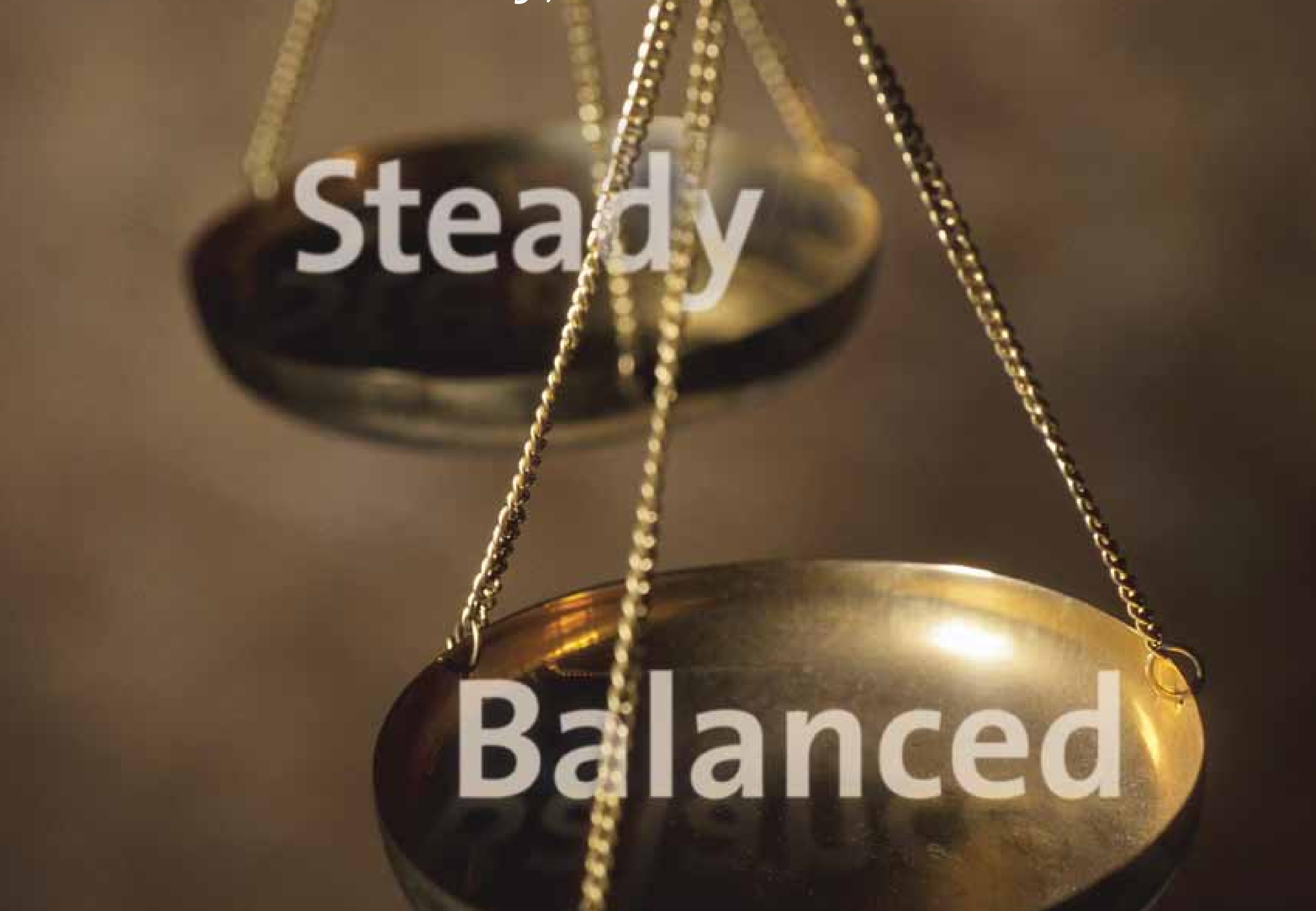
Public Accounts

2009/10

VOLUME 4

the financial statements of funds, organizations, agencies and enterprises included in the government reporting entity

For the Year Ended March 31, 2010



Manitoba

VOLUME 4

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INTRODUCTION TO THE PUBLIC ACCOUNTS OF MANITOBA

The Public Accounts of the Province of Manitoba are prepared by statutory requirement, in accordance with *The Financial Administration Act*, which is Chapter F55 of the Continuing Consolidation of the Statutes of Manitoba. The Public Accounts for the fiscal year ended March 31, 2010 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.
    - 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 a reconciliation of core government results to summary results.
- Contains the details of selected core government financial information.
- Contains the details of the core government revenue and expense.
- 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; and
- The Northern Affairs Fund.

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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SPECIAL FUNDS

THE ABANDONMENT RESERVE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2010
(with comparative figures for the year ended March 31, 2009)

	2010	2009
	$	$
Balance, beginning of year	613,155	686,433
RECEIPTS:		
Royalties	233,625	224,245
Other Recoveries	-	-
Interest	3,736	4,030
	237,361	228,275
DISBURSEMENTS:		
Rehabilitation payments	17,778	301,553
Balance, end of year	832,738	613,155

THE ETHANOL FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2010
(with comparative figures for the four months ended March 31, 2009)

	2010	2009
	$	$
Balance, beginning of period	6,083,557	5,209,987
RECEIPTS:		
Transfer of Gasoline Tax Revenue	19,019,453	24,211,660
DISBURSEMENTS:		
Payments	25,103,010	23,338,090
Balance, end of period	-	6,083,557

NOTE: The Ethanol fund was established by The Biofuels Act on December 1, 2007. Pursuant to the Act, the purpose of the Ethanol Fund is to support the production of denatured ethanol in Manitoba.

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

For the Year Ended March 31, 2010
(with comparative figures for the year ended March 31, 2009)

	2010	2009
	$	$
Balance, beginning of year	526,939	514,342
RECEIPTS:		
Interest Revenue	980	12,597
DISBURSEMENTS:		
Claims	-	-
Balance, end of year	527,919	526,939

LAND TITLES ASSURANCE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2010
(with comparative figures for the year ended March 31, 2009)

	2010 $	2009 $
Balance, beginning of year	216,410	148,508
RECEIPTS:		
Premiums	60,964	93,217
DISBURSEMENTS:		
Claims	-	25,315
Balance, end of year	277,374	216,410

MANITOBA LAW REFORM COMMISSION
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2010
(with comparative figures for the year ended March 31, 2009)

	2010	2009
	$	$
Balance, beginning of year	37,100	36,406
RECEIPTS:		
Department of Justice	85,000	85,000
Law Society of Manitoba	120,000	130,000
Manitoba Law Foundation	-	-
	205,000	215,000
DISBURSEMENTS:		
Claims	184,075	214,306
Balance, end of year	58,025	37,100

MANITOBA TRUCKING PRODUCTIVITY IMPROVEMENT FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2010
(with comparative figures for the year ended March 31, 2009)

	2010	2009
	$	$
Balance, beginning of year	715,049	605,244
RECEIPTS:		
Contributions	-	-
Interest	893	9,805
Miscellaneous	-	100,000
	893	109,805
DISBURSEMENTS:		
Payments	-	-
Balance, end of year	715,942	715,049

THE MINING COMMUNITY RESERVE
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2010
(with comparative figures for the year ended March 31, 2009)

	2010 $	2009 $
Balance, beginning of year	15,988,089	15,952,153
RECEIPTS:		
Transfer of Mining Tax Revenues	494,847	2,821,498
Interest received during the year	13,725	314,041
	508,572	3,135,539
DISBURSEMENTS:		
Leaf Rapids Town Properties Inc.	1,000,000	898,732
Manitoba Geological Survey's Far North Geomapping Initiative	490,465	383,622
Town of Leaf Rapids	65,000	44,912
Town of Lynn Lake	52,924	-
Town of Snow Lake	40,000	48,718
Transfer to General Revenue	2,170,912	1,723,619
	3,819,301	3,099,603
Balance, end of year	12,677,360	15,988,089

THE MINING REHABILITATION RESERVE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2010
(with comparative figures for the year ended March 31, 2009)

	2010	2009
	$	$
Balance, beginning of year	951,402	731,825
RECEIPTS:		
Royalties	500,000	282,467
Interest	1,800	18,688
	501,800	301,155
DISBURSEMENTS:		
Payments	171,664	81,578
Balance, end of year	951,402 / 1,281,538	

THE QUARRY REHABILITATION RESERVE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2010
(with comparative figures for the year ended March 31, 2009)

	2010	2009
	$	$
Balance, beginning of year	6,507,547	6,880,797
RECEIPTS:		
Royalties	2,089,898	1,727,418
Interest	9,515	131,068
	2,099,413	1,858,486
DISBURSEMENTS:		
Rehabilitation payments	2,322,893	2,231,736
Balance, end of year	6,284,067	6,507,547

THE VETERINARY SCIENCE SCHOLARSHIP FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2010
(with comparative figures for the year ended March 31, 2009)

	2010 $	2009 $
Balance, beginning of year	9,893	7,813
RECEIPTS:		
Department of Agriculture - Veterinary Services Branch	9,000	13,480
Repayment of bursaries	15,600	15,600
	24,600	29,080
DISBURSEMENTS:		
Payment of bursaries awarded under the Veterinary Science Scholarship Act	21,600	27,000
Balance, end of year	12,893	9,893

VICTIMS ASSISTANCE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2010
(with comparative figures for the year ended March 31, 2009)

	2010 $	2009 $
Balance, beginning of year	4,555,843	3,697,464
RECEIPTS:		
Surcharge on Provincial Fines	4,620,289	5,121,919
Interest	4,921	70,871
	4,625,210	5,192,790
DISBURSEMENTS:		
Operating expenses	5,114,935	4,334,411
Balance, end of year	4,066,118	4,555,843

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

For the Ten Months Ended March 31, 2010
(with comparative figures for the year ended March 31, 2009)

	2010 $	2009 $
Balance, beginning of period	19,745	9,500
RECEIPTS:		
Department of Labour and Immigration	-	13,000
DISBURSEMENTS:		
Payments	6,185	2,755
Balance, end of period	13,560	19,745

NOTE: The Workplace Safety and Health Public Education Fund was established on June 29, 2007 for the purpose of educating the public on matters related to workplace safety and health.

CROWN ORGANIZATIONS

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

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

AUDITORS' REPORT

To the Board of Governors of Addictions Foundation of Manitoba

We have audited the statement of financial position of Addictions Foundation of Manitoba as at March 31, 2010 and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Winnipeg, Canada

June 25, 2010

ADDICTIONS FOUNDATION OF MANITOBA

Statement of Financial Position

March 31, 2010, with comparative figures for 2009

	2010	2009
Assets		
Current assets:		
Cash	$ 2,185,957	$ 1,189,930
Accounts receivable	353,501	780,595
Prepaid insurance	59,907	55,102
Vacation pay recoverable from the Province of Manitoba (note 3)	667,567	667,567
	3,266,932	2,693,194
Restricted cash	–	510,829
Capital assets (note 4)	11,324,433	11,416,005
Recoverable from the Province of Manitoba:		
Pre-retirement pay (note 5)	1,153,316	1,153,316
Long-term pension funding (note 6)	19,414,276	18,460,363
	20,567,592	19,613,679
	$ 35,158,957	$ 34,233,707

	2010	2009

Liabilities, Deferred Contributions and Net Assets

	2010	2009
Current liabilities:		
Accounts payable and accrued liabilities	$ 912,707	$ 2,049,306
Bank indebtedness related to capital assets (note 7)	–	8,057,905
Accrued vacation pay (note 3)	1,333,389	1,297,051
	2,246,096	11,404,262
Accrued pre-retirement pay (note 5)	2,114,044	1,991,581
Provision for employee pension benefits (note 6)	19,414,276	18,460,363
Deferred contributions (note 8):		
Future expenses	94,775	97,800
Capital assets	8,661,744	–
	8,756,519	97,800
Net assets (deficiency):		
Invested in capital assets	2,662,689	3,358,100
Internally restricted (note 9)	848,627	979,300
Unrestricted	(883,294)	(2,057,699)
	2,628,022	2,279,701
Continuity of operations (note 1)		
Commitments (note 10)		
	$ 35,158,957	$ 34,233,707

See accompanying notes to financial statements.

