completed the sale of the assets of The Property Registry and entered into an agreement with Teranet Manitoba granting a thirty-year exclusive concession to own and operate the Province's property registry services. This arrangement will result in more efficient services to the public while providing a stable revenue stream to the Province.
- The Small Business Development Branch, the Competitiveness Initiatives Branch, the Business Settlement office and the Canada/Manitoba Business Service Centre within the Department of Jobs and the Economy were merged with the Companies Office and the SOA was renamed Entrepreneurship Manitoba. The change was made to support and enhance the growth of Manitoba's entrepreneurial and business community by providing an integrated suite of programs and innovative service improvements.

Respectfully submitted,

"original signed by"

Lynn Cowley, Chairperson  
Special Operating Agencies Financing Authority







Secrétariat du Conseil du Trésor

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Madame Jennifer Howard  
Ministre des Finances  
Palais législatif, salle 103  
Winnipeg (Manitoba)  
R3C 0V8

Madame la Ministre,

J'ai l'honneur de vous présenter, à titre d'information, le rapport annuel de l'Office de financement des organismes de service spécial, pour l'exercice terminé le 31 mars 2014. Les activités de l'Office de financement pour l'exercice clos le 31 mars 2014 ont été limitées aux opérations consolidées et aux résultats financiers des 16 organismes de service spécial.

Les organismes de service spécial ont fait l'objet de plusieurs modifications importantes au cours de l'exercice 2013-2014, dont les suivants :

- Le Manitoba a conclu la vente de l'actif de l'Office d'enregistrement des titres et des instruments et a signé une entente avec Teranet Manitoba aux termes de laquelle cette société détiendra pendant 30 ans les droits exclusifs de propriété et d'exploitation des services d'enregistrement des titres et des instruments de la Province. Cette formule permettra d'offrir au public des services plus performants, tout en assurant un flux de rentrées stable pour la Province.
- La Direction du développement des petites entreprises, la Direction des initiatives de compétitivité, le Bureau d'établissement des gens d'affaires immigrants et le Centre de services aux entreprises Canada-Manitoba, relevant du ministère de l'Emploi et de l'Économie, ont été fusionnés avec l'Office des compagnies, et l'organisme de service spécial a été renommé Entreprenariat Manitoba. Le changement vise à appuyer et à stimuler la croissance de la communauté des entrepreneurs et des entreprises du Manitoba, en offrant un ensemble intégré de programmes et des améliorations novatrices des services.

Le tout respectueusement soumis.

"Original signé par"

La présidente de l'Office de financement  
des organismes de service spécial,  
Lynn Cowley



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## ***Introduction***

The Special Operating Agencies Financing Authority (SOAFA) was established April 1, 1992 under authority of *The Special Operating Agencies Financing Authority Act*. The Financing Authority provides a mechanism for funding Special Operating Agencies (SOAs) outside the Core government. SOAFA holds and acquires assets associated with SOA operations and finances SOAs through contributed equity, repayable loans and working capital advances. This financial framework enables SOAs to operate in a business-like way within government policy expectations. On April 1, 2011, the Financing Authority adopted Public Sector Accounting (PSA) Standards.

SOAFA and its Chairperson operate under the direction of the Minister of Finance. Treasury Board acts as the primary decision-making body, while the Department of Finance and Treasury Board Secretariat provide staff support. The Chairperson is also the SOA Coordinator, and reports to the Assistant Deputy Minister of Fiscal Management and Capital Planning in Treasury Board Secretariat. The SOA Coordinator is responsible for coordinating the planning, design, implementation and evaluation of SOAs.

The SOA Coordinator devotes time to the governance role as Chairperson and sole member of the Financing Authority. In this capacity, the incumbent oversees and manages the Financing Authority's affairs in compliance with statutory, policy and management requirements. Much of this work relates to final approvals for new and amendments to existing SOAs, as well as ongoing administrative guidance and advice to established SOAs.

The Department of Finance provides for the Chairperson's/ Coordinator's basic salary, benefits and operating costs in support of this corporate initiative. SOAs are assessed an annual levy to fund identifiable expenses associated with Financing Authority operations. This levy is prorated against the Financing Authority's annual budget which is based on each SOA's projected gross revenue.

In the past year, the Chairperson/Coordinator:

- prepared and issued the 2012/13 Financing Authority annual report;
- contributed to the Treasury Board Secretariat portfolio review process; and
- assisted with on-going SOA compliance and process improvements.

***The Special Operating Agencies***

Special Operating Agencies (SOAs) are government service operations which are granted more direct responsibility for results and increased management flexibility required to reach new levels of performance. Through strengthened accountability to their Minister, Deputy Minister and central government, SOAs strive to improve the delivery of services by:

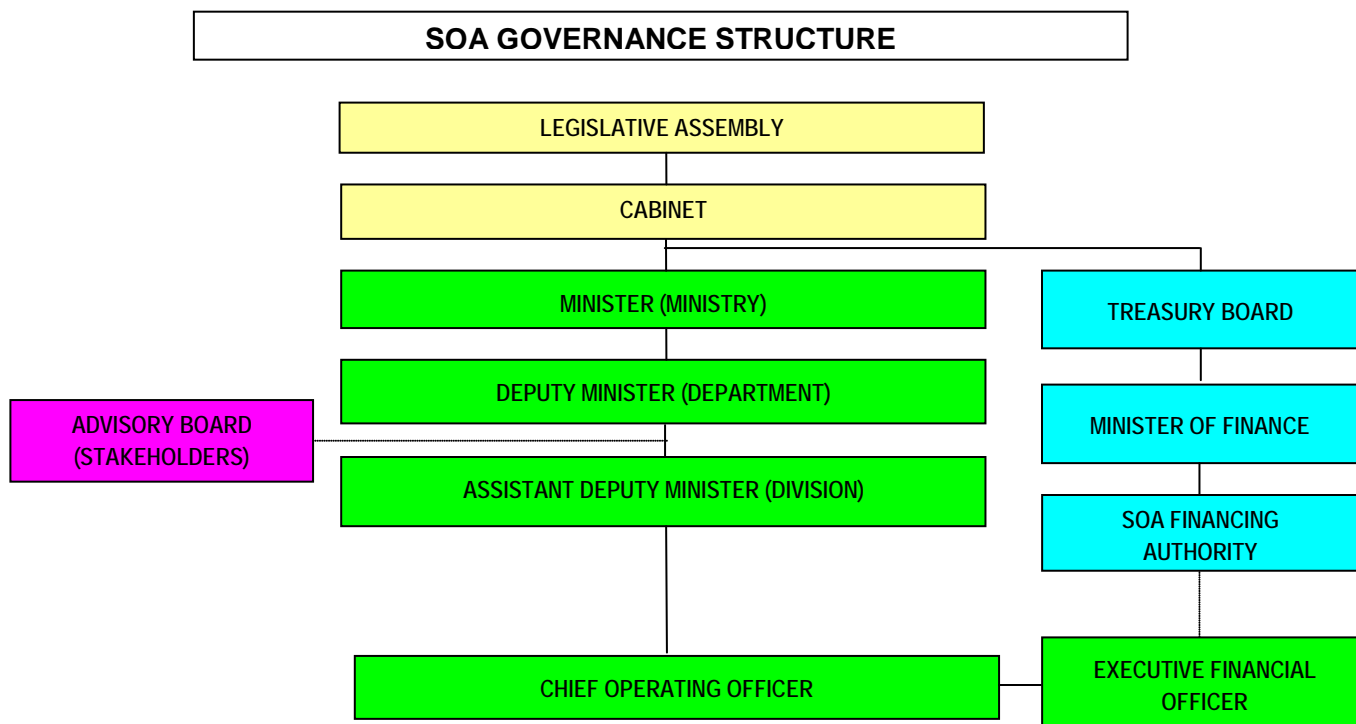
- ensuring operations are clearly defined and well understood;
- setting demanding performance goals and developing strategies for attaining them;
- applying the best public sector management practices; and
- monitoring performance to enable continuous progress toward set goals.

SOAs exist along an organizational continuum between a government department and a Crown corporation. Candidates for the SOA model can be direct public services, internal services to government, science and technology services, or regulatory and enforcement programs. In addition to accounting fully for their operations, they must be dedicated to improving service quality and efficiency. There were sixteen SOAs in operation during the fiscal year ended March 31, 2014.