On behalf of the Board:

Chair

Treasurer

ADDICTIONS FOUNDATION OF MANITOBA

Statement of Revenue and Expenses

Year ended March 31, 2010, with comparative figures for 2009

	2010	2009
Revenue:		
Government of the Province of Manitoba:		
Operating (note 1)	$ 17,145,881	$ 15,951,696
Long-term pension, net (note 6)	520,003	(470,834)
Capital	239,820	129,718
Manitoba Health - relief staffing	–	68,618
Manitoba Health - pension costs	189,340	–
Manitoba Health - interest	78,611	–
Impaired Drivers Program fees	904,225	919,774
Manitoba Lotteries Corporation	3,146,800	3,022,900
School Support Program	543,681	453,720
Recovery of wages, medical and treatment services and travel expenses	696,518	638,484
Youth Residential Programs	302,750	337,425
Drug Treatment Court Program	436,379	504,821
Amortization of deferred capital contributions [note 8(b)]	442,744	–
Other (schedule A)	223,251	278,439
	24,870,003	21,834,761
Expenses:		
Salaries	13,094,165	12,253,408
Wages	2,878,196	3,022,165
Amortization	695,677	221,373
Drug Treatment Court program	399,110	462,701
Employee benefits	1,414,726	1,346,738
Health and post-secondary education tax levy	344,185	328,164
Pension (note 6)	1,841,997	738,565
Fees	605,184	528,184
Food supplies	405,530	405,353
Materials, repairs and maintenance	651,243	584,912
Medical services and supplies	403,933	380,593
Rent, insurance and property taxes	506,270	431,062
Other (schedule B)	1,629,787	1,727,856
	24,870,003	22,431,074
Deficiency of revenue over expenses before the undernoted	–	(596,313)
Gain on disposal of capital assets	348,321	–
Excess (deficiency) of revenue over expenses	$ 348,321	$ (596,313)

See accompanying notes to financial statements.

ADDICTIONS FOUNDATION OF MANITOBA

Statement of Changes in Net Assets

Year ended March 31, 2010, with comparative figures for 2009

	Invested in capital assets	Internally restricted	Unrestricted	2010 Total	2009 Total
Balance, beginning of year	$ 3,358,100	$ 979,300	$ (2,057,699)	$ 2,279,701	$ 2,876,014
Excess (deficiency) of revenue over expenses	(252,933)	–	601,254	348,321	(596,313)
Investment in capital assets	897,629	–	(897,629)	–	–
Funds from capital asset disposal and amounts transferred to unrestricted	(1,340,107)	–	1,340,107	–	–
Internally imposed restrictions, net (note 9)	–	(130,673)	130,673	–	–
Balance, end of year	$ 2,662,689	$ 848,627	$ (883,294)	$ 2,628,022	$ 2,279,701

See accompanying notes to financial statements.

ADDICTIONS FOUNDATION OF MANITOBA

Statement of Cash Flows

Year ended March 31, 2010, with comparative figures for 2009

	2010	2009
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	$ 348,321	$ (596,313)
Items not involving cash:		
Amortization	695,677	221,373
Amortization of deferred contributions	(442,744)	–
Gain on disposal of capital assets	(348,321)	–
Changes in non-cash operating working capital:		
Accounts receivable	427,094	(227,478)
Prepaid insurance	(4,805)	(29,278)
Accounts payable and accrued liabilities	(1,136,599)	739,146
Accrued vacation pay	36,338	37,363
Net change in accrued pre-retirement pay	122,463	125,970
Net change in deferred contributions related to future expenses	(3,025)	45,000
	(305,601)	315,783
Investing activities:		
Additions to capital assets	(897,629)	(6,522,622)
Proceeds on disposal of capital assets	641,845	–
	(255,784)	(6,522,622)
Financing activities:		
(Increase) decrease in restricted cash	510,829	(438,394)
Repayment of bank indebtedness related to capital assets (note 7)	(8,057,905)	6,189,117
Additions to deferred contributions related to capital assets (note 8)	9,104,488	–
	1,557,412	5,750,723
Increase (decrease) in cash	996,027	(456,116)
Cash, beginning of year	1,189,930	1,646,046
Cash, end of year	$ 2,185,957	$ 1,189,930
Supplementary cash flow information:		
Interest received	$ 83,915	$ 38,993
Interest paid	81,803	–

See accompanying notes to financial statements.

Nature of the Foundation:

The Foundation is incorporated under the *Addictions Foundation of Manitoba Act*. The Foundation is the provincial authority for providing prevention, education and treatment programs related to addictions to individuals and communities 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*.

1. Continuity of operations:

These financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles. The going concern basis of presentation assumes that the Foundation will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. There is doubt about the appropriateness of the use of the going concern assumption because as at March 31, 2010, the Foundation has an unrestricted net asset deficiency of $883,294 and has experienced deficiencies in revenues over expenses in prior periods.

The ability of the Foundation to continue as a going concern, to realize the carrying value of its assets and to discharge its liabilities when due is dependent on the continued support of the Government of the Province of Manitoba (the Province) and the Foundation achieving a break-even or surplus position in future years. For fiscal 2010, the Province agreed to fund a deficiency of revenue over expenses in the amount of $96,887, and accordingly revenue and a receivable from the Province has been recorded for that amount as at March 31, 2010.

There is no certainty that these and other strategies will be achieved or that they will be sufficient to permit the Foundation to continue as a going concern. The financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used.

2. Significant accounting policies:

(a) 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:

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

During the construction of new buildings, third party borrowing costs are capitalized as incurred. Buildings under construction are not amortized.

(b) 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.

(c) 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.

2. Significant accounting policies (continued):

(d) 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 50 percent of the pension payments being made to retired employees. For employees hired after October 1, 2002, the Foundation makes annual matching contributions based on 6 percent of the employees' salary, which 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.

(e) Restricted cash:

Restricted cash represents cash held in trust in connection with the buildings under construction.

(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.

(g) Financial instruments:

Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in excess of revenue over expenses. Financial instruments classified as held-to-maturity, loans and receivables and other liabilities are measured at amortized cost. Available-for-sale financial instruments are measured at fair value, with unrealized gains and losses recognized directly in unrestricted net assets.

The Foundation has designated cash as held-for-trading; accounts receivable, vacation pay recoverable, pre-retirement pay recoverable and long-term pension funding recoverable as loans and receivables; and accounts payable and accrued liabilities and accrued vacation pay as other liabilities. The Foundation has neither available-for-sale nor held-to-maturity instruments.

2. Significant accounting policies (continued):

Except for held-for trading designated financial instruments, transaction costs that are directly attributable to the acquisition or issuance of financial assets or liabilities are accounted for as part of the respective asset or liability's carrying value at inception and amortized over the expected life of the financial instrument using the effective interest method. For held-for-trading financial assets and liabilities, transaction costs are recorded in the statement of revenue and expenses as incurred.

The Foundation has adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3861, *Financial Instruments - Disclosure and Presentation.* In accordance with the Accounting Standards Board's decision to exempt not-for-profit organizations from the disclosure requirements with respect to financial instruments contained within Section 3862, *Financial Instruments - Disclosures,* and Section 3863, *Financial Instruments - Presentation*, the Foundation has elected not to adopt these standards in the financial statements.

(h) Change in accounting policies:

Effective April 1, 2009, the Foundation adopted the CICA's amendments to the 4400 Sections of the CICA Handbook. These amendments affect the financial statement presentation and disclosure requirements for not-for-profit organizations. Adoption of these recommendations had no significant impact on the financial statements of the Foundation for the year ended March 31, 2010.

Effective April 1, 2009, the Foundation also adopted the CICA's amendments to Section 1000 of the CICA Handbook. These amendments clarified the definitions and recognition criteria of assets, liabilities and expenses. Adoption of these recommendations had no effect on the financial statements of the Foundation for the year ended March 31, 2010.

(i) Proposed changes in accounting standards:

In March 2010 the Canadian Accounting Standards Board (AcSB) released an exposure draft on the future directions for standards for the not-for-profit sector and the timing of the changeover from existing standards. For an entity that meets the definition of a government-not-for-profit organization, the exposure draft proposes to incorporate the 4400 series of the CICA Handbook with the Public Sector Accounting Handbook. The standards currently applicable to not-for-profit organizations will remain in effect until the new standards are issued.

3. 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 at March 31, 1995. Accordingly, the Foundation has recorded a receivable in the amount of $667,567 from the Province of Manitoba which reflects the estimated liability for accumulated vacation pay benefits at March 31, 1995. The Foundation is expected to fund the change in the liability from annual funding provided by the Province of Manitoba.

4. Capital assets:

			2010	2009
	Cost	Accumulated amortization	Net book value	Net book value
Land	$ 535,065	$ –	$ 535,065	$ 535,065
Computer equipment	1,160,519	885,106	275,413	340,706
Furniture and equipment	571,393	220,759	350,634	113,776
Leasehold improvements	640,575	273,349	367,226	390,359
Buildings	12,422,565	2,626,470	9,796,095	1,329,109
Building under construction	–	–	–	8,706,990
	$ 15,330,117	$ 4,005,684	$ 11,324,433	$ 11,416,005

Interest capitalized during the year for buildings under construction totaled nil (2009 - $174,117).

5. 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. At March 31, 2010, the obligation under the pre-retirement pay is estimated to be approximately $2,114,044 (2009 - $1,991,581) 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, 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 at March 31, 2010 aggregates $1,153,316 (2009 - $1,153,316) and has no specified terms of repayment.

5. **Province of Manitoba pre-retirement pay (continued):**

The fair value of the pre-retirement pay recoverable from the Province approximates its carrying value as the interest component described above is comparable to current market rates.

6. **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 extrapolation from the most recent actuarial report dated December 31, 2007, the Foundation has recorded an amount of $19,414,276 (2009 - $18,460,363) in its financial statements, representing the estimated unfunded liability for the Foundation's employees as at March 31, 2010. Total pension expense of $1,841,997 (2009 - $738,565) has been recorded in the statement of revenue and expenses.

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 $19,414,276 (2009 - $18,460,363) equal to the estimated value of its actuarially determined liability in its financial statements, and has recorded the associated net revenue or expense for the change in the liability in the period. The Province makes payments on the receivable when it is determined that the funding is required to discharge the related pension obligation.

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

	2010	2009
Balance, beginning of year	$ 18,460,363	$ 18,556,423
Benefits accrued	998,908	955,483
Interest accrued (7 percent; 2009 - 7 percent)	1,314,701	1,251,493
Benefits paid	(1,359,696)	(1,317,971)
Actuarial gains[1]	–	(985,065)
Balance, end of year	$ 19,414,276	$ 18,460,363

[1]The actuarial valuation as at December 31, 2007 was completed in April 2009, and the resulting adjustment recorded in the year ended March 31, 2009. This resulted in lower pension expense and a corresponding adjustment to long-term pension revenue, net in the statement of revenue and expenses in 2009.

7. Bank indebtedness related to capital assets:

The Foundation had an operating interim construction loan credit facility with a maximum limit of $9,134,454. Advances on this credit facility were payable on demand with interest at bank prime less 1.00 percent per annum. The facility was secured by a letter of comfort from Manitoba Health and an assignment of specific contracts by the Foundation. During the year, the interim construction loan was repaid in full using proceeds received from Manitoba Health, which have been recorded as deferred contributions [note 8(b)].

8. Deferred contributions:

(a) Future expenses:

	2010	2009
Balance, beginning of year	$ 97,800	$ 52,800
Contributions received in the current year	55,000	60,000
Amount recognized as revenue in the current year	(58,025)	(15,000)
Balance, end of year	$ 94,775	$ 97,800

(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:

	2010	2009
Balance, beginning of year	$ –	$ –
Add contributions received for capital purposes	9,104,488	–
Less amortization of deferred contributions	(442,744)	–
Balance, end of year	$ 8,661,744	$ –

8. Deferred contributions (continued):

Unamortized capital contributions of $8,661,744 include contributions received from the Province of Manitoba for the purchase of capital assets, including to repay the operating interim construction loan credit facility (note 7). The Foundation has executed a promissory note for this contribution, payable to the Government of Manitoba. Manitoba Health has agreed to fund the principal and interest payments owing on the note payable 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 is as follows:

	2010	2009
Thompson facility:		
Opening balance	$ 8,800,000	$ –
Less: payments made by Manitoba Health	(146,688)	–
5.05% interest, maturing November 30, 2029, repayable in monthly instalments of $36,667 plus interest, commencing December 2009		
	$ 8,653,312	$ –

9. 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 reversed.

	2010	2009
Balance, beginning of year	$ 979,300	$ 994,000
Internal restrictions settled in the current year	(400,000)	(200,000)
Internal restrictions imposed for future years	269,327	185,300
	(130,673)	(14,700)
Balance, end of year	$ 848,627	$ 979,300

9. Internally restricted net assets (continued):

Internal restrictions have been imposed for the following:

	2010	2009
Ontario Health referrals potential cancellation	$ 325,000	$ 325,000
Pathways conference	9,527	13,700
Software acquisitions	150,000	–
Youth services	–	374,400
Problem gambling services special projects	–	25,600
Impaired drivers' program	289,100	240,600
Parking lot construction	75,000	–
	$ 848,627	$ 979,300

10. Commitments:

The Foundation leases buildings and equipment under long-term operating leases which expire at various dates between 2011 and 2015. 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:

2011	$ 348,696
2012	275,056
2013	212,274
2014	201,265
2015	188,385

11. Fair value:

The fair value of the pre-retirement pay recoverable and the long-term pension funding recoverable from the Province of Manitoba approximates the carrying value as the interest component (see notes 5 and 6) 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.

12. Comparative figures:

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

ADDICTIONS FOUNDATION OF MANITOBA

Other Revenue | Schedule A

Year ended March 31, 2010, with comparative figures for 2009

	2010	2009
Training course fees	$ 102,458	$ 104,660
Donations	40,561	36,052
Interest	5,304	38,993
Property rental	9,150	21,470
Parking rentals	25,478	23,517
Manitoba Government and General Employees' Union	9,492	1,981
Miscellaneous	30,808	51,766
	$ 223,251	$ 278,439

ADDICTIONS FOUNDATION OF MANITOBA

Other Expenses — Schedule B

Year ended March 31, 2010, with comparative figures for 2009

	2010	2009
Advertising and exhibits	$ 38,523	$ 92,886
Audio-visual aids	18,648	27,354
Audit	15,477	21,430
Board of Governors' honorarium	18,921	26,057
Books, newspapers and periodicals	14,856	27,490
Courier and freight	39,242	37,477
Educational literature	68,134	92,317
Household supplies	100,381	94,586
Interest (note 8)	81,803	–
Miscellaneous	332	1,390
Postage and telephone	277,042	301,287
Printing, stationery and office supplies	224,289	222,946
Staff development	41,271	63,466
Training	51,495	59,389
Transportation of patients	26,957	22,908
Travel and automobile	318,379	379,737
Utilities	294,037	257,136
	$ 1,629,787	$ 1,727,856

BDO Dunwoody LLP
Chartered Accountants
and Advisors

148 - 10th Street
Brandon Manitoba Canada R7A 4E6
Telephone: (204) 727-0671
Telefax: (204) 726-4580
www.bdo.ca

Auditors' Report

To the Directors of
Assiniboine Community College

We have audited the statement of financial position of **Assiniboine Community College** as at June 30, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at June 30, 2009 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Brandon, Manitoba
September 1, 2009

ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2009
(in thousand $)

	2009	2008
ASSETS		
CURRENT		
Cash and short term investments (note 1)	3,474	3,192
Accounts receivable (note 2)	1,490	1,430
Due from Province of Manitoba (note 3)	522	522
Inventories (note 4)	42	34
Prepaids	751	576
	6,278	**5,754**
NON-CURRENT		
Due from Province of Manitoba (note 3)	1,999	1,999
CAPITAL ASSETS (note 5)		
Land, buildings and equipment	8,442	7,412
Library holdings	811	811
	9,254	**8,224**
	17,530	**15,976**
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (note 6)	3,800	3,199
Deferred revenue (note 7)	1,767	1,616
	5,567	**4,814**
NON-CURRENT		
Long term loan (note 8)	877	967
Accrued severance liability (note 9)	1,900	1,822
	2,777	**2,790**
DEFERRED CONTRIBUTIONS		
Deferred contributions related to capital assets (note 10)	3,652	3,002
NET ASSETS		
Net assets invested in capital assets	4,724	4,254
Net assets internally restricted (note 11)	840	840
Unrestricted net assets	(30)	276
	5,533	**5,370**
	17,530	**15,976**

ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 2009
(in thousand $)

	Budget (unaudited)	2009	2008
REVENUES			
Academic training fees	3,240	3,009	2,986
Grants	20,759	20,788	19,482
Market driven training	1,600	2,062	1,916
Continuing studies	1,336	1,516	1,327
Ancillary services	246	199	179
Apprenticeship training	1,582	1,588	1,419
Other revenue	589	530	692
Amortization of deferred contributions	990	1,016	982
	30,343	**30,709**	**28,983**
EXPENDITURES			
Academic	18,671	18,124	16,981
Administration	6,896	7,284	6,760
Program support	1,648	1,687	1,455
Plant	492	494	490
Management information services	1,088	988	724
Library	311	302	329
Ancillary services	70	49	82
Amortization of capital assets	1,167	1,615	1,439
	30,343	**30,543**	**28,260**
EXCESS OF REVENUE OVER EXPENDITURES	**-**	**166**	**723**

ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2009
(in thousand $)

	INVESTED IN CAPITAL ASSETS	INTERNALLY RESTRICTED	UNRESTRICTED	2009 TOTAL	2008 TOTAL
Balance - beginning of year	4,254	840	276	5,371	4,647
Restatement Adjustment	-		-		
Excess of revenue over expenditures	-	-	163	163	724
Add: Amortization of deferred contributions	1,016	-	(1,016)	-	-
Less: Amortization of capital assets	(1,615)	-	1,615	-	-
Less: Long Term Debt	90	-	(90)	-	-
Deferred contributions received from grant	(1,405)	-	1,405	-	-
Deferred contributions from donated assets	(261)	-	261	-	-
Library holdings valuation adjustment	-	-	-	-	-
Investment from donated assets	252	-	(252)	-	-
Investment in capital assets	2,393	-	(2,393)	-	-
Balance - end of year	4,724	840	(31)	5,534	5,371

ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2009
(in thousand $)

	2009	2008
Cash from operating activities		
Excess of revenues over expenditures	163	724
Amortization of capital assets	1,615	1,439
Amortization of deferred capital contributions	(1,016)	(982)
Loss on disposal of capital assets	-	100
Change in non-cash working capital items	497	(14)
Net cash generated through operating activities	**1,259**	**1,267**
Financing and investing activities		
Purchase of capital assets	(2,393)	(2,897)
Donated capital assets	(252)	(32)
Donated library holdings	-	-
Contributions received for capital purposes	1,666	1,197
Net cash used in financing and investing activities	**(979)**	**(1,732)**
Net increase (decrease) in cash and short term investments	**280**	**(465)**
Cash and short term investments, beginning of year	3,194	3,659
Cash and short term investments, end of year	**3,474**	**3,194**

Assiniboine Community College
Summary of Significant Accounting Policies

June 30, 2009

Operations

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

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

Financial Instruments

The organization's financial instruments consist of cash, accounts receivable, short-term investments, accounts payable, and severance liabilities. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

The entity has classified its cash and short-term investments as held-for-trading, receivables as loans and receivables and its accounts payable and accrued liabilities as other liabilities, which are measured at amortized cost.

Inventories

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

June 30, 2009

Capital Assets

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

Buildings	2 %
Leasehold improvements	Term equal to the length of the lease plus one renewal term, or 2% per annum if no specified lease term
Computer systems	20 %
Computer equipment	33 %
Furniture and equipment	20 %
Laptop program	50 %

No amortization is taken in the year of acquisition, except for the laptop program assets that have a full year of amortization applied in the year of acquisition. Contributed capital assets are recorded at the fair value at the date of contribution.

A base library was established at April 1, 1993. Library holdings are accounted for using the "base stock" method with current library acquisitions not capitalized because annual library acquisitions net of annual library dispositions are not significant.

Leases

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

Deferred Revenue

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

Revenue Recognition

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

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

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

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

Use of Estimates

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

New Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the organization, are as follows:

Financial Statement Concepts
CICA Handbook Section 1000, Financial Statement Concepts has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle. The revised requirements are effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The organization is currently evaluating the impact of the adoption of this change on the disclosure within its financial statements.

Financial instruments – Disclosures and Presentation
CICA Handbook Section 3862, Financial Instruments - Disclosure, increases the disclosures currently required to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. CICA Handbook Section 3863, Financial Instruments – Presentation, replaces the existing requirements on the presentation of financial instruments, which have been carried forward unchanged. These standards are effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. The organization is currently assessing the impact of the new standards.

Financial Statement Presentation by Not for Profit Organizations
Section 4400 has been amended for the treatment of net assets invested in capital assets and for the presentation of revenues and expenses. The new standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The organization is currently assessing the impact of the new standards.

Disclosure of Related Party Transactions by Not for Profit Organizations
Section 4460 has been amended to make the language in Section 4460 consistent with Related Party Transactions, Section 3840. The changes are effective for interim and annual financial statements beginning on or after January 1, 2009. The organization is currently assessing the impact of the new standards.

New Accounting Pronouncements (continued)

Disclosure of Allocated Expenses by Not for Profit Organizations
This new Section 4470 establishes disclosure standards for not-for-profit organizations that choose to classify their expenses by function and allocate expenses from one function to another. The changes are effective for interim and annual financial statements beginning on or after January 1, 2009. The organization is currently assessing the impact of the new standards.

Capital Assets Held by Not for Profit Organizations
Section 4430 has been amended to provide additional guidance with respect to the appropriate use of the exemption from recognizing capital assets for smaller entities. The changes are effective for interim and annual financial statements beginning on or after January 1, 2009. The organization is currently assessing the impact of the new standards.

Cash Flow Statements
Section 1540 was amended to include not-for-profit organizations within its scope. The changes are effective for interim and annual financial statements beginning on or after January 1, 2009. The organization is currently assessing the impact of the new standards.

1. Cash and Short-term Investments

	2009	2008
Cash	**878**	785
Term deposits - Manitoba Finance	**2,596**	2,408
	3,474	3,193

2. Accounts Receivable

	2009	2008
Tuition and contract training	**1,453**	1,399
Goods and Services Tax rebate	**47**	45
Allowance for doubtful accounts	**(10)**	(14)
	1,490	1,430

3. Due from Province of Manitoba

	2009	2008
Current		
Property taxes	**331**	331
Accommodation cost-recovery system	**180**	180
10% tuition rebate	**11**	11
	522	522
Non-current		
Vacation pay	**875**	875
Severance pay	**1,124**	1,124
	1,999	1,999
	2,521	2,521

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 895,899 in severance pay relating to pre-1998 employee service (in actual $). No payments have been received from the Province with respect to this receivable.

4. Inventories

	2009	2008
Books and supplies	**42**	34

5. Capital Assets

	2009		2008	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land	**4**	**-**	4	-
Buildings	**874**	**12**	241	8
Computer systems	**6,651**	**4,916**	5,372	3,917
Furniture and equipment	**13,644**	**9,673**	13,011	9,146
Leasehold improvements	**3,150**	**1,280**	3,050	1,249
Laptop program	**107**	**107**	107	53
	24,430	**15,988**	21,785	14,373
Net book value		**8,442**		7,412

	2009	2008
Library holdings, at estimated value	**811**	811

6. Accounts Payable and Accrued Liabilities

	2009	2008
Trade payables	**1,572**	1,262
Accrued vacation pay	**2,228**	1,937
	3,800	3,199

7. Deferred Revenue

	2009	2008
Opening tuition and commitment fees	**339**	241
Opening contract training fees	**994**	975
Opening classroom rentals, parking and other deferrals	**283**	169
Opening provincial grant	**-**	-
Total opening deferred revenue	**1,616**	1,385
Tution and commitment fees received	**392**	3,085
Contract training fees received	**12,300**	1,659
Classroom rentals, parking and other revenue received	**404**	589
Provincial grant received	**240**	-
Total received	**13,336**	5,333
Tuition and commitment fees recognized	**(400)**	(2,987)
Contract training fees recognized	**(12,211)**	(1,640)
Classroom rentals, parking and other deferrals recognized	**(434)**	(475)
Provincial grant recognized	**140**	-
Total recognized	**(12,905)**	(5,102)
Ending tuition and commitment fees	**331**	339
Ending contract training fees	**1,083**	994
Ending classroom rentals, parking and other deferrals	**253**	283
Ending provincial grant	**100**	-
	1,767	1,616

8. Long-term Debt

	2009	2008
Loan payable to Province of Manitoba at the rate of 4.75%, due in 2017, repayable in monthly instalments of $11,193 principal and interest.	**877,106**	967,413
Less amounts due within one year included in current liabilities	**94,698**	89,596
	782,408	877,817

8. Long-term Debt (continued)

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

2010	94,698
2011	99,295
2012	104,115
2013	109,170
2014	104,722
Thereafter	365,106
	877,106

9. Accrued Severance Liability

The serv ice to dat e obl igation i s cal culated based on an actuarial r eport as at Mar ch 31, 2005. The calculations used in the actuarial report to determine the liability outstanding as at March 31, 2005 are applied to the current year to determine the estimated accrued severance liability at June 30, 2009.