Each SOA has an operating charter and management agreement that outlines its individual governance and administrative arrangements. They have advisory boards, where applicable, to provide operational and industry advice. As well, each SOA develops an annual business plan and issues an annual report, which includes audited financial statements.

SOAs are bound by relevant legislation and regulations and also by the Province’s administrative policy except where specific exemptions have been included in their Operating Charter in order to meet business objectives. To continue to strengthen the accountability between the SOA and their department, SOAs have begun to develop individual comptrollership plans, with assistance from their respective departmental Executive Financial Officer (EFO), who has oversight comptrollership responsibility for, and provides functional direction to the SOA(s).

***Governance Structure***



During the 2013/14 fiscal year there were sixteen SOAs in operation, reporting to nine government departments, as follows:

## Agriculture, Food and Rural Development

- Food Development Centre

## Conservation and Water Stewardship

- Green Manitoba Eco Solutions
- Pineland Forest Nursery

## Education and Advanced Learning

- Manitoba Text Book Bureau

## Finance

- Manitoba Financial Services Agency

## Infrastructure and Transportation

- Crown Lands and Property Agency
- Materials Distribution Agency
- Vehicle and Equipment Management Agency

## Jobs and the Economy

- Entrepreneurship Manitoba
- Industrial Technology Centre
- Manitoba Education, Research and Learning Information Networks

## Justice

- Civil Legal Services
- The Public Trustee

## Labour and Immigration

- Office of the Fire Commissioner

## Tourism, Culture, Heritage, Sport and Consumer Protection

- Vital Statistics Agency
- The Property Registry

## ***Operations***

The operations of the Financing Authority for the fiscal year ended March 31, 2014 were limited to the consolidated operations and financial results of the sixteen SOAs. A summary of the unconsolidated financial results of each agency along with their budget is provided as an appendix to the report for information only. The Agency's annual reports are available from the agency.

There were some significant changes to SOAs during the 2013/14 fiscal year including:

1. The Civil Legal Services (CLS) agency functions were transferred to the Department of Justice to consolidate resources.
2. The Small Business Development Branch, the Competitiveness Initiatives Branch, the Business Settlement office and the Canada/Manitoba Business Service Centre within the Department of Jobs and the Economy were merged with the Companies Office and renamed Entrepreneurship Manitoba. The change was made to support and enhance the growth of Manitoba's entrepreneurial and business community by providing an integrated suite of programs and innovative service improvements.
3. Manitoba completed the sale of the assets of The Property Registry to Teranet Manitoba, a subsidiary of Borealis Infrastructure, the investment division of the Ontario Municipal Employees Retirement System, and issued a thirty year licence to use property registry data. This arrangement results in more efficient services to the public while providing a stable revenue stream to the Province and results in Teranet Manitoba providing land titles and personal property registration services. The Office of the Registrar-General, in the Consumer Protection Division within the Department of Tourism, Culture, Heritage, Sport and Consumer Protection, will continue to provide oversight of the land titles and personal property registration services.

## ***Financial Highlights***

Agencies transferred \$27,880,000 (2013 - \$26,180,000) in designated surpluses to Core Government as follows:

- The Property Registry (\$11,000,000);
- Manitoba Financial Services Agency (\$10,300,000);
- Entrepreneurship Manitoba (\$2,500,000);
- Vehicle and Equipment Management Agency (\$2,500,000);
- Office of the Fire Commissioner (\$750,000);
- Vital Statistics Agency (\$380,000);
- Civil Legal Services (\$250,000); and
- Materials Distribution Agency (\$200,000).

The aggregate authority of up to \$33,120,000 (2013 - \$33,120,000) in working capital advances at any one time, of which \$11,920,000 (2013 - \$13,421,000) was utilized at fiscal year-end.

There was a decrease of \$11,757,000 in net debt and an increase of \$4,811,000 in accumulated surplus at the end of the year.



## ***Key Agency Accomplishments***

### **Private sector economic development:**

- The Food Development Centre launched ten new food products into the retail and food service markets in Manitoba. Products included novel ingredients such as hemp, seabuckthorn berries, wild rice and saskatoons. Retail sales for all products manufactured at the Food Development Centre approached \$2.2 million.
- The work of the Industrial Technology Centre has made a \$358 million economic development impact in private sector sales, research and development, cost-savings, and investment since inception in 1996 and has saved/maintained 9,295 jobs.

### **Improved service:**

- The Food Development Centre developed an in-house tour guide training manual allowing for improved protection of client confidentiality and marketing of the Centre.
- The Materials Distribution Agency partnered with the Office of Disaster Management for the last four years on the Pandemic Warehouse Program. The Agency has reduced space and streamlined operations to improve procurement and warehousing of the program's products. This has saved over \$70,000 in fiscal year 2013/14 compared to the previous year.
- The Materials Distribution Agency (MDA) expanded the medical equipment program to include Personal Care Homes. Deer Lodge Centre purchased bariatric equipment, therapeutic mattresses and other miscellaneous items (lifts, sliders and commodes) which has resulted in time and cost savings.

### **Greening:**

- Green Manitoba worked with Clean Farms Inc. to expand the agricultural plastics collection program.
- Green Manitoba maintained the mobile application (app) entitled "MB EcoDepot" for locating your nearest recycling depot. The app includes a customized map of recycling drop-off locations, contact information and driving directions to the depot site.
- Green Manitoba expanded an online green building products and service directory for the industry sector and the public and an online directory for sustainability initiatives across all sectors within Manitoba.
- Green Manitoba partnered with the Canadian Beverage Container Recycling Association to enhance recycling programs with a focus on beverage container recycling in all government and Crown buildings by 2015. Key activities in 2013/2014 included selection of facilities, planning for third-party waste audits, review of janitorial and waste hauling contracts, and identification of gaps and opportunities for improving waste management systems.

### **Other:**

- In partnership with the Winnipeg Police Service, the Manitoba Financial Services Agency launched the RecognizeInvestmentFraud.ca campaign during October's Investor Education Month. Both organizations teamed up for a pair of pop-up events in downtown Winnipeg to get investors talking to Manitoba Securities Commission investigators and Winnipeg Police Service officers about where and how investment scams can occur.



**Special Operating Agencies  
Financing Authority**

**Consolidated Financial Statements**

**March 31, 2014**



## Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements are the responsibility of the management of the Special Operating Agencies Financing Authority and have been prepared in accordance with Canadian Public Sector Accounting Standards. In management's opinion, the consolidated 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 July 25, 2014.

Management maintains internal controls to properly safeguard the assets and to provide reasonable assurance that the books and records from which the consolidated financial statements are derived accurately reflect all transactions in all material respects.

The responsibility of the Auditor General is to express an independent opinion on whether the consolidated financial statements of the Special Operating Agencies Financing Authority are fairly represented in accordance with Canadian Public Sector Accounting Standards. The Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

On behalf of Management,  
Special Operating Agencies Financing Authority

A handwritten signature in cursive script, appearing to read "Lynn Cowley".

Lynn Cowley, Chairperson  
July 25, 2014





## INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba  
To the Members of the Special Operating Agencies Financing Authority

We have audited the accompanying consolidated financial statements of the Special Operating Agencies Financing Authority, which comprise the consolidated statement of financial position as at March 31, 2014 and the consolidated statements of operations and accumulated surplus, change in 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 Consolidated Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Special Operating Agencies Financing Authority as at March 31, 2014, and the results of its operations, its change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Office of the Auditor General  
Winnipeg, Manitoba  
July 25, 2014





**Special Operating Agencies Financing Authority**  
**Province of Manitoba**  
**Consolidated Statement of Financial Position**  
**As at March 31, 2014**  
(In Thousands)