10. Deferred Contributions Related to Capital Assets

Deferred cont ributions rel ated t o capi tal assets represent t he unam ortized por tion of contributed capital assets and restricted contributions received from the Manitoba Council for Post-Secondary Education t hat were used t o purchase the Coll ege's capital ass ets. Recognition of these amounts as revenue i s deferred to peri ods when the rel ated capi tal assets are amortized.

	2009	2008
Net book value, beginning of year	**3,002**	2,787
Add: Capital contributions during the year		
Government grant	**1,405**	1,065
Add: Donations in kind	**261**	132
Less: Current year amortization	**(1,016)**	(982)
Net book value, end of year	**3,652**	3,002

11. Net Assets Internally Restricted

	General Operating Reserve	General Capital Reserve	General Technology Reserve	Total Reserve
Opening balance	**435**	**64**	**341**	**840**
Appropriations	**-**	**-**	**-**	-
Withdrawals	**-**	**-**	**-**	-
Ending balance	**435**	**64**	**341**	**840**

12. Grants

	2009	2008
Grants Received	**22,660**	21,058
Add:		
10% rebate	**29**	4
Less:		
Deferred capital contributions	**(1,405)**	(1,095)
	21,284	19,967
Represented by:		
Base	**20,788**	19,483
Market Driven Training	**265**	265
Continuing Studies	**231**	219
	21,284	19,967

13. Pension Costs and Obligations

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

14. Related Party Transactions

During the year the College provided a grant of 7,850 (2008 - 7,850) to Assiniboine Community College Foundation Inc. (in actual $), a grant of 5,000 (2008 - 8,500) to Assiniboine Campus Radio Society Inc. (in actual $), and a grant of 18,500 (2008 - 17,600) to the student association (in actual $). Transactions with the Assiniboine Community College Foundation Inc., Assiniboine Campus Radio Society Inc., and the Assiniboine Community College Student Association are measured at the exchange amount. The above entities are not controlled or significantly influenced by the College and are governed by their own Board of Directors. There were no intercompany payables or receivables outstanding at fiscal year-end.

15. 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:

2009/10	401
2010/11	208
2011/12	73

16. Economic Dependence

The College presently receives annual funding of approximately 20,788,139 (21,057,504 in 2008) from the Province of Manitoba to finance operations and capital acquisitions (in actual $). Without such funding, future viability of the College is not assured. Transactions with the Province of Manitoba are measured at the exchange amount.

17. 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 held for trading instruments which 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.

18. Capital

The organization considers its capital to be its net assets. The organization's objectives when managing its capital are to safeguard its ability as a going concern so it can continue to provide services to its members and allow for future equipment and building purchases. Annual budgets are developed and monitored to ensure the organization's capital is maintained at an appropriate level.

19. Income Taxes

The College is exempt from income taxes.

20. Prior Year's Figures

The prior year's figures have been adjusted to conform to the current year's presentation standards.

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	96,516
Accounts receivable	20,161
Other assets	400
Investments	1,588,947
Accounts payable	5,599
Deferred revenue	37,438
Deferred contributions	685,236
Unrestricted net assets	(13,625)
Endowment funds	991,376
Revenue	648,200
Expenditures	652,949

THE BOARD OF ADMINISTRATION
UNDER THE EMBALMERS AND FUNERAL DIRECTORS ACT

MANAGEMENT REPORT

December 31, 2009

The accompanying financial statements are the responsibility of the Board and have been prepared in accordance with Canadian generally accepted accounting principles. In the Board's opinion, the financial statements have been properly prepared.

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

Susan Boulter
Chairperson

E.C. Norrington C.A.
Accountant

May 1, 2010

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITORS' REPORT

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

We have audited the statement of financial position of the Board of Administration under the Funeral Directors and Embalmers Act as at December 31, 2009 and the statements of operations and changes in unrestricted net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2009, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
April 16, 2010

THE BOARD OF ADMINISTRATION
UNDER THE FUNERAL DIRECTORS AND EMBALMERS ACT

Statement of Financial Position
December 31, 2009

ASSETS	2009	2008
Current		
Cash	$ 76,963	$ 18,162
Short-term Investments (notes 2 and 3)	37,008	33,466
Accrued Interest Receivable	2,432	1,061
Total Current Assets	116,403	52,689
Non-Current		
Accrued Interest Receivable	-	1,417
Long-term Investments (notes 2 and 3)	-	21,954
Total Non-Current Assets	-	23,371
	$ 116,403	$ 76,060

LIABILITIES AND UNRESTRICTED NET ASSETS	2009	2008
Current		
Accounts Payable and Accrued Liabilities	$ 11,651	$ 3,931
Deferred Revenue	81,500	25,600
Total Current Liabilities	93,151	29,531
Unrestricted Net Assets	23,252	46,529
	$ 116,403	$ 76,060

See accompanying notes to the financial statements

Approved on behalf of The Board of Administration

Susan Boulter
Chairperson

Tracy Wavursky
Secretary-Treasurer

THE BOARD OF ADMINISTRATION
UNDER THE FUNERAL DIRECTORS AND EMBALMERS ACT

Statement of Operations and Changes in Unrestricted Net Assets
For the year ended December 31, 2009

REVENUE	**2009**	**2008**
Funeral Home Licences	$ 9,200	$ 9,400
Funeral Director and Embalmer Licences	21,700	21,000
Interest	1,189	1,864
	32,089	32,264
EXPENSES		
Audit	2,900	2,800
Honoraria - Board Members	5,016	5,886
Honoraria - Registrar	10,000	10,000
Miscellaneous	1,956	912
Board Meetings	3,982	4,225
Graduation and Examination	750	1,565
Communications	9,084	1,660
Office Supplies and Postage	1,507	1,035
Conferences	7,510	3,489
Legal Fees	12,661	3,980
	55,366	35,551
Net (Loss)	(23,277)	(3,287)
Unrestricted Net Assets		
Beginning of the Period	46,529	49,816
Unrestricted Net Assets		
End of the Period	$ 23,252	$ 46,529

See accompanying notes to the financial statements

THE BOARD OF ADMINISTRATION
UNDER THE FUNERAL DIRECTORS AND EMBALMERS ACT

Statement of Cash Flows
For the year ended December 31,2009

Cash Flows from Operating Activities	**2009**	**2008**
Licence Fees	$ 86,800	$ 36,200
Interest on Investments	1,235	2,239
Audit Fees	(2,800)	(3,400)
Graduation and Examination	(750)	(1,565)
Honoraria - Registrar	(7,500)	(10,000)
Honoraria - Board Members	(4,362)	(5,886)
Miscellaneous Expenses	(1,644)	(1,484)
Board Meetings	(3,690)	(3,831)
Communications	(5,437)	(2,826)
Conferences	(7,235)	(3,489)
Office Supplies and Postage	(1,419)	(1,127)
Legal Fees	(12,809)	(4,312)
Net Cash provided by (used in) Operating Activities	40,389	519
Cash and Cash equivalents, beginning of year	51,628	51,109
Cash and Cash equivalents, end of year	$ 92,017	$ 51,628
Represented by:		
Cash	$ 76,963	$ 18,162
Short-term investments cashable < 91 days note 3)	15,054	33,466
	$ 92,017	$ 51,628

See accompanying notes to the financial statements

1) Nature of Operations

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

2) Significant Accounting Policies:

a. General

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

b. New Accounting Policies Adopted

Not-For-Profit Organizations

The CICA amended a number of standards applicable to not-for-profit organizations (NFPOs) and issued new standard, CICA 4470 Disclosures of Allocated Expenses by NFPOs.

CICA 4400 Financial Statement Presentation by NFPOs was amended to
- clarify that revenues and expenses must be recognized and presented on a gross basis when a not-for-profit organization is acting as a principal in transactions;
- make Section 1540 Cash Flow Statements applicable to NFPOs; and
- make Section 1751 Interim Financial Statements applicable to NFPOs that prepare interim financial statements in accordance with GAAP.

Section 4460 Disclosure of Related Party Transactions by Not-For-Profit Organizations was amended to make the language in Section 4460 consistent with Section 3840 Related party Transactions.

New Section CICA 4470 Disclosure of Allocated Expenses by Not-For-Profit Organizations establishes disclosure standards for not-for-profit organizations that choose to classify their expenses by function and allocate expenses from one function to another.

The adoption of these new requirements had no material impact on the Board's financial statements for the year ended December 31, 2009.

Financial Statement Concepts - CICA Handbook Section 1000

Financial Statement concepts has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle.

The revised requirements were effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The adoption of this standard had no effect on the Board's financial statements for the year ended December 31, 2009.

c. Financial Instruments

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and net assets, respectively. All other financial instruments are subsequently measured at amortized cost.

The financial assets and liabilities of the Board are classified and measured as follows:

Financial Asset/Liability	Category	Subsequent measurement
Cash	Held for trading	Fair value
Interest Receivable	Loans and receivables	Amortized Cost
Investments	Held for trading	Fair value
Accounts Payable and Accrued Liabilities	Other financial liabilities	Amortized Cost

Gains and losses on financial instruments subsequently measured at amortized cost are recognized in the statement of operations in the period the gain or loss occurs. Changes in fair value on the financial instruments classified as held for trading are recognized in the statement of operations for the current period. Changes in fair value on financial instruments classified as available for sale are recorded in the statement of changes in unrestricted net assets until realized, at which time they are recorded in the statement of operations.

Fair value of financial instruments

The fair value of a financial instrument is the estimated amount that the Board would receive or pay to settle a financial asset or financial liability as at the reporting date.

Due to the redeemable nature of cash, carrying value is considered to be fair value.

The carrying values of short-term investments approximate their fair values due to the relatively short period to maturity. The carrying values of long-term investments approximate their fair values based on recent investment transactions.

The fair values of interest receivable and accounts payable and accrued liabilities approximate their carrying values due to their short term maturity.

Unless otherwise noted, it is management's opinion that the entity is not exposed to significant interest, currency or credit risk arising from these financial instruments.

d. 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. Actual results could differ from these estimates.

e. Revenue Recognition

The Board recognizes revenue for Funeral Home Licences and Funeral Director and Embalmer Licenses 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.

Investment income is recognized in the year it is received or receivable.

f. Contributed Services

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

3) Investments

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

	2009	2008
i.) CIBC Flexible GIC Maturity Date: January 9, 2009 Interest Rate 3.25%	$ -	$ 33,466
ii.) CIBC Cashable Escalating Rate GIC Maturity Date: January 5, 2010 Interest Rate 4.25%	21,954	21,954
iii.) CIBC Flexible GIC Maturity Date: January 11, 2010 Interest Rate 1.10%	15,054	
	$37,008	$55,420

4) The Public Sector Compensation Disclosure Act

In accordance with Section 2 of *The Public Sector Compensation Disclosure Act*, the following summarizes compensation paid during the year ended December 31, 2008:

i. No individual received compensation of $50,000 or more;
ii. The Board has no employees;
iii. The aggregate amount paid to Board members was:

	2009	2008
Honoraria, Board Members	$5,016	$5,886
Honoraria, Registrar	$10,000	$10,000

5) Related Party Transactions

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

6) Capital Management

The Board's objective when managing capital is to maintain sufficient capital to cover its costs of operations. Capital consists only of the unrestricted net assets in the amount of $23,252 (2008 - $46,529). The Board's capital management policy is to maintain sufficient capital to meet its objectives. The Board is not subject to externally imposed capital requirements. There are no changes in the Board's approach to capital management during the period.