	<u>March 31,</u> <u>2014</u>	<u>March 31,</u> <u>2013</u>
<b>Financial Assets</b>		
Cash and cash equivalents (Note 6)	\$ 64,847	\$ 53,884
Accounts receivable (Note 7)	18,219	19,784
Portfolio investments	7,430	9,431
Inventories for resale	7,668	7,811
	<u>98,164</u>	<u>90,910</u>
<b>Liabilities</b>		
Working capital advances (Note 8)	11,920	13,421
Accounts payable and accruals	21,261	19,063
Unearned revenue	4,580	7,253
Employee future benefits (Note 9)	7,846	9,447
Capital lease obligations	-	74
Borrowings from the Province of Manitoba (Note 10)	103,816	104,668
	<u>149,423</u>	<u>153,926</u>
<b>Net Debt</b>	<u>(51,259)</u>	<u>(63,016)</u>
<b>Non-financial Assets</b>		
Inventories held for use	177	200
Prepaid expenses	3,892	4,049
Tangible capital assets (Note 11)	150,711	157,477
	<u>154,780</u>	<u>161,726</u>
<b>Accumulated Surplus</b> (Note 12)	<u>\$ 103,521</u>	<u>\$ 98,710</u>
Designated assets (Note 13)		
Commitments (Note 14)		
Contingencies (Note 15)		

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

**Special Operating Agencies Financing Authority**  
**Province of Manitoba**  
**Consolidated Statement of Operations and Accumulated Surplus**  
**For the Year Ended March 31, 2014**  
(In Thousands)

	<b>2014</b>		<b>2013</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>Revenue</b>			
Grants:			
Province of Manitoba	\$ 7,201	\$ 7,221	\$ 6,415
Federal Government	51	244	1,077
Other	637	711	470
Total grants	7,889	8,176	7,962
Revenue from Province of Manitoba entities	141,616	129,686	128,116
Fees and other revenue	88,950	92,280	89,999
Investment income	246	477	447
<b>Total revenue</b>	<b>238,701</b>	<b>230,619</b>	<b>226,524</b>
<b>Expense</b>			
Personnel services	70,204	63,875	61,140
Grants/Transfer payments	2,533	856	2,076
Transportation	3,837	3,684	3,446
Communication	6,031	5,973	6,102
Supplies and services	81,960	72,646	73,414
Debt servicing	5,017	4,502	4,588
Minor capital	188	49	281
Amortization	27,616	27,249	26,093
Other operating	17,414	19,094	15,345
<b>Total expense</b>	<b>214,800</b>	<b>197,928</b>	<b>192,485</b>
<b>Net income before the transfer of funds to the Province of Manitoba</b>	<b>23,901</b>	<b>32,691</b>	<b>34,039</b>
Transfer of funds to the Province of Manitoba (Note 16)	27,880	27,880	26,180
<b>Net income (loss)</b>	<b>(3,979)</b>	<b>4,811</b>	<b>7,859</b>
<b>Accumulated surplus, beginning of year</b>	<b>96,672</b>	<b>98,710</b>	<b>90,851</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 92,693</b>	<b>\$ 103,521</b>	<b>\$ 98,710</b>

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

**Special Operating Agencies Financing Authority**  
**Province of Manitoba**  
**Consolidated Statement of Change in Net Debt**  
**For the Year Ended March 31, 2014**  
(In Thousands)

	<b>2014</b>		<b>2013</b>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Net income (loss)	\$ (3,979)	\$ 4,811	\$ 7,859
Tangible capital assets			
Acquisition of tangible capital assets	(29,033)	(26,281)	(36,133)
Amortization of tangible capital assets	27,616	27,249	26,093
Gain on disposal of tangible capital assets	(400)	(678)	(673)
Disposal of tangible capital assets	3,000	3,561	3,015
Write-downs of tangible capital assets	-	2,915	-
Net change	<u>1,183</u>	<u>6,766</u>	<u>(7,698)</u>
Other non-financial assets			
Decrease in inventory held for use	20	23	20
(Increase) decrease in prepaid expense	(56)	157	(80)
Net change	<u>(36)</u>	<u>180</u>	<u>(60)</u>
<b>(Increase) decrease in net debt</b>	(2,832)	11,757	101
<b>Net debt, beginning of year</b>	(63,483)	(63,016)	(63,117)
<b>Net debt, end of year</b>	<u>\$ (66,315)</u>	<u>\$ (51,259)</u>	<u>\$ (63,016)</u>

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

**Special Operating Agencies Financing Authority**  
**Province of Manitoba**  
**Consolidated Statement of Cash Flow**  
**For the Year Ended March 31, 2014**  
(In Thousands)

	<b>2014</b>	<b>2013</b>
	<b>Actual</b>	<b>Actual</b>
Cash provided by (applied to):		
<b>Operating</b>		
Net income	\$ 4,811	\$ 7,859
Amortization of tangible capital assets	27,249	26,093
Gain on disposal of tangible capital assets	(678)	(673)
Write-downs of tangible capital assets	2,915	-
	34,297	33,279
Change in:		
Accounts receivable	1,565	571
Inventories	166	(109)
Accounts payable and accruals	2,198	(1,247)
Unearned revenue	(2,673)	1,905
Employee future benefits	(1,601)	201
Prepaid expenses	157	(80)
Cash provided by operating activities	34,109	34,520
<b>Capital</b>		
Proceeds from disposal of tangible capital assets	3,561	3,015
Acquisition of tangible capital assets	(26,281)	(36,133)
Cash applied to capital activities	(22,720)	(33,118)
<b>Investing</b>		
Portfolio investments	2,001	(1,099)
Cash provided by (applied to) investing activities	2,001	(1,099)
<b>Financing</b>		
Working capital advances	(1,501)	(894)
Capital lease obligations	(74)	(35)
Borrowings from the Province of Manitoba	13,000	19,600
Debt repayments to the Province of Manitoba	(13,852)	(12,843)
Cash provided by (applied to) financing activities	(2,427)	5,828
Increase in cash	10,963	6,131
Cash and cash equivalents at beginning of year	53,884	47,753
Cash and cash equivalents at end of year	\$ 64,847	\$ 53,884
Supplemental cash flow information:		
Interest received	\$ 473	\$ 445
Interest paid	\$ 4,336	\$ 4,428

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

**Special Operating Agencies Financing Authority**  
**Province of Manitoba**  
**Notes to Consolidated Financial Statements**  
(In Thousands)

March 31, 2014

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**1. Nature of Organization**

The Special Operating Agencies Financing Authority (the "Financing Authority") is a body corporate established effective April 1, 1992 under **The Special Operating Agencies Financing Authority Act**. Under the direction of the Minister of Finance, the Financing Authority consists of the Chairperson as its sole member and receives staff support from the Department of Finance.

The Financing Authority provides a mechanism for funding Special Operating Agencies (SOAs) that operate outside the Consolidated Fund. It functions as a non-operating holding company, with the mandate to hold and acquire assets required for and resulting from SOA operations. It finances SOAs through contributed equity, repayable loans, and working capital advances. This financial framework enables SOAs to operate in a business-like manner within government policy expectations.

SOAs are designated by regulation under the Act and operate under a charter approved by the Lieutenant Governor in Council. A management agreement between the Financing Authority and the Minister responsible for each SOA assigns responsibility to the agency to manage and account for SOA-related assets and operations on behalf of the Financing Authority. SOAs remain accountable to their Minister for the results they achieve with the authority and resources granted.

SOAs in operation during the fiscal year ended March 31, 2014 were as follows:

- 1) Civil Legal Services, Department of Justice
- 2) Crown Lands and Property Agency, Department of Infrastructure and Transportation
- 3) Entrepreneurship Manitoba, Department of Jobs and the Economy
- 4) Food Development Centre, Department of Agriculture, Food and Rural Development
- 5) Green Manitoba Eco Solutions, Department of Conservation and Water Stewardship
- 6) Industrial Technology Centre, Department of Jobs and the Economy
- 7) Manitoba Education, Research and Learning Information Networks (MERLIN), Department of Jobs and the Economy
- 8) Manitoba Financial Services Agency, Department of Finance
- 9) Manitoba Text Book Bureau, Education and Advanced Learning
- 10) Materials Distribution Agency, Department of Infrastructure and Transportation
- 11) Office of the Fire Commissioner, Department of Labour and Immigration
- 12) Pineland Forest Nursery, Department of Conservation and Water Stewardship
- 13) The Property Registry, Department of Tourism, Culture, Heritage, Sport and Consumer Protection
- 14) The Public Trustee, Department of Justice
- 15) Vehicle and Equipment Management Agency, Department of Infrastructure and Transportation
- 16) Vital Statistics Agency, Department of Tourism, Culture, Heritage, Sport and Consumer Protection

**Special Operating Agencies Financing Authority**  
**Province of Manitoba**  
**Notes to Consolidated Financial Statements**  
(In Thousands)

March 31, 2014

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**1. Nature of Organization (continued)**

During the year, there were changes to the following SOAs:

a) Entrepreneurship Manitoba (formerly Companies Office)

Effective April 1, 2013, Entrepreneurship Manitoba (the "Agency") commenced operations as a Government of Manitoba Special Operating Agency (SOA) under The Special Operating Agencies Financing Authority Act (C.C.S.M. cS185) by Order in Council No. 78/2013. The Agency integrates the operations of the Companies Office and Manitoba Jobs and the Economy's Small Business Development Branch, Competitiveness Initiatives Branch, and the Business Settlement Office of the Business Immigration and Investment Branch. Prior to amalgamation, Companies Office was a SOA under the Department of Healthy Living, Seniors and Consumer Affairs.

The integration of the operations of the Small Business Development Branch, Competitiveness Initiatives Branch and the Business Settlement Office with Companies Office was accounted for prospectively effective April 1, 2013 therefore the comparative information included in these financial statements includes only the comparative information of the Companies Office.

b) Civil Legal Services

The designation of the Agency as a special operating agency under The Special Operating Agencies Financing Authority Act was revoked by a Manitoba Order in Council dated March 19, 2014 and its operating charter was cancelled effective the end of the day March 31, 2014. As at the end of the day on March 31, 2014, the net assets of the Agency were transferred to SOAFA. Effective April 1, 2014, the former operations of the Agency will continue to operate as a branch of the Department of Justice.

c) The Property Registry

Effective March 29, 2014, the Province of Manitoba and Teranet have entered into an agreement pursuant to which the Province will grant to Teranet a 30-year exclusive concession to operate its property registry services for a price of \$75 million and annual royalties at rates based upon transaction volumes. On the date of transfer, Teranet paid the Province \$75 million which included \$7 million in assets as well as \$68 million as part of a licensing agreement to provide land titles services on behalf of the Province of Manitoba. As a part of the transfer agreement, the Province of Manitoba paid Teranet \$4.7 million for employment adjustments and working capital as of March 28, 2014 as defined in the agreement, subject to post-closing adjustments based on the final audited information.

Subsequent to the transfer agreement, the designation of The Property Registry as a special operating agency under The Special Operating Agencies Financial Authority Act was revoked by the Order in Council 102/2014. Its operating charter was cancelled effective March 31, 2014, and its assets and liabilities were transferred to SOAFA on that date.

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**2. Basis of Accounting**

The consolidated financial statements are prepared in accordance with Canadian Public Sector Accounting Standards as recommended by the Public Sector Accounting Board.

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**3. Basis of consolidation**

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of the reporting entity, which is composed of all SOAs as listed in Note 1 to the consolidated financial statements. These SOAs are controlled by the Financing Authority. Control, as defined by the Public Sector Accounting Board, is the power to govern the financial and operating policies of the SOAs with expected benefits or the risk of loss to the Financing Authority from their activities.

All inter-entity accounts and transactions between these SOAs are eliminated upon consolidation.

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**4. Significant Accounting Policies**

**a. Revenue**

(i) Government transfers

Government transfers are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All government transfers are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfer with eligibility criteria but without stipulations is recognized as revenue when the transfer is authorized and all eligibility criteria have been met.

Government transfer with or without eligibility criteria but with stipulations is recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except when and to the extent that the stipulations give rise to a liability.

(ii) Exchange transactions

Product revenue is recognized when the goods are shipped or delivered and title and risk of loss pass to the customer. Service revenue is recognized when the rendering of services is completed or substantially completed.

(iii) Other revenue

All other revenues are recorded on an accrual basis.

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**4. Significant Accounting Policies (continued)**

**a. Expenses**

- (i) Accrual accounting  
All expenses incurred for goods and services are recorded on an accrual basis.
- (ii) Government transfers  
Government transfers are recognized as expenses in the period in which the transfers are authorized and all eligibility criteria have been met by the recipient.

**b. Financial Assets**

- (i) Portfolio investments  
Portfolio Investments are short-term deposits with original maturities of more than three months. These investments are recognized at cost or amortized cost.
- (ii) Inventories for resale  
Inventories for resale are recorded at the lower of cost or net realizable value.

**c. Liabilities**

Liabilities are present obligations as a result of transactions and events occurring prior to the end of the fiscal year. The settlement of the liabilities will result in the future transfer or use of assets or other form of settlement. Liabilities are recorded at the estimated amount ultimately payable.

**d. Non-financial Assets**

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

- (i) Inventories  
Inventories held for use are classified as non-financial assets. Inventories held for resale are classified as non-financial assets if it is anticipated that the sale will not be completed within one year.
- (ii) 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.



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**4. Significant Accounting Policies (continued)**

(i) Tangible capital assets

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

Vehicles	-	straight line over term of lease
Vehicles, fire engines	-	30%, declining balance
Equipment and furniture	-	6 2/3% - 20%, straight line 20% - 30%, declining balance
Rental equipment	-	2 - 5 years, straight line
Computer equipment and software	-	4 - 15 years, straight line 20% - 30%, declining balance
Buildings	-	15 years, straight line 5% - 10%, declining balance
Practical training site	-	10%, declining balance
Leasehold improvements	-	5 - 10 years, straight line

**f. 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.

Significant estimates used in the financial statements include allowance for doubtful accounts, net realizable value of inventory, amortization of tangible capital assets and accrued severance benefits costs.

**g. Administrative Expenses Paid by the Province of Manitoba**

The Treasury Board Secretariat pays for salaries and certain operating expenses on behalf of the Financing Authority. These contributions totaling \$113 (2013 - \$112) are recorded as expenses and revenue of the Financing Authority.

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**5. 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 Financing Authority records its financial assets at cost or amortized cost, which include cash and cash equivalents, accounts receivable and portfolio investments. The Financing Authority also records its financial liabilities at cost or amortized cost, which include working capital advances, accounts payable and borrowings.

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

The Financing Authority does not incur any remeasurement gains and losses during the year (2013 - \$nil).

**Financial risk management - overview**

The Financing Authority has exposure to the following risks from its use of financial instruments: credit risk; liquidity risk and 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 Financing Authority to credit risk consist principally of cash and cash equivalents, accounts receivable, and portfolio investments.

The maximum exposure of the Financing Authority to credit risk at March 31 is:

	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	\$64,847	\$53,884
Accounts receivable	18,219	19,784
Portfolio investments	<u>7,430</u>	<u>9,431</u>
	<u>\$90,496</u>	<u>\$83,099</u>

Cash and cash equivalents, and portfolio investments: The Financing Authority is not exposed to significant credit risk as these amounts are held by the Minister of Finance or a Chartered Bank.

Accounts receivable: The Financing Authority is not exposed to significant credit risk as the majority of its accounts receivable are with related entities. The balance is due from a large client base, and payment in full is typically collected when it is due. The Financing Authority manages this credit risk through close monitoring of credit applications and overdue accounts.

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**5. Financial Instruments and Financial Risk Management (continued)**

The Financing Authority establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is based on management's estimates and assumptions regarding current market conditions, customer analysis and historical payment trends. These factors are considered when determining whether past due accounts are allowed for or written off.

The change in the allowance for doubtful accounts during the year was as follows:

	<u>2014</u>	<u>2013</u>
Balance, beginning of the year	\$ 691	\$ 713
Provision for receivable impairment	215	18
Amounts written off	<u>( 160)</u>	<u>( 40)</u>
Balance, end of the year	<u>\$ 746</u>	<u>\$ 691</u>

The aging of accounts receivable and allowance for doubtful accounts as at March 31, 2014 was:

	<u>Net</u>	<u>Allowance</u>
Current	\$ 17,300	\$ 43
30-60 days past billing date	379	-
61-90 days past the billing date	317	5
Greater than 90 days past the billing date	<u>223</u>	<u>698</u>
	<u>\$ 18,219</u>	<u>\$ 746</u>

**Liquidity risk**

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

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

**Market risk**

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to funds on deposit, portfolio investments and borrowings.

The interest rate risk on funds on deposit is considered to be low because of their short-term nature. The interest rate risk on portfolio investments is considered low as the original deposits are reinvested at rates for investments with similar terms and conditions.