7) Regulation Changes

During the year amendments to The Funeral Directors and Embalmers Act regulations were completed. The Board increased the yearly licencing fees for funeral homes,embalmers and funeral directors and also introduced a Code of Ethics.

8) Commitment

The Board has approved a commitment of $1,700 related to a future year's communication expense.

9) Comparative figures

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

BRANDON UNIVERSITY

Responsibility for Financial Statements

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

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

Mike Abbey
Treasurer, Board of Governors

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

June 4, 2010

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

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 statement of financial position of Brandon University as at March 31, 2010, and the statements of operations, changes in net assets and cash flow for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2010, and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Manitoba
June 4, 2010

Carol Bellringer, FCA, MBA
Auditor General

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

Brandon University

Statement of Financial Position
as at March 31, 2010

ASSETS

	2010	2009
Current Assets		
Cash and short term investments (note 3)	$ 8,975,314	$ 13,142,217
Accounts receivable	1,252,277	1,749,472
Inventory (note 8)	441,442	423,438
Prepaid expenses	234,907	244,510
	10,903,940	15,559,637
Capital Assets and Collections (notes 2F and 9)	44,106,078	42,058,128
	$ 55,010,018	$ 57,617,765

LIABILITIES & NET ASSETS

	2010	2009
Current Liabilities		
Accounts payable and accrued liabilities	$ 3,558,159	$ 3,196,789
Deferred income	261,682	215,044
Deferred contributions (note 10)	2,802,805	2,872,174
Current portion of long term debt (note 12)	125,852	118,181
	6,748,498	6,402,188
Long Term Liability		
Unfunded employee future benefits (note 16)	1,230,000	1,002,000
Unfunded pension liability (note 11)	3,318,000	
Mortgages payable (note 12)	1,071,089	1,196,941
	5,619,089	2,198,941
Deferred Capital Contributions (note 10)	233,708	4,384,488
Unamortized Deferred Capital Contributions (note 10)	33,268,518	31,562,664
Net Assets		
Unrestricted net assets	(1,454,356)	3,064,778
Internally restricted net assets (note 7)	953,942	824,363
Investment in capital assets and collections	9,640,619	9,180,343
	9,140,205	13,069,484
	$ 55,010,018	$ 57,617,765

Approved by the Brandon University
Board of Governors on June 24, 2010

Treasurer

Vice-President (Administration & Finance)

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

Brandon University

Statement of Changes in Net Assets
for the year ended March 31, 2010

	Unrestricted Net Assets	Internally Restricted Net Assets	Investment in Capital Assets and Collections	Total 2010	Total 2009
Balance, beginning of year	$ 3,064,778	$ 824,363	$ 9,180,343	$ 13,069,484	$ 11,213,397
Excess/(deficiency) of revenues over expenses	(3,934,084)			(3,934,084)	1,853,152
Direct increases to net assets					
Donations of capital assets			4,805	4,805	2,935
Transfers					
Internally funded					
Capital asset additions	(1,408,529)		1,408,529		
Capital asset disposals (net)	23,854		(23,854)		
Amortization	1,047,385		(1,047,385)		
Repayment of long term debt	(118,181)		118,181		
Allocation to internally restricted net assets	(144,169)	144,169			
Internally restricted net asset purchases	14,590	(14,590)			
Balance, end of year	$ (1,454,356)	$ 953,942	$ 9,640,619	$ 9,140,205	$ 13,069,484

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

Brandon University

Statement of Operations
for the Year Ended March 31, 2010

	2010	2009
Revenues		
Tuition fees and other student fees	$ 8,459,624	$ 8,997,478
Grants		
Council on Post-Secondary Education	33,996,877	32,152,858
Province of Manitoba	391,397	446,354
Government of Canada	1,910,578	1,804,324
Sales of goods and services	7,140,192	6,978,244
Brandon University Foundation	1,630,806	1,961,971
Amortization of deferred capital contributions	1,929,990	2,067,960
Gain on disposal of capital assets		94,915
Interest income	186,832	259,352
Miscellaneous	906,594	770,379
	56,552,890	55,533,835
Expenses		
Salaries - academic	19,968,971	18,714,007
Salaries - support	13,418,357	12,749,806
Benefits	9,204,481	5,241,585
Travel	1,688,107	1,831,216
Supplies and consumable expenses	7,239,207	6,299,857
Major renovations	1,459,015	1,258,494
Property taxes	151,369	143,911
Utilities	1,064,903	1,080,962
Cost of goods sold	2,036,206	1,965,131
Scholarships and bursaries	1,164,289	1,155,250
Interest on long term debt	98,407	105,585
Amortization expense	2,977,375	3,080,203
Loss on disposal of capital assets	16,287	54,676
	60,486,974	53,680,683
Excess/(deficiency) of revenues over expenses	$ (3,934,084)	$ 1,853,152

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

Brandon University

Statement of Cash Flow
for the Year Ended March 31, 2010

	2010	2009
Cash Provided By (Used In) Operating Activities		
Excess/(deficiency) of revenues over expense before interest	$ (4,022,509)	$ 1,699,385
Interest received	186,832	259,352
Interest paid	(98,407)	(105,585)
Excess/(deficiency) of revenues over expense	(3,934,084)	1,853,152
Items not affecting cash flow		
Amortization of deferred capital contributions	(1,929,990)	(2,067,960)
Amortization of capital assets	2,977,375	3,080,203
(Loss)/gain on disposal of capital assets	(16,287)	40,247
Increase/(decrease) in non-cash operating working capital	4,373,433	1,789,315
	1,470,447	4,694,957
Cash Provided By (Used In) Investing Activities		
Capital asset additions	(5,049,178)	(2,092,410)
(Purchase)/sale of short term investments	7,413,733	(7,169,774)
Proceeds on disposal of capital assets	40,140	26,308
	2,404,695	(9,235,876)
Cash Provided By (Used In) Financing Activities		
Long term debt repayments	(118,181)	(111,002)
Capital contributions	(510,131)	5,030,110
	(628,312)	4,919,108
Increase in cash and cash equivalents	3,246,830	378,189
Cash and cash equivalents, beginning of year	4,056,026	3,677,837
Cash and cash equivalents, end of year	$ 7,302,856	$ 4,056,026
Cash and Cash Equivalents		
Cash	$ 5,375,255	$ 3,069,327
Cash equivalents	1,927,601	986,699
	$ 7,302,856	$ 4,056,026

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 and rural development. The University is a registered charity and is exempt from the payment of income taxes.

2. Summary of Significant Accounting Policies and Reporting Practices

A. General

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

B. Revenue Recognition

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

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

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

C. Capital Grants

The University entered into promissory notes with the Provincial Government, for the the construction of a capital asset and for deferred maintenance projects. These will be repaid from future funding provided by the Provincial Government through the Council on Post Secondary Education (COPSE) 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 COPSE, over the terms of the promissory notes, to offset the principal payments and interest expense, are both excluded from the statement of operations.

D. Short Term Investments

Short term investments are recorded at fair value and are unspent operating, capital and restricted funds that are invested to generate income used to fund general operations of the University. Short term investments are classified as held for trading. 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. The valuation of publicly traded investments is based on quoted market bid prices at the close of business as of March 31, 2010.

E. Brandon University Foundation

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

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

F. 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
Computer equipment	5 years
Vehicles	5 years
Library collections	10 years

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

G. Inventories

Inventories are measured at the lower of cost and net realizable value. When circumstances which previously caused an inventory to be written down below cost no longer exists, the amount of the write-down will be reversed.

H. 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 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).

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

I. Employee Future Benefits

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

The transitional obligation arising from the adoption of the accounting standard was fully recognized as at the adoption date of April 1, 2000. Subsequent actuarial gains or losses are fully recognized in the year immediately following the year in which they arise.

J. 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 and severance and retiring allowances. Actual results could differ from these estimates.

K. Financial Instruments

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

Initially, all financial assets and liabilities must be recorded on the Statement of Financial Position at fair value. Subsequent measurement is determined by the classification of each financial asset and liability. Under this standard, all financial instruments are classified as one of: held-for-trading; loans and receivables; held-to-maturity; available-for-sale or other liabilities. Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in net earnings. Financial instruments classified as held-to-maturity, loans and receivables and other liabilities are measured at amortized cost. Available-for-sale financial instruments are measured at fair value, with unrealized gains and losses recognized directly in unrestricted net assets.

The University has classified its cash and short term investments as held-for-trading which is measured at fair market value, receivables as loans and receivables which are measured at amortized cost and its accounts payable and accrued liabilities and mortgages payable as other liabilities, which are measured at amortized cost.

3. Cash and Short Term Investments

Cash and short term investments are summarized as follows:

	2010	2009
Cash	$ 5,375,255	$ 3,069,327
Short term investments	3,600,059	10,072,890
	$ 8,975,314	$ 13,142,217

The fair market value of the short term investments is $ 3,600,059 (2009 - $10,072,890).

4. Financial Instruments

Fair Value
The fair value of cash and short term investments, accounts receivable, accounts payable and accrued liabilities approximates their carrying values due to their short term nature. The determination of the fair value of mortgages payable is not practical due to their underlying terms and conditions.

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 consists of 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.

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

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.

ii) Liquidity Risk

Liquidity risk is the risk that 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 funds of the University are invested so that maturity dates coincide with cash requirements. As well the University has access to a short-term line of credit with CIBC that is designed to ensure sufficient funds are available as required.

iii) Credit Risk

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

	Carrying Amount	
	2010	**2009**
Financial assets held for trading:		
Cash and short term investments	$ 8,975,314	$ 13,142,217
Loans and receivables:		
Accounts receivable	1,252,277	1,749,472
Totals	$ 10,227,591	$ 14,891,689

The investments of the University are purchases made with excess cash intended to be for short periods of time. Short term investments 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.

5. Capital Management

The capital of Brandon University is comprised of its deferred contributions, unamortized deferred capital contributions and net assets.

The long term objective of the University is to manage the capital in such a way as to protect the value of the investments.

Restricted contributions for non-capital and capital purposes are received with externally imposed stipulations. The University has complied with the externally imposed stipulations of any capital grants or donations received and to those placed on deferred contributions.

	2010	2009
Total Liabilities	$ 9,564,782	$ 5,728,955
Total Net Assets & Deferred Contributions	$ 45,445,236	$ 51,888,810
Debt to capital ratio	21.05 %	11.04 %

There have been no significant changes to the University's capital management objectives, policies and processes in the year nor had there been any changes in what the University considers to be its capital.

6. Brandon University Foundation

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

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

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

Statement of Financial Position

	2009	2008
Assets	$40,235,409	$34,304,979
Liabilities	$ 559,074	$ 698,040
Deferred contributions	8,036,368	8,122,566
Net Assets		
Unrestricted and internally restricted net assets	3,176,679	(511,849)
Endowment funds	28,463,288	25,996,222
	31,639,967	25,484,373
Total Liabilities and Net Assets	$40,235,409	$34,304,979

Statement of Operations

	2009	2008
Revenue		
Realized income/(loss)	$ 1,281,407	$ (3,550,204)
Unrealized income/(loss)	3,672,563	(3,616,285)
Net investment income/(loss)	4,953,970	(7,166,489)
Donations	384,332	5,183,577
Other contributions	148,827	215,845
	5,487,129	(1,767,067)
Expense		
Grants to Brandon University	1,022,920	1,016,721
Scholarships and bursaries	758,913	828,343
Campaign expenses	11,393	9,574
Other expenses	31,512	33,090
	1,824,738	1,887,728
Net income/(loss) for the year	$ 3,662,391	$(3,654,795)

The net result of the transactions from January 1, 2010 to March 31, 2010 was a gain of $386,884 (2009 - $1,796,796 loss) and an unrealized investment gain of $649,289 (2009 - $1,591,031 loss).

The value of outstanding pledges to the Foundation as at March 31, 2010 is $866,960 (2009 - $860,544). These will be recorded as revenue in the Foundation when received.