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**5. Financial Instruments and Financial Risk Management (continued)**

The Financing Authority manages its interest rate risk on long-term debt through the exclusive use of fixed rate terms for its long-term debt. A one percent (100 basis points) movement in interest rates on the working capital advances for an entire year would increase/decrease debt servicing costs by \$127 (2013 - \$139).

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

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**6. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, balances with banks and short-term deposits with original maturities of three months or less.

	<u>2014</u>	<u>2013</u>
Restricted	\$ -	\$ 2,186
Unrestricted	64,847	51,698
Total cash and cash equivalents	<u>\$ 64,847</u>	<u>\$ 53,884</u>

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**7. Accounts Receivable**

	<u>2014</u>	<u>2013</u>
Trade	\$16,935	\$17,815
Insurance agency rebate	179	613
Other	1,105	1,356
	<u>\$18,219</u>	<u>\$19,784</u>

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**8. Working Capital Advances**

The Minister of Finance, with Lieutenant-Governor-in-Council approval by Orders in Council, has arranged for working capital advances to be available to the Financing Authority. The aggregate of the outstanding advances is not to exceed \$33,120 (2013 - \$33,120) at any one time. As at March 31, 2014, \$11,920 (2013 - \$13,421) was advanced, leaving an unused balance of \$21,200 (2013 - \$19,699). These advances bear interest at prime less 1% and are not secured by specific assets.

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**Special Operating Agencies Financing Authority**  
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**9. Employee Future Benefits**

	2014	2013
Pension benefits	\$ -	\$ -
Severance benefits	6,924	8,343
Sick pay benefits	922	1,104
	<u>\$ 7,846</u>	<u>\$ 9,447</u>

**Pension benefits**

Employees of SOAs are eligible for pension benefits in accordance with the provisions of the Civil Service Superannuation Act (CSSA), administered by the Civil Service Superannuation Board (CSSB). The CSSA established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the Government, including the SOAs, through the Civil Service Superannuation Fund.

Pursuant to an agreement with the Province of Manitoba, the SOAs are required to pay to the Province an annual amount equal to the current pension contributions of their employees. The amount paid for 2014 is \$3,841 (2013 - \$3,391). Under this agreement, the pension liability is the responsibility of the Province, and these SOAs have no further pension liability.

**Severance benefits**

Effective April 1, 1998 or the date of their creation, whichever is later; SOAs began recording accumulated severance pay benefits for their employees. The amount of their severance pay obligations is based on actuarial calculations. The periodic actuarial valuations of these liabilities may determine that adjustments are needed to the actuarial calculations when actual experience is different from that expected and/or because of changes in actuarial assumptions used. The resulting actuarial gains or losses are amortized over the expected average remaining service life of the related employee group.

An actuarial report was completed for the severance pay liability as of March 31, 2011. The report provides a formula to update the liability on an annual basis. The special operating agencies' actuarially determined net liability for accounting purposes as at March 31, 2014 is \$6,924 (2013 - \$8,343). The actuarial loss of \$462 based on actuarial reports is being amortized over the 15 year expected average remaining service life (EARSLS) of the employee group.

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**9. Employee Future Benefits (continued)**

Significant long-term actuarial assumptions used in the March 31, 2011 valuation, and in the determination of the March 31, 2014 present value of the accrued severance benefit obligation were:

Annual rate of return	
inflation component	2.00%
real rate of return	4.00%
	6.00%
Assumed salary increase rates	
annual productivity increase	1.00%
annual general salary increase	2.75%
	3.75%

The severance benefit liability at March 31 includes the following components:

	2014	2013
Accrued benefit liability	\$7,169	\$8,616
Less: unamortized actuarial losses	(245)	(273)
Severance benefit liability	\$6,924	\$8,343

The total expenses related to severance benefits at March 31 includes the following components:

	2014	2013
Interest on obligation	\$552	\$550
Current period benefit cost	278	270
Amortization of actuarial losses over EARSL	28	31
Total expense related to severance benefit	\$858	\$851

**Sick pay benefits**

The Financing Authority provides sick leave benefits for employees that accumulate but do not vest. 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. These assumptions include a 3.75% annual salary increase and discount rates ranging from 5.00% - 6.00%.

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**10. Borrowings from the Province of Manitoba**

<u>Instalment Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>2014</u>	<u>2013</u>
Repayable in monthly instalments of principal plus interest:				
6	5.125%	Jul 31, 2023	\$ 707	\$ 784
3	4.875%	Jul 31, 2023	306	338
2	4.875%	Jul 31, 2023	200	221
1	3.875%	Jan 31, 2021	104	119
Repayable in quarterly instalments of principal plus interest:				
33	4.000%	Mar 1, 2021	931	1,064
49	3.000%	Mar 30, 2022	1,576	1,773
Repayable in semi-annual instalments of principal and interest:				
140	4.050%	Sep 30, 2013	-	137
355	3.875%	Sep 30, 2013	-	348
376	2.625%	Sep 30, 2014	371	1,098
148	4.875%	Mar 31, 2015	284	556
215	2.625%	Mar 31, 2015	421	831
117	4.125%	Sep 30, 2015	337	550
482	2.500%	Sep 30, 2015	1,409	2,320
271	2.563%	Sep 30, 2016	1,306	1,805
581	2.050%	Sep 30, 2016	2,820	3,909
186	3.450%	Mar 31, 2017	1,051	1,378
213	2.375%	Mar 31, 2017	1,228	1,619
269	2.250%	Sep 30, 2017	1,799	2,287
530	2.125%	Sep 30, 2017	3,555	4,524
212	2.125%	Mar 31, 2018	1,617	2,000
232	2.200%	Sep 30, 2018	1,982	2,396
754	2.750%	Sep 30, 2018	6,342	-
272	2.625%	Sep 30, 2018	3,000	-
237	4.875%	Sep 30, 2023	3,569	3,858
102	3.400%	Sep 30, 2023	1,647	1,792
334	5.000%	Mar 31, 2024	5,214	5,607
192	4.875%	Mar 31, 2024	3,010	3,239
2,018	4.875%	Mar 31, 2024	31,641	34,046
162	4.500%	Sep 30, 2024	2,683	2,879
201	4.000%	Sep 30, 2025	3,675	3,923
158	3.900%	Sep 30, 2025	2,901	-
162	4.550%	Mar 31, 2026	2,975	3,158
213	3.300%	Sep 30, 2027	4,603	4,870
127	3.250%	Sep 30, 2027	2,761	2,922
86	3.375%	Mar 31, 2028	1,896	2,000
80	5.000%	Mar 31, 2030	1,741	1,811

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**10. Borrowings from the Province of Manitoba (continued)**

<u>Instalment Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>2014</u>	<u>2013</u>
Repayable in annual instalments of principal plus interest:				
18	5.800%	Apr 30, 2017	71	89
175	5.625%	May 30, 2019	1,050	1,225
60	4.200%	Mar 31, 2026	725	780
113	3.400%	Mar 31, 2027	1,483	1,587
Repayment terms to be determined:				
-	Prime less 0.75%	-	825	825
			<u>\$103,816</u>	<u>\$104,668</u>

Interest cost is measured using the effective interest method. Principal repayments in each of the next five years are as follows:

2015	\$14,660
2016	13,411
2017	12,376
2018	10,298
2019	8,439

The Loan Act approved the new loan authority of \$24,285 for the year (2013 - \$37,021). Of this available amount, \$13,000 (2013 - \$19,600) was drawn down during the year. The breakdown by SOA was as follows:

	<u>2014</u>		<u>2013</u>	
	<u>Authorized</u>	<u>Drawdowns</u>	<u>Authorized</u>	<u>Drawdowns</u>
Vehicle and Equipment Management Agency	\$18,000	\$13,000	\$29,600	\$19,600
Crown Lands and Property Agency	5,000	-	-	-
The Property Registry	-	-	6,000	-
Industrial Technology Centre	910	-	910	-
Pineland Forest Nursery	105	-	441	-
Vital Statistics Agency	270	-	70	-
Total	<u>\$24,285</u>	<u>\$13,000</u>	<u>\$37,021</u>	<u>\$19,600</u>



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**11. Tangible Capital Assets**

	2014			
	Opening Balance	Additions	Disposals	Closing Balance
<b>Cost</b>				
Vehicles (signed lease agreement)	\$ 232,609	\$ 21,493	\$ 20,500	\$ 233,602
Vehicles, fire engines	3,136	-	-	3,136
Equipment and furniture	22,133	887	1,972	21,048
Rental equipment	10,581	906	-	11,487
Computer equipment and software	16,883	2,787	5,887	13,783
Buildings	28,054	43	-	28,097
Practical training site	2,630	-	-	2,630
Leasehold improvements	2,791	165	675	2,281
<b>Total cost</b>	<b>318,817</b>	<b>26,281</b>	<b>29,034</b>	<b>316,064</b>
	Opening Balance	Amortization	Disposals	Closing Balance
<b>Accumulated Amortization</b>				
Vehicles (signed lease agreement)	110,381	21,939	17,813	114,507
Vehicles, fire engines	2,436	209	-	2,645
Equipment and furniture	14,919	1,232	1,903	14,248
Rental equipment	9,224	907	-	10,131
Computer equipment and software	9,631	1,268	2,887	8,012
Buildings	10,680	1,483	-	12,163
Practical training site	1,621	101	-	1,722
Leasehold improvements	2,448	110	633	1,925
<b>Total Accumulated amortization</b>	<b>161,340</b>	<b>27,249</b>	<b>23,236</b>	<b>165,353</b>
<b>Net</b>	<b>\$ 157,477</b>	<b>\$ (968)</b>	<b>\$ 5,798</b>	<b>\$ 150,711</b>

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**11. Tangible Capital Assets (continued)**

	2013			Closing Balance
	Opening Balance	Additions	Disposals	
<b>Cost</b>				
Vehicles (signed lease agreement)	\$ 219,403	\$ 31,017	\$ 17,811	\$ 232,609
Vehicles, fire engines	2,667	495	26	3,136
Equipment and furniture	21,173	1,144	184	22,133
Rental equipment	9,605	976	-	10,581
Computer equipment and software	15,065	1,970	152	16,883
Buildings	20,420	7,634	-	28,054
Practical training site	9,755	(7,125)	-	2,630
Leasehold improvements	2,769	22	-	2,791
<b>Total cost</b>	<b>300,857</b>	<b>36,133</b>	<b>18,173</b>	<b>318,817</b>
	Opening Balance	Amortization	Disposals	Closing Balance
<b>Accumulated Amortization</b>				
Vehicles (signed lease agreement)	104,791	21,150	15,560	110,381
Vehicles, fire engines	2,161	300	25	2,436
Equipment and furniture	13,843	1,173	97	14,919
Rental equipment	8,393	831	-	9,224
Computer equipment and software	8,640	1,140	149	9,631
Buildings	9,415	1,265	-	10,680
Practical training site	1,509	112	-	1,621
Leasehold improvements	2,326	122	-	2,448
<b>Total Accumulated amortization</b>	<b>151,078</b>	<b>26,093</b>	<b>15,831</b>	<b>161,340</b>
<b>Net</b>	<b>\$ 149,779</b>	<b>\$ 10,040</b>	<b>\$ 2,342</b>	<b>\$ 157,477</b>

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**12. Accumulated Surplus**

**Reserve funds**

The Manitoba Financial Services Agency has designated \$750 of its portfolio investments (2013 - \$750) as a reserve fund to provide for extraordinary regulatory expenses and changes in market activity affecting revenue.

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**13. Designated Assets**

Designated assets are distinct from restricted assets. Unlike restricted assets, the Financing Authority can readily change its by-law or resolution and use the designated assets for another purpose if the need arises. The Financing Authority has allocated \$5,593 (2013 - \$7,575) of its portfolio investments as designated assets for the following purposes:

- a) The Manitoba Financial Services Agency maintains separate deposits of \$750 (2013 - \$750) to fund expenses which may arise with respect to its reserve fund (Note 12).
  - b) The Financing Authority has received \$4,843 (\$2013 - \$6,825) of cash from the Province of Manitoba primarily for the vacation entitlements earned by the employees of the SOAs prior to their designation as SOAs and the severance pay benefits accumulated to March 31, 1998 for certain of their employees. This amount is held in an interest bearing account until the cash is required to discharge the related liabilities. Any unused balance is re-invested annually.
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**14. Commitments**

Commitments for SOAs with building lease agreements at March 31, 2014 amount to \$3,671 (2013 - \$8,650).

Other commitments entered into by SOAs are as follows:

Crown Lands And Property Agency	Vehicle and equipment leases	\$ 51
Green Manitoba Eco Solutions	Contractual obligations	1,730
Office of the Fire Commissioner	Vehicle leases	643
		<u>\$ 2,424</u>

Estimated minimum lease payments for each of the next five years are as follows:

2015	\$2,632
2016	842
2017	801
2018	748
2019	649

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**15. Contingencies**

The Manitoba Financial Services Agency has been named as defendant in one complaint. At the time of preparation of these financial statements, the outcome of this complaint was undeterminable. The cost of a future settlement, if any, will be reflected as an expense in the year paid.

The Property Registry has been named in three lawsuits for which the likelihood of damages being awarded and the amount to be awarded is not reasonably estimable. Should any loss result from the resolution of these claims, such loss will be charged to the Assurance Fund of Manitoba in the year of resolution.

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**16. Transfer of Funds to the Province of Manitoba**

The Minister of Finance, with Lieutenant-Governor-in-Council approval by Order in Council, allocated \$27,880 (2013 - \$26,180) of the Financing Authority's surplus funds for transfer to the Consolidated Fund of the Province of Manitoba. Payments for this transfer were made by the following SOAs:

	<u>2014</u>	<u>2013</u>
Civil Legal Services	\$ 250	\$ 250
Entrepreneurship Manitoba	2,500	2,500
Manitoba Financial Services Agency	10,300	8,800
Materials Distribution Agency	200	-
Office of the Fire Commissioner	750	750
The Property Registry	11,000	11,000
Vehicle and Equipment Management Agency	2,500	2,500
Vital Statistics Agency	380	380
	<u>\$27,880</u>	<u>\$26,180</u>

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**17. Estates and Trusts under Administration**

The Public Trustee has statutory responsibility for administering clients' estates and trusts. The client assets under administration at March 31, 2014 total approximately \$239,000 (2013 - \$233,000). The trust activities of The Public Trustee are reported in separate audited financial statements for Estates and Trusts under Administration.

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**18. Related party transactions**

The Financing Authority is related in terms of common ownership to all Province of Manitoba created departments, agencies and Crown corporations. The Financing Authority enters into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

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**19. Budgeted figures**

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the management of the various Special Operating Agencies consolidated in these financial statements.

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**20. Comparative figures**

Certain 2013 financial statement figures have been reclassified to be consistent with the 2014 presentation.

**Special Operating Agencies Financing Authority**  
**Province of Manitoba**  
**Schedule of Summarized Results by Special Operating Agency**  
**For the Year Ended March 31, 2014**  
**(In Thousands)**

	2014				
	Revenue	Expense	Net income (loss) before the transfer	Transfer of funds to the Province of Manitoba	Net income (loss)
Civil Legal Services	\$ 8,769	\$ 8,150	\$ 619	\$ 250	\$ 369
Crown Lands and Property Agency	4,315	4,119	196	-	196
Entrepreneurship Manitoba	10,839	7,016	3,823	2,500	1,323
Food Development Centre	3,986	5,160	(1,174)	-	(1,174)
Green Manitoba Eco Solutions	2,396	1,589	807	-	807
Industrial Technology Centre	2,884	2,779	105	-	105
Manitoba Education, Research and Learning Information Networks	4,729	4,677	52	-	52
Manitoba Financial Services Agency	18,119	5,012	13,107	10,300	2,807
Manitoba Text Book Bureau	6,872	6,984	(112)	-	(112)
Materials Distribution Agency	24,403	24,200	203	200	3
Office of the Fire Commissioner	16,300	13,356	2,944	750	2,194
Organization and Staff Development	-	-	-	-	-
Pineland Forest Nursery	2,377	2,923	(546)	-	(546)
The Property Registry	28,479	18,312	10,167	11,000	(833)
The Public Trustee	7,093	6,611	482	-	482
Vehicle and Equipment Management Agency	88,214	86,542	1,672	2,500	(828)
Vital Statistics Agency	3,965	3,591	374	380	(6)
Special Operating Agencies Financing Authority	127	155	(28)	-	(28)
<b>Total before consolidation adjustments</b>	<b>233,867</b>	<b>201,176</b>	<b>32,691</b>	<b>27,880</b>	<b>4,811</b>
<b>Consolidation adjustments:</b>					
- Elimination of transactions between SOAs	(3,248)	(3,248)	-	-	-
<b>Net income</b>	<b>\$ 230,619</b>	<b>\$ 197,928</b>	<b>\$ 32,691</b>	<b>\$ 27,880</b>	<b>\$ 4,811</b>