7. Internally Restricted Net Assets

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

	Opening Balance	Current Provision	Purchases	2010 Closing Balance
Ancillary Services	$ 660,860	$ 64,655	$ (8,572)	$ 716,943
Mail/Print services	(16,439)	5,000		(11,439)
Presidential robes	5,976	42	(6,018)	
Telephone replacement	149,677	69,472		219,149
Vehicle replacement	24,289	5,000		29,289
	$ 824,363	$ 144,169	$ (14,590)	$ 953,942

8. 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:

	2010 Cost of Sales	2009 Cost of Sales	2010 Carrying Values	2009 Carrying Values
Bookstore	$ 1,337,840	$ 1,361,444	$ 354,679	$ 357,116
Food Services	689,635	655,874	51,375	40,207
Print Shop	36,272	52,127	35,388	26,115
	$ 2,063,747	$ 2,069,445	$ 441,442	$ 423,438

9. Capital Assets and Collections

	Cost	Accumulated Amortization	2010 Net Book Value	Cost	Accumulated Amortization	2009 Net Book Value
Land	$ 498,680	$	$ 498,680	$ 498,680	$	$ 498,680
Buildings	67,770,809	(35,016,895)	32,753,914	64,358,695	(33,692,752)	30,665,943
Furniture & equipment	20,492,138	(13,427,932)	7,064,206	19,407,141	(12,352,610)	7,054,531
Library collections	9,578,434	(6,989,608)	2,588,826	9,157,221	(6,513,894)	2,643,327
Collections	1,200,452		1,200,452	1,195,647		1,195,647
	$ 99,540,513	$(55,434,435)	$ 44,106,078	$ 94,617,384	$(52,559,256)	$ 42,058,128

Capital asset additions during the year included donations in kind in the amount of $4,805 (2009- $2,935).

10. 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:

	2010 Deferred Contributions	2010 Unamortized Deferred Capital Contributions	2009 Deferred Contributions	2009 Unamortized Deferred Capital Contributions
Balance, beginning of year	$ 7,256,662	$ 31,562,664	$ 3,226,643	$ 32,987,937
Contributions received	7,974,383		11,468,862	
Transfers to revenue				
Tuition, grants and contributions	(8,558,688)		(6,796,156)	
Amortization of assets acquired from capital assets		(1,929,990)		(2,067,960)
Transferred to acquire capital assets	(3,635,844)	3,635,844	(642,687)	642,687
Balance, end of year	$ 3,036,513	$ 33,268,518	$ 7,256,662	$ 31,562,664
Balance consists of:				
Research	$ 1,892,442		$ 2,163,827	
Special programs	910,363		708,347	
Deferred contributions	2,802,805		2,872,174	
Deferred capital contributions	233,708		4,384,488	
	$ 3,036,513		$ 7,256,662	

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 was conducted by Eckler Ltd., a firm of consulting actuaries, as at December 31, 2007. The results of this valuation have been extrapolated by them to December 31, 2010. The next actuarial valuation is required as at December 31, 2010 and will be completed in 2011.

The defined benefit obligation has been calculated pursuant to CICA Handbook section 3461, using the projected unit credit actuarial method 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.

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

	(in thousands of dollars)	
	December 31 2009	**December 31 2008**
Accrued Benefit Obligation		
Actuarial present value of accrued pension benefits, beginning of year	$ 107,641	$ 96,125
Interest accrued on benefits	6,160	5,508
Benefits accrued	4,604	3,962
Benefits paid	(5,608)	(4,614)
Actuarial gain		846
Plan amendments		5,814
Actuarial present value of accrued pension benefits, end of year	$ 112,797	$ 107,641

	(in thousands of dollars)	
	December 31 2009	**December 31 2008**
Plan Assets		
Fair value, beginning of year	$ 85,776	$ 103,956
Actual return on plan assets (net of expenses)	13,828	(17,528)
Employer contributions	2,713	2,139
Employee contributions	1,792	1,588
Transfers from other plans	221	235
Benefits paid	(5,608)	(4,614)
Fair value, end of year	$ 98,722	$ 85,776

	(in thousands of dollars)	
	December 31 2009	**December 31 2008**
Reconciliation		
Accrued benefit obligation	$ (112,797)	$ (107,641)
Plan assets	98,722	85,776
Plan deficit	(14,075)	(21,865)
Unamortized plan amendments	5,233	5,814
Unamortized net actuarial losses	5,524	16,051
Pension liability	$ (3,318)	$ -

Brandon University

Notes to the Financial Statements
for the year ended March 31, 2010

	(in thousands of dollars) December 31 2009	December 31 2008
Pension Liability		
Pension liability, beginning of year	$ -	$ -
Employer contributions	2,713	(2,139)
Net benefit plan expense	(6,031)	2,139
Pension liability, end of year	$ (3,318)	$ -

	(in thousands of dollars) December 31 2009	December 31 2008
Current service cost, net of employee contributions	$ 2,592	$ 2,139
Interest accrued on benefits	6,160	5,508
Expected return on plan assets	(4,907)	(5,959)
Amortization of actuarial loss	1,605	451
Amortization of plan amendments	581	
Net benefit plan expense	$ 6,031	$ 2,139
Significant Long Term Actuarial Assumptions		
Discount rate	5.75 %	5.75 %
Expected rate of return on assets	5.75 %	5.75 %
Rate of general salary increase	4.0 %	4.0 %

The unamortized net actuarial losses will be amortized over the expected average remaining service life which is 10 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 allows 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, if applicable, and any funding deficits will have to be funded over a maximum of 15 years. The next going-concern valuation will be performed as at December 31, 2010 and will be completed in 2011.

Brandon University

Notes to the Financial Statements
for the year ended March 31, 2010

12. Long Term Liabilities

Mortgages Payable	**2010**	**2009**
Darrach Hall & Flora Cowan Hall Canada Mortgage and Housing Corporation 5 1/8% mortgage, $41,608 combined principal and interest payable semi-annually July 1 and January 1 to 2012.	$ 192,964	$ 263,565
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.	1,003,977	1,051,557
	1,196,941	1,315,122
Current portion of long term debt	125,852	118,181
	$ 1,071,089	$ 1,196,941
Interest expense	$ 98,407	$ 105,585

Principal payments in the next five years are as follows:

2011	$ 125,852
2012	$ 134,050
2013	$ 101,217
2014	$ 65,745
2015	$ 71,281

13. Brandon Centennial Auditorium Corporation Inc.

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

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

14. Knowles-Douglas Student Union Centre

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

15. Contractual Obligations

An agreement between the University and the Brandon University Students' Union Inc. provides for the equal sharing of profits of the University's bookstore operations. The Students' Union share of profits amounted to $26,613 for the year ended March 31, 2010 (2009 - $25,349).

16. Employee Future 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, 2009 with the next valuation due at at March 31, 2013.

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

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

	2010	2009
Accrued benefit liability	$ 1,078,000	$ 1,016,000
Accrued benefit obligation	1,230,000	1,002,000
Unamortized actuarial (gain)/loss	$ (152,000)	$ 14,000
Net benefit cost	$ 100,000	$ 151,000
Employer's contributions	38,000	28,000
Benefits paid	38,000	28,000

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

	2010	2009
Discount rate (accrued benefit obligation)	5.5%	7.0%
Rate of compensation increase (weighted average)	5.3%	5.3%

17. Disclosure and Presentation of Financial Instruments

The University continues to apply Section 3861 Financial Instruments - Disclosure and Presentation in place of Sections 3862 and 3863.

18. Comparative Figures

Comparative figures for the year ended March 31, 2009 have been reclassified where necessary to conform with the presentation adopted for the year ended March 31, 2010.

Brandon University

Additional Financial Information
for the year ended March 31, 2010

The foregoing consolidated financial statements and accompanying notes to the financial statements have been audited by the Auditor General for Manitoba and are the subject of the audit report dated June 4, 2010

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, 2010

	General Operating	Ancillary Services	Total 2010	Total 2009
REVENUES				
Tuition and other student fees	$ 7,324,196	$	$ 7,324,196	$ 8,173,538
Grants - Council on Post-Secondary Education	31,039,033	216,600	31,255,633	29,329,100
Sales of goods and services		5,443,090	5,443,090	5,302,553
Brandon University Foundation	1,630,806		1,630,806	1,961,971
Amortization of deferred capital contributions	1,929,990		1,929,990	2,067,960
External cost recoveries	1,697,102		1,697,102	1,675,691
Gain on disposal of capital assets				94,915
Interest income	186,832		186,832	259,352
Miscellaneous	253,942		253,942	184,067
	44,061,901	5,659,690	49,721,591	49,049,147
EXPENSES				
Salaries - academic	18,282,666		18,282,666	17,126,993
Salaries - support	10,211,226	1,071,765	11,282,991	10,737,783
Benefits	8,440,174	191,495	8,631,669	4,764,541
Travel	1,187,483		1,187,483	1,291,079
Supplies and consumable expenses	4,121,281	1,185,116	5,306,397	4,744,966
Major renovations	1,184,798	270,835	1,455,633	944,915
Property taxes	151,369		151,369	143,911
Utilities	734,767	330,136	1,064,903	1,080,962
Cost of goods sold		2,036,206	2,036,206	1,965,131
Scholarships and bursaries	1,164,289		1,164,289	1,155,250
Interest on long term liabilities		98,407	98,407	105,585
Amortization	2,977,375		2,977,375	3,080,203
Loss on disposal of capital assets	16,287		16,287	54,676
	48,471,715	5,183,960	53,655,675	47,195,995
Excess/(deficiency) of revenues over expenses	$ (4,409,814)	$ 475,730	$ (3,934,084)	$ 1,853,152

Schedule 2
(unaudited)

Brandon University

Detailed Schedule of Operations - Restricted
for the Year Ended March 31, 2010

	Research & Special Projects	Special Programs	Restricted Capital	Total 2010	Total 2009	Deferred Contributions 2010	Deferred Contributions 2009	Transfer To Statement of Operations 2010	Transfer To Statement of Operations 2009
Revenues									
Tuition fees	$	$ 1,135,428	$	$ 1,135,428	$ 823,940	$	$	$ 1,135,428	$ 823,940
Grants									
COPSE	1,233,000	1,839,900		3,072,900	3,110,400	(331,656)	(286,642)	2,741,244	2,823,758
Province of Manitoba	394,981		1,181,250	1,576,231	5,110,189	(1,184,834)	(4,663,835)	391,397	446,354
Government of Canada	1,705,609			1,705,609	1,915,868	204,969	(111,544)	1,910,578	1,804,324
Miscellaneous	484,215			484,215	508,465	168,437	77,847	652,652	586,312
	3,817,805	2,975,328	1,181,250	7,974,383	11,468,862	(1,143,084)	(4,984,174)	6,831,299	6,484,688
Expenses									
Salaries - academic		1,686,305		1,686,305	1,587,014			1,686,305	1,587,014
Salaries - support	1,882,220	253,146		2,135,366	2,012,023			2,135,366	2,012,023
Benefits	253,020	319,792		572,812	477,044			572,812	477,044
Travel	275,201	225,423		500,624	540,137			500,624	540,137
Supplies and other expenses	1,652,158	280,652		1,932,810	1,554,891			1,932,810	1,554,891
Major renovations	3,382			3,382	313,579			3,382	313,579
	4,065,981	2,765,318		6,831,299	6,484,688			6,831,299	6,484,688
Excess/(deficiency) of revenues over expenses	$ (248,176)	$ 210,010	$ 1,181,250	$ 1,143,084	$ 4,984,174	$ (1,143,084)	$ (4,984,174)	$ -	$ -

Brandon Universitv

Deferred Contributions and Unamortized Deferred Capital Contributions
for the Year Ended March 31, 2010

	Research & Special Projects	Special Programs	Restricted Capital	Total 2010	Total 2009	Unamortized Deferred Capital Contributions 2010	Unamortized Deferred Capital Contributions 2009
Contributions received							
Tuition and related fees	$	$ 1,135,428	$	$ 1,135,428	$ 823,940	$	$
Grants	3,333,590	1,839,900	1,181,250	6,354,740	10,136,457		
Miscellaneous	484,215			484,215	508,465		
Expenses	(4,065,981)	(2,765,318)	(1,890,817)	(8,722,116)	(6,776,785)		
Transfers from/to:							
Unrestricted accounts	163,428			163,428	(19,371)		
Capital aquisitions	(186,637)	(7,994)	(3,441,213)	(3,635,844)	(642,687)	3,635,844	642,687
Amortization of deferred capital contributions						(1,929,990)	(2,067,960)
	(271,385)	202,016	(4,150,780)	(4,220,149)	4,030,019	1,705,854	(1,425,273)
Deferred balance, beginning of year	2,163,827	708,347	4,384,488	7,256,662	3,226,643	31,562,664	32,987,937
Deferred balance, end of year	$ 1,892,442	$ 910,363	$ 233,708	$ 3,036,513	$ 7,256,662	$ 33,268,518	$ 31,562,664

Schedule 4
(unaudited)

Brandon University

Schedule of Investment in Capital Assets and Collections for the Year Ended March 31, 2010

	Total 2010	Total 2009
Balance, beginning of year	$ 9,180,343	$ 8,698,391
Internally funded capital asset additions		
General operating funds		
Land and buildings		143,315
Furniture and equipment	881,063	682,119
Library acquisitions	421,213	540,301
Ancillary services		
Furniture and equipment	106,252	80,202
	1,408,528	1,445,937
Non-amortizable capital asset donations	4,805	2,935
Disposals (net) - internally funded capital assets	(23,854)	(65,677)
Amortization of internally funded capital assets	(1,047,385)	(1,012,245)
Repayment of long term debt	118,181	111,002
Balance, end of year	$ 9,640,618	$ 9,180,343

Schedule 5
(unaudited)

Brandon University

Schedule of Operating Revenues for the Year Ended March 31, 2010

	Total 2010	Total 2009
Grants		
Council on Post Secondary Education		
Operating	$ 30,267,500	$ 27,841,700
Renovations and equipment	330,000	330,000
	30,597,500	28,171,700
Tuition		
Campus Manitoba	49,717	46,781
Faculty of Arts	1,886,017	2,351,039
Faculty of Education	1,141,278	1,387,051
Faculty of Science	2,080,809	2,209,549
First Nations Counselling Program	5,918	45,195
School of Health Studies	1,003,996	935,934
School of Music	429,151	431,480
Visa Premium	238,622	261,227
	6,835,508	7,668,256
Music Conservatory	345,853	360,357
Other student fees	142,835	144,925
Brandon University Foundation	385,044	465,489
Interest income	186,832	259,352
Miscellaneous	126,128	118,162
Total Operating Revenues	$ 38,619,700	$ 37,188,241

Schedule 6
(unaudited)

BRANDON UNIVERSITY

Detailed Schedule of Operating Expenses
for the Year Ended March 31, 2010

	Academic	Support	Benefits	Travel	Supplies & Other Expenses	Deduct: Cost Recoveries	Total March 31, 2010	Total March 31, 2009
Faculty of Arts								
Office of the Dean	$ 278,957	$ 171,463	$ 66,758	$ 61,018	$ 85,076	$ 2,004	$ 661,268	$ 577,485
Drama	105,311		18,407	1,963	390		126,071	112,138
Economics	240,206		45,865	3,824	1,218		291,113	273,949
English	513,056		95,489	13,048	3,739		625,332	570,921
History	416,882		76,699	8,869	2,451		504,901	490,265
Languages	359,059	1,352	65,928	3,551	2,318		432,208	425,126
Gender & Women's Studies		1,691	138	5,363	30,935		38,127	6,770
Philosophy	271,379		52,067	5,843	1,423		330,712	223,948
Political Science	214,440		39,556	4,056	853		258,905	210,091
Religion	239,731		45,388	4,555	1,252		290,926	234,176
Sociology	322,750		61,529	10,899	1,588		396,766	450,109
Native Studies	229,163	412	41,620	5,021	1,253		277,469	174,887
Business Administration	346,915		62,728	3,495	2,960		416,098	299,224
Fine Arts	376,513	13,230	69,087	7,502	194,657	18,415	642,574	548,039
Anthropology	243,315		31,834	7,186	3,730	1,040	285,025	281,355
Rural Development	326,481	2,288	56,863	4,069	1,612		391,313	349,479
Archeology Field School		4,268	378	2,074	1,295	840	7,175	728
Cost Recovery	237,427		19,361				256,788	285,063
	4,721,585	194,704	849,695	152,336	336,750	22,299	6,232,771	5,513,753
Faculty of Science								
Office of the Dean	166,303	182,793	68,127	12,705	54,382	10	484,300	478,704
Applied Disaster & Emergency Studies	235,844	31	41,115	8,114	5,952		291,056	295,667
Biology	950,819	25,578	174,643	18,337	79,822	10,889	1,238,310	1,120,422
Chemistry	480,434	8,537	87,861	9,944	21,888	22,078	586,586	483,508
Environmental Science	108,214		18,874	1,976	1,502		130,566	121,259
Geography	517,589	6,701	95,281	10,765	41,843	760	671,419	597,881
Geology	452,262	6,339	85,250	11,262	30,859	10,300	575,672	479,797
Mathematics/Comp. Sci.	975,952	20,677	168,977	21,592	13,686	608	1,200,276	1,127,203
Physics/Astronomy	378,550	3,315	74,461	6,047	22,986	3,106	482,253	422,964
Psychology	800,240	12,402	144,468	8,853	20,075	480	985,558	832,408
Cost Recovery	37,550		3,469		6,315		47,334	54,923
	5,103,757	266,373	962,526	109,595	299,310	48,231	6,693,330	6,014,736
School of Health Studies								
Office of the Dean	207,318	51,015	42,590	64,304	159,459		524,686	530,902
Psychiatric Nursing	1,653,403	81,523	314,379	22,479	130,628	2,020	2,200,392	1,928,795
Bachelor of Nursing	1,091,922	83,806	214,671	5,784	24,082	625	1,419,640	1,333,836
First Nations Counselling	116,032	42,764	24,384	4,519	30,739	1,360	217,078	304,623
Cost Recovery	721						721	56,870
	3,069,396	259,108	596,024	97,086	344,908	4,005	4,362,517	4,155,026

Schedule 6
(unaudited)

BRANDON UNIVERSITY

Detailed Schedule of Operating Expenses
for the Year Ended March 31, 2010

	Academic	Support	Benefits	Travel	Supplies & Other Expenses	Deduct: Cost Recoveries	Total March 31, 2010	Total March 31, 2009
Faculty of Education								
Office of the Dean	280,589	140,699	63,219	58,951	19,236	6,086	556,608	547,530
Field Experience	220,642	37,199	32,224	12,826	8,825	4,910	306,806	340,530
Teacher Education	1,673,550		243,650		11,306	1,605	1,926,901	1,674,505
Physical Education	486,564	1,252	93,816	224	23,453	6,339	598,970	536,082
Graduate Studies	108,874	37,681	21,286	8,917	6,992	15,645	168,105	169,505
Cost Recovery	105,267	3,372	8,890	2,749	3,651		123,929	162,859
	2,875,486	220,203	463,085	83,667	73,463	34,585	3,681,319	3,431,011
School of Music	2,088,811	159,383	367,295	120,922	232,890	61,859	2,907,442	2,667,694
Campus Manitoba	6,466		626				7,092	35,187
Music Conservatory	310,389	30,340	3,662	88	18,407	1,703	361,183	389,360
Total Academic	18,175,890	1,130,111	3,242,913	563,694	1,305,728	172,682	24,245,654	22,206,767
Library Services		1,258,218	248,112	16,580	523,662	132,444	1,914,128	1,643,891
Student Services								
Student Services		1,236,866	235,046	30,670	(90,499)	8,220	1,403,863	1,295,734
Athletic Programs		432,521	73,300	327,563	230,548	235,402	828,530	787,289
		1,669,387	308,346	358,233	140,049	243,622	2,232,393	2,083,023
Administration								
Board of Governors		36,390	6,733	2,806	10,279		56,208	71,902
President		439,142	66,363	54,067	105,196		664,768	679,793
Vice-President (Administration & Finance)		215,032	37,585	6,786	20,875		280,278	253,253
Vice-President (Academic & Research)		270,776	53,303	25,828	93,836	7,909	435,834	398,828
		961,340	163,984	89,487	230,186	7,909	1,437,088	1,403,776
Physical Plant								
Plant maintenance		631,129	186,935	14,327	659,378	69,311	1,422,458	1,287,389
Buildings & grounds		614,333	186,996		90,643		891,972	818,982
Insurance					186,868		186,868	179,893
Security					58,836		58,836	82,264
Service Contracts					41,334		41,334	28,370
Property Taxes					148,687		148,687	142,180
Utilities					734,767	86,827	647,940	699,027
		1,245,462	373,931	14,327	1,920,513	156,138	3,398,095	3,238,105

Schedule 6
(unaudited)

BRANDON UNIVERSITY

Detailed Schedule of Operating Expenses
for the Year Ended March 31, 2010

	Academic	Support	Benefits	Travel	Supplies & Other Expenses	Deduct: Cost Recoveries	Total March 31, 2010	Total March 31, 2009
General Support								
Chancellor				9,001	975		9,976	14,577
Convocation		2,771	225	420	24,343	1,920	25,839	39,740
Information Technology Services		837,092	166,194	8,442	384,468	454,500	941,696	743,810
Institutional Advancement		294,466	50,656	3,780	158,510	16,328	491,084	499,695
Financial & Registration Services		643,278	145,970	10,080	117,110	52,497	863,941	822,635
Gymnasium facility		84,712	12,595		11,369	8,813	99,863	92,881
Human Resources		427,041	168,177	6,539	87,691	830	688,618	877,222
Institutional membership fees					33,035		33,035	40,590
Print/Mail Services		60,829	13,898		(50,815)		23,912	27,720
Professional fees					308,879		308,879	312,277
Registrar		552,245	109,026	24,659	78,843	2,175	762,598	759,315
		2,902,434	666,741	62,921	1,154,408	537,063	4,249,441	4,230,462
Miscellaneous Initiatives								
B.J. Hales Museum		7,731	790		12		8,533	15,672
Bran-U-Day Care subsidy					4,610		4,610	4,581
Office of International Activities		54,772	11,421	12,585	15,280		94,058	98,043
English for Academic Purposes		248,080	19,531	3,197	18,935	408,663	(118,920)	(108,008)
Research development/buyouts/USRA					112,350		112,350	62,308
Other		58,252			96,490		154,742	576,982
Junior Kindergarten		41,400	8,222		1,018	38,581	12,059	16,139
Recruitment & promotion					56,316		56,316	65,208
Rural Development	106,776	49,854	37,988	13,390	28,900		236,908	219,482
International Student Scholarships					58,639		58,639	46,441
University scholarships					291,926		291,926	258,374
	106,776	460,089	77,952	29,172	684,476	447,244	911,221	1,255,222
Total Operating Expenses	$ 18,282,666	$ 9,627,041	$ 5,081,979	$ 1,134,414	$ 5,959,022	$ 1,697,102	$ 38,388,020	$ 36,061,246

Schedule 7
(unaudited)

Brandon University

Detailed Schedule of Ancillary Services
for the year ended March 31, 2010

	Bookstore	Food Services	Parking	Residence	Total 2010	Total 2009
Revenues						
Room and board fees	$	$ 1,311,459	$	$ 1,450,099	$ 2,761,558	$ 2,625,266
Conventions		53,950		61,507	115,457	143,905
Canteen and vending machines		202,130			202,130	187,829
Internal functions		122,652			122,652	109,767
Other	128,066	32,031	182,064	198,324	540,485	511,145
Book sales	1,700,808				1,700,808	1,724,641
Total Revenues	1,828,874	1,722,222	182,064	1,709,930	5,443,090	5,302,553
Expenses						
Salaries	255,261	633,955	66,603	115,946	1,071,765	1,155,877
Staff benefits	47,591	114,213	10,795	18,896	191,495	176,008
Cost of goods sold	1,335,403	700,803			2,036,206	1,965,131
Supplies and other expenses	97,248	185,359	89,958	1,016,628	1,389,193	1,180,146
Rent	40,145				40,145	38,975
Utilities		68,826	5,174	256,136	330,136	301,265
Students' Union share of Bookstore profit	26,613				26,613	25,349
Total Expenses	1,802,261	1,703,156	172,530	1,407,606	5,085,553	4,842,751
Net Gain/(Loss) from Operations	$ 26,613	$ 19,066	$ 9,534	$ 302,324	$ 357,537	$ 459,802

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

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

AUDITORS' REPORT

To the Members of CancerCare Manitoba

We have audited the statement of financial position of CancerCare Manitoba as at March 31, 2010 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Winnipeg, Canada