**Special Operating Agencies Financing Authority**  
**Province of Manitoba**  
**Schedule of Summarized Results by Special Operating Agency**  
**For the Year Ended March 31, 2013**  
**(In Thousands)**

	2013				
	<u>Revenue</u>	<u>Expense</u>	<u>Net income (loss) before the transfer</u>	<u>Transfer of funds to the Province of Manitoba</u>	<u>Net income (loss)</u>
Civil Legal Services	\$ 8,057	\$ 7,638	419	\$ 250	169
Crown Lands and Property Agency	4,648	4,611	37	-	37
Entrepreneurship Manitoba	8,168	4,461	3,707	2,500	1,207
Food Development Centre	3,887	4,574	(687)	-	(687)
Green Manitoba Eco Solutions	2,859	2,677	182	-	182
Industrial Technology Centre	2,936	2,851	85	-	85
Manitoba Education, Research and Learning Information Networks	4,532	4,504	28	-	28
Manitoba Financial Services Agency	16,191	4,496	11,695	8,800	2,895
Manitoba Text Book Bureau	8,032	8,046	(14)	-	(14)
Materials Distribution Agency	25,035	24,849	186	-	186
Office of the Fire Commissioner	16,696	13,643	3,053	750	2,303
Organization and Staff Development	1,524	1,945	(421)	-	(421)
Pineland Forest Nursery	2,511	3,110	(599)	-	(599)
The Property Registry	27,174	13,956	13,218	11,000	2,218
The Public Trustee	6,941	6,330	611	-	611
Vehicle and Equipment Management Agency	86,465	84,049	2,416	2,500	(84)
Vital Statistics Agency	3,505	3,572	(67)	380	(447)
Special Operating Agencies Financing Authority	401	211	190	-	190
<b>Total before consolidation adjustments</b>	<b>229,562</b>	<b>195,523</b>	<b>34,039</b>	<b>26,180</b>	<b>7,859</b>
<b>Consolidation adjustments:</b>					
- Elimination of transactions between SOAs	(3,038)	(3,038)	-	-	-
<b>Net income</b>	<b>\$ 226,524</b>	<b>\$ 192,485</b>	<b>\$ 34,039</b>	<b>\$ 26,180</b>	<b>\$ 7,859</b>





# **APPENDIX**

## **Agency Results (unconsolidated)**



Agency	Department	Contact Information		Budget	Actual		
<b>Civil Legal Services 1995/96</b>	Justice	Julie Fredrickson Director 730 - 405 Broadway Winnipeg, MB R3C 3L6 (204) 945-5000 (204) 948-2041 (fax) <a href="mailto:Julie.Fredrickson@gov.mb.ca">Julie.Fredrickson@gov.mb.ca</a> <a href="http://www.gov.mb.ca/justice/">www.gov.mb.ca/justice/</a>	Revenue	8,803	8,769		
			Expenses	-8,533	-8,150		
			Annual surplus (deficit)*	270	619		
			Revenue Sharing	250	250		
			Accumulated Surplus	999	0		
			French Language Services:				
			Denis Guénette (204) 945-5183 <a href="mailto:Denis.Guenette@gov.mb.ca">Denis.Guenette@gov.mb.ca</a>				
<b>Crown Lands and Property Agency 2006/07</b>	Infrastructure and Transportation	Grace DeLong Chief Operating Officer 308 – 25 Tupper Street North Portage la Prairie, MB R1N 3K1 (204) 239-3561 (204) 239-3560 (Fax) <a href="mailto:grace.delong@gov.mb.ca">grace.delong@gov.mb.ca</a> <a href="http://www.clp.gov.mb.ca">www.clp.gov.mb.ca</a>	Revenue	5,774	4,315		
			Expenses	-5,889	-4,119		
			Annual surplus (deficit)*	-115	196		
			Revenue Sharing	-	-		
			(Accumulated Deficit)	-3,893	-3,728		
			French Language Services:				
			Normand Le Neal (204) 239-3522 <a href="mailto:Normand.LeNeal@gov.mb.ca">Normand.LeNeal@gov.mb.ca</a>				
<b>Entrepreneurship Manitoba 1996/97</b>	Jobs and the Economy	Craig Halwachs Chief Operating Officer 900-259 Portage Ave. Winnipeg, MB R3B 3P4 (204) 945-3675 (204) 945-2964 <a href="mailto:Craig.Halwachs@gov.mb.ca">Craig.Halwachs@gov.mb.ca</a> <a href="http://www.companiesoffice.gov.mb.ca">www.companiesoffice.gov.mb.ca</a>	Revenue	9,730	10,839		
			Expenses	-8,788	-7,016		
			Annual surplus (deficit)*	942	3,823		
			Revenue Sharing	2,500	2,500		
			Accumulated Surplus	3,912	7,756		
			French Language Services:				
			Isabelle Aubin (204) 945-8743 <a href="mailto:Isabelle.Aubin@gov.mb.ca">Isabelle.Aubin@gov.mb.ca</a>				
<b>Food Development Centre 1996/97</b>	Agriculture, Food and Rural Development	Tim Hore Chief Operating Officer/ General Manager Box 1240 - 810 Phillips Street Portage la Prairie, MB R1N 3J9 (204) 239-3624 (204) 239-3180 (fax) <a href="mailto:Tim.Hore@gov.mb.ca">Tim.Hore@gov.mb.ca</a> <a href="http://www.gov.mb.ca/agriculture/fdc/">www.gov.mb.ca/agriculture/fdc/</a> (en anglais seulement)	Revenue	4,222	3,986		
			Expenses	-5,124	-5,160		
			Annual surplus (deficit)*	-902	-1,174		
			Revenue Sharing	-	-		
			Accumulated Surplus	11,880	11,933		

Agency	Department	Contact Information		Budget	Actual
<b>Green Manitoba Eco Solutions 2006/07</b>	Conservation and Water Stewardship	Christina McDonald Chief Operating Officer 160 - 123 Main Street (Box 50) Winnipeg, MB R3C 1A5 (204) 945-1819 (204) 945-1211 (fax) <a href="mailto:Christina.McDonald@gov.mb.ca">Christina.McDonald@gov.mb.ca</a> <a href="http://www.greenmanitoba.ca">www.greenmanitoba.ca</a>	Revenue	2,455	2,396
			Expenses	-3,403	-1,589
			Annual surplus (deficit)*	-948	807
			Revenue Sharing	-	-
			Accumulated Surplus	1,028	2,784
		French Language Services: Jim Ferguson (204) 945-7042 <a href="mailto:Jim.Ferguson@gov.mb.ca">Jim.Ferguson@gov.mb.ca</a>			
<b>Industrial Technology Centre 1996/97</b>	Jobs and the Economy	Trevor Cornell Chief Operating Officer 200 – 78 Innovation Drive Winnipeg, MB R3T 6C2 (204) 480-0335 (204) 480-0345 (fax) <a href="mailto:tcornell@itc.mb.ca">tcornell@itc.mb.ca</a> <a href="http://www.itc.mb.ca">www.itc.mb.ca</a>	Revenue	3,123	2,884
			Expenses	-3,123	-2,779
			Annual surplus (deficit)*	-	105
			Revenue Sharing	-	-
			Accumulated Surplus	761	951
		French Language Services: Trevor Cornell (above)			
<b>Manitoba Education, Research and Learning Information Networks (MERLIN) 1995/96</b>	Jobs and the Economy	Greg Baylis Chief Operating Officer 100 – 135 Innovation Drive Winnipeg, MB R3T 6A8 (204) 474-7800 (204) 474-7830 (fax) gbaylis@merlin.mb.ca <a href="http://www.merlin.mb.ca">www.merlin.mb.ca</a>		Budget	Actual
			Revenue	4,687	4,729
			Expenses	-4,687	-4,677
			Annual surplus (deficit)*	-	52
			Accumulated Surplus	156	236
		French Language Services: Colette Lafond (204) 977-6805 <a href="mailto:clafond@merlin.mb.ca">clafond@merlin.mb.ca</a>			
<b>Manitoba Financial Services Agency 2012/13</b>	Finance	Don Murray Chairman 500 - 400 St. Mary Avenue Winnipeg, MB R3C 4K5 (204) 945-2548 (204) 945-0330 (fax) <a href="mailto:Don.Murray@gov.mb.ca">Don.Murray@gov.mb.ca</a> <a href="http://www.msc.gov.mb.ca">www.msc.gov.mb.ca</a>	Revenue	15,500	18,119
			Expenses	-5,902	-5,012
			Annual surplus (deficit)*	9,598	13,107
			Revenue Sharing	10,300	10,300
			Accumulated Surplus	15,328	18,837
		French Language Services: Kristen Smyrski (204) 945-3560 <a href="mailto:kristen.smyrski@gov.mb.ca">kristen.smyrski@gov.mb.ca</a>			

<b>Agency</b>	<b>Department</b>	<b>Contact Information</b>		<b>Budget</b>	<b>Actual</b>
<b>Manitoba Text Book Bureau 1996/97</b>	Education and Advanced Learning	Brenda McKinny Chief Operating Officer 130 - 1st Avenue West P.O. Box 910 Souris, MB R0K 2C0 (204) 483-5035 (204) 483-5041 (fax) <a href="mailto:Brenda.Mckinny@gov.mb.ca">Brenda.Mckinny@gov.mb.ca</a> <a href="http://www.mtbb.mb.ca">www.mtbb.mb.ca</a>	Revenue	7,783	6,872
			Expenses	-7,800	-6,984
			Annual surplus (deficit)*	-17	-112
			Revenue Sharing	-	-
			Accumulated Surplus	761	662
		French Language Services: Paulette Tasker (204) 483-5034 <a href="mailto:Paulette.Tasker@gov.mb.ca">Paulette.Tasker@gov.mb.ca</a>			
<b>Materials Distribution Agency 1993/94</b>	Infrastructure and Transportation	Dave Bishop Chief Operating Officer #7 – 1715 St. James Street Winnipeg, MB R3H 1H3 (204) 945-6043 (204) 945-6370 (fax) <a href="mailto:Dave.Bishop@gov.mb.ca">Dave.Bishop@gov.mb.ca</a> <a href="http://www.mda.gov.mb.ca">www.mda.gov.mb.ca</a>	Revenue	24,332	24,403
			Expenses	-24,155	-24,200
			Annual surplus (deficit)*	177	203
			Revenue Sharing	200	200
			Accumulated Surplus	4,118	4,164
		French Language Services: Peter Roberts (204) 945-0391 <a href="mailto:Peter.Roberts@gov.mb.ca">Peter.Roberts@gov.mb.ca</a>			
<b>Office of the Fire Commissioner 1996/97</b>	Labour and Immigration	Dave Schafer Fire Commissioner 508-401 York Avenue Winnipeg, Manitoba R3C 0P8 (204) 945-0453 (204) 948-2089 (fax) <a href="mailto:Dave.Schafer@gov.mb.ca">Dave.Schafer@gov.mb.ca</a> <a href="http://www.firecomm.gov.mb.ca">www.firecomm.gov.mb.ca</a>	Revenue	16,089	16,300
			Expenses	-15,313	-13,356
			Annual surplus (deficit)*	776	2,944
			Revenue Sharing	750	750
			Accumulated Surplus	16,474	19,596
		French Language Services: Karmel Chartrand (204) 945-5711 <a href="mailto:Karmel.Chartrand@gov.mb.ca">Karmel.Chartrand@gov.mb.ca</a>			
<b>Pineland Forest Nursery 1995/96</b>	Conservation and Water Stewardship	Trevor Stanley General Manager Box 45 Hadashtville, MB R0E 0X0 204 426-5235 ext 2 (204) 426-2106 (fax) Trevor.Stanley@gov.mb.ca <a href="http://www.pinelandforestrnursery.com">www.pinelandforestrnursery.com</a>	Revenue	2,274	2,377
			Expenses	-2,751	-2,923
			Annual surplus (deficit)*	-477	-546
			Revenue Sharing	-	-
			(Accumulated Deficit)	-2,047	-2,116
		French Language Services: Wendy Barber (204) 806-4668 <a href="mailto:Wendy.Barber@gov.mb.ca">Wendy.Barber@gov.mb.ca</a>			

Agency	Department	Contact Information		Budget	Actual
<b>The Property Registry 1997/98</b>	Tourism, Heritage, Culture, Sport and Consumer Protection	Barry C. Effler Registrar General 1534-405 Broadway Winnipeg, MB R3C 3L6 (204) 945-0446 (204) 948-3276 (fax) Barry.Effler@gov.mb.ca <a href="http://www.gov.mb.ca/tp/">www.gov.mb.ca/tp/</a>	Revenue	28,198	28,479
			Expenses	-16,785	-18,312
			Annual surplus (deficit)*	11,413	10,167
			Revenue Sharing	-11,000	-11,000
			Accumulated Surplus	9,225	0
		French Language Services: Guy Bilodeau (204) 945-6241 <a href="mailto:Guy.Bilodeau@gov.mb.ca">Guy.Bilodeau@gov.mb.ca</a>			
<b>The Public Trustee 1996/97</b>	Justice	Doug Brown Public Trustee 155 Carlton Street Suite 500 Winnipeg, MB R3C 5R9 (204) 945-0292 (204) 948-2997(fax) <a href="mailto:Doug.Brown@gov.mb.ca">Doug.Brown@gov.mb.ca</a> <a href="http://www.gov.mb.ca/publictrustee">www.gov.mb.ca/publictrustee</a>	Revenue	6,561	7,093
			Expenses	-6,499	-6,611
			Annual surplus (deficit)*	62	482
			Revenue Sharing	-	-
			Accumulated Surplus	4,452	4,872
		French Language Services: Rachelle Tessier (204) 945-2722 <a href="mailto:Rachelle.Tessier@gov.mb.ca">Rachelle.Tessier@gov.mb.ca</a>			
<b>Vehicle and Equipment Management Agency 2009/10 (1992/93)</b>	Infrastructure and Transportation	Al Franchuk Chief Operating Officer 626 Henry Avenue Winnipeg, MB R3A 1P7 (204) 945-3680 (204) 957-1109 (fax) <a href="mailto:Al.Franchuk@gov.mb.ca">Al.Franchuk@gov.mb.ca</a> <a href="http://www.vema.gov.mb.ca">www.vema.gov.mb.ca</a>	Revenue	91,785	88,214
			Expenses	-89,093	-86,542
			Annual surplus (deficit)*	2,692	1,672
			Revenue Sharing	2,500	2,500
			Accumulated Surplus	28,607	26,542
		French Language Services: Jean-Michel Serceau (204) 945-0046 <a href="mailto:Jean-Michel.Serceau@gov.mb.ca">Jean-Michel.Serceau@gov.mb.ca</a>			
<b>Vital Statistics Agency 1994/95</b>	Tourism, Heritage, Culture, Sport and Consumer Protection	Susan Boulter Director 254 Portage Avenue Winnipeg, MB R3C 0B6 (204) 945-4168 (204) 945-0424 (fax) <a href="mailto:Susan.Boulter@gov.mb.ca">Susan.Boulter@gov.mb.ca</a> <a href="http://vitalstats.gov.mb.ca/">http://vitalstats.gov.mb.ca/</a>	Revenue	4,046	3,965
			Expenses	-3,617	-3,591
			Annual surplus (deficit)*	429	374
			Revenue Sharing	380	380
			Accumulated Surplus	703	649
		French Language Services: Denise Carrière (204) 945-4168 <a href="mailto:Denise.Carriere@gov.mb.ca">Denise.Carriere@gov.mb.ca</a>			

\* The annual surplus (deficit) is prior to the transfer of funds to the Province of Manitoba (core government) for revenue sharing.

Note: Budget amounts may differ from the 2013/14 Estimates of Expenditure as a result of rounding