May 28, 2010

CANCERCARE MANITOBA

Statement of Financial Position

March 31, 2010, with comparative figures for 2009

	General Fund	Capital Fund	Clinical, Basic Research and Special Projects Fund	2010 Total	2009 Total
Assets					
Current assets:					
Cash	$ 4,602,454	$ –	$ 8,554	$ 4,611,008	$ 9,692,169
Restricted cash (note 4)	2,005,431	–	–	2,005,431	2,000,000
Short-term investments	4,661,325	–	504,073	5,165,398	1,690,925
Due from Manitoba Health (note 5)	3,996,708	–	–	3,996,708	2,620,442
Accounts receivable (note 6)	2,647,537	–	5,365,465	8,013,002	5,995,963
Inter-fund accounts	(3,650,482)	2,216,898	1,433,584	–	–
Prepaid expenses	426,568	–	–	426,568	654,254
Vacation entitlements receivable (note 16)	1,982,419	–	–	1,982,419	1,932,497
	16,671,960	2,216,898	7,311,676	26,200,534	24,586,250
Restricted cash (note 4)	2,580,387	–	–	2,580,387	1,825,687
Retirement entitlement obligation receivable (note 7)	1,419,400	–	–	1,419,400	1,419,400
Investments	8,560,608	–	2,377,961	10,938,569	7,284,227
Capital assets (note 8)	–	65,878,144	776,881	66,655,025	63,211,796
	$ 29,232,355	$ 68,095,042	$ 10,466,518	$ 107,793,915	$ 98,327,360
Liabilities, Deferred Contributions and Fund Balances					
Current liabilities:					
Accounts payable and accrued liabilities (note 16)	$ 11,332,874	$ 5,689,408	$ 14,370	$ 17,036,652	$ 12,432,149
Due to Manitoba Health (note 5)	7,225,514	–	–	7,225,514	2,974,655
Deferred contributions - expenses of future periods [note 9(a)]	2,757,477	–	–	2,757,477	2,976,346
	21,315,865	5,689,408	14,370	27,019,643	18,383,150
Deferred contributions - capital assets [note 9(b)]	–	62,245,185	–	62,245,185	64,015,940
Retirement entitlement obligations (note 16)	4,324,546	–	–	4,324,546	3,294,572
	25,640,411	67,934,593	14,370	93,589,374	85,693,662
Fund balances:					
Invested in capital assets (note 10)	–	160,449	776,881	937,330	1,133,593
Externally restricted (note 11)	–	–	8,038,167	8,038,167	7,359,044
Internally restricted	2,005,431	–	1,637,100	3,642,531	3,564,787
Unrestricted	1,586,513	–	–	1,586,513	576,274
	3,591,944	160,449	10,452,148	14,204,541	12,633,698
Commitments (note 13)					
Contingencies (note 14)					
	$ 29,232,355	$ 68,095,042	$ 10,466,518	$ 107,793,915	$ 98,327,360

See accompanying notes to financial statements.

Approved by the Members:

Member Member

CANCERCARE MANITOBA

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2010, with comparative figures for 2009

	General Fund	Capital Fund	Clinical, Basic Research and Special Projects Fund	2010 Total	2009 Total
Revenue:					
Manitoba Health (note 15)	$ 93,655,402	$ –	$ 1,008,225	$ 94,663,627	$ 90,038,597
Other recoveries	1,330,557	–	–	1,330,557	1,416,258
Grants (note 17)	–	–	13,778,410	13,778,410	14,730,172
Amortization of deferred contributions (note 9)	–	5,912,965	–	5,912,965	5,622,103
Amortization of deferred contributions - expenses of future periods (note 9)	248,200	–	404,348	652,548	–
	95,234,159	5,912,965	15,190,983	116,338,107	111,807,130
Expenses:					
Compensation	42,224,212	–	8,681,401	50,905,613	45,573,740
Medical remuneration	11,046,442	–	–	11,046,442	13,968,786
Building occupancy	947,980	–	–	947,980	1,460,988
Amortization of capital assets	–	5,912,965	468,592	6,381,557	6,124,991
General administration	2,706,082	–	–	2,706,082	2,698,626
Equipment rentals and maintenance	1,163,199	–	16,458	1,179,657	1,860,975
Supplies and other departmental expenses	5,201,228	–	5,524,824	10,726,052	10,831,065
Drugs:					
Provincial oncology drug program	27,558,508	–	–	27,558,508	24,904,073
Other	854,740	–	–	854,740	738,595
Referred-out services	2,844,090	–	91,458	2,935,548	2,902,640
	94,546,481	5,912,965	14,782,733	115,242,179	111,064,479
Excess of revenue over expenses before the undernoted	687,678	–	408,250	1,095,928	742,651
Investment income	327,992	–	146,923	474,915	173,325
Excess of revenue over expenses	1,015,670	–	555,173	1,570,843	915,976
Fund balances, beginning of year	2,576,274	160,449	9,896,975	12,633,698	11,717,722
Fund balances, end of year	$ 3,591,944	$ 160,449	$ 10,452,148	$ 14,204,541	$ 12,633,698

See accompanying notes to financial statements.

CANCERCARE MANITOBA

Statement of Cash Flows

Year ended March 31, 2010, with comparative figures for 2009

	General Fund	Capital Fund	Clinical, Basic Research and Special Projects Fund	2010 Total	2009 Total
Cash provided by (used in):					
Operating activities:					
Excess of revenue over expenses	$ 1,015,670	$ –	$ 555,173	$ 1,570,843	$ 915,976
Amortization of capital assets	–	5,912,965	468,592	6,381,557	6,124,991
Amortization of deferred contributions related to capital assets	–	(5,912,965)	–	(5,912,965)	(5,622,103)
Amortization of deferred contributions - expenses of future periods	(652,548)	–	–	(652,548)	–
Unrealized loss (gain) on investments	71,381	–	11,871	83,252	(178,432)
Investment income transferred to deferred contributions - expenses of future periods	–	–	–	–	661,184
Change in non-cash operating working capital (note 18)	(619,565)	5,683,785	575,601	5,639,821	4,311,118
Increase in retirement entitlement obligations	1,029,974	–	–	1,029,974	551,960
	844,912	5,683,785	1,611,237	8,139,934	6,764,694
Investing activities:					
Inter-fund transfers	1,474,943	(273,538)	(1,201,405)	–	–
Additions to capital assets	–	(9,552,457)	(272,329)	(9,824,786)	(4,332,040)
Purchase of investments	(9,621,456)	–	(342,984)	(9,964,440)	(5,112,574)
Proceeds on disposal of investments	2,550,013	–	202,360	2,752,373	4,725,090
Change in investment classification	3,172,760	–	301,713	3,474,473	(2,528,435)
	(2,423,740)	(9,825,995)	(1,312,645)	(13,562,380)	(7,247,959)
Financing activities:					
Increase in restricted cash	(760,131)	–	–	(760,131)	(3,825,687)
Deferred contributions related to capital assets	–	3,888,056	–	3,888,056	2,749,440
Deferred contributions related to expenses of future periods	687,833	–	–	687,833	1,849,393
Transfer to deferred contributions related to capital assets	(254,154)	254,154	–	–	–
	(326,452)	4,142,210	–	3,815,758	773,146
Increase (decrease) in cash and short-term investments	(1,905,280)	–	298,592	(1,606,688)	289,881
Cash and short-term investments, beginning of year	11,169,059	–	214,035	11,383,094	11,093,213
Cash and short-term investments, end of year	$ 9,263,779	$ –	$ 512,627	$ 9,776,406	$ 11,383,094
Cash and short-term investments are comprised of:					
Cash	$ 4,602,454	$ –	$ 8,554	$ 4,611,008	$ 9,692,169
Short-term investments	4,661,325	–	504,073	5,165,398	1,690,925
	$ 9,263,779	$ –	$ 512,627	$ 9,776,406	$ 11,383,094
Supplementary cash flow information:					
Interest received	$ 320,195	$ –	$ 156,331	$ 476,526	$ 703,857

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:

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

(a) Fund accounting:

The organization follows the deferral method of accounting for contributions.

The General Fund accounts for the organization's revenues and expenses related to program delivery and administrative activities. The organization has internally restricted $2,005,431 for future expansion.

The Capital Fund reports the assets, liabilities, revenues 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.

(b) Revenue recognition:

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

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

2. Significant accounting policies (continued):

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.

(c) Financial instruments:

All financial instruments are classified as one of: (a) held-for-trading; (b) loans and receivables; (c) held-to-maturity; (d) available for sale; or (e) other liabilities. Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in investment income. Financial instruments classified as held-to-maturity, loans and receivables and other liabilities are measured at amortized cost. Available-for-sale financial instruments are measured at fair value, with unrealized gains and losses recognized directly in fund balances.

The organization has designated cash, restricted cash, short-term investments and investments as held-for-trading; due from Manitoba Health, accounts receivable, vacation entitlements receivable, and retirement entitlement obligation receivable as loans and receivables; and accounts payable and accrued liabilities and due to Manitoba Health as other liabilities. The organization has neither available-for-sale nor held-to-maturity instruments.

Except for held-for-trading designated financial instruments, transaction costs that are directly attributable to the acquisition of financial assets or liabilities are accounted for as part of the respective asset or liability's carrying value at inception and amortized over the expected life of the financial instrument using the effective interest method. For held-for-trading financial assets and liabilities, transaction costs are recorded in the statement of operations and changes in fund balances as incurred.

The organization has elected to continue to apply the requirements of Section 3861, *Financial Instruments - Disclosure and Presentation* in place of Sections 3862, *Financial Instruments - Disclosures* and Section 3863, *Financial Instruments - Presentation* as permitted for not-for-profit organizations.

(d) Investments:

Short-term and long-term investments (investments) are classified as held-for-trading and are carried at fair value. Fair value of investments is determined based on period end quoted market prices. Unrealized gains or losses on investments, representing the change in the difference between the fair value and the cost of investments at the beginning and end of each year, are reflected in investment income in the statement of operations and changes in fund balances.

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

(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.

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

(f) Contributed services:

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

(g) Future employee benefits:

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

(h) Deferred contributions:

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

(i) 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. **Changes in accounting policies:**

Effective April 1, 2009, the organization adopted the Canadian Institute of Chartered Accountants (CICA) amendments to the 4400 Sections of the CICA Handbook. These amendments affect the financial statement presentation and disclosure requirements for not-for-profit organizations. Adoption of these recommendations had no significant impact on the financial statements of the organization for the year ending March 31, 2010.

Effective April 1, 2009 the organization adopted the CICA's amendments to Section 1000 of the CICA Handbook. These amendments clarified the definitions and recognition criteria of assets, liabilities and expenses. Adoption of these recommendations had no significant effect on the financial statements of the organization for the year ending March 31, 2010.

4. **Restricted cash:**

As at March 31, 2010, the organization has restricted cash of $2,005,431 (2009 - $2,000,000) for future expansion and $2,580,387 (2009 - $1,825,687) for future payment of retirement entitlement obligations.

5. **Manitoba Health funding:**

(a) In-globe funding:

In-globe funding is funding approved 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 approved by Manitoba Health for specific programs such as medical remuneration, Provincial Oncology Drug Program approved drug costs, and capital and interest costs.

5. Manitoba Health funding (continued):

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

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

At March 31, 2010, the organization had a balance of $7,225,514 (2009 - $2,974,655) payable to Manitoba Health, representing repayment of out-of-globe medical remuneration and a balance of $3,996,708 (2009 - $2,620,442) receivable from Manitoba Health as follows:

	2010	2009
Provincial oncology drug program	$ 1,561,108	$ –
Retirement entitlement and employee benefits	1,218,213	–
Wait time funding	377,338	792,988
Colorectal screening program	343,844	343,844
Manitoba breast prostheses program	222,442	–
Other	166,015	46,580
Approved capital funding	107,748	555,092
Out-of-globe 2008/2009	–	881,938
	$ 3,996,708	$ 2,620,442

6. Accounts receivable:

			2010	2009
	General Fund	Clinical, Basic Research and Special Projects Fund	Total	Total
CancerCare Manitoba Foundation Inc. (note 17)	$ –	$ 3,476,821	$ 3,476,821	$ 4,399,620
Winnipeg Regional Health Authority	–	561,210	561,210	275,862
Government of Canada	–	56,372	56,372	107,923
University of Manitoba	–	119,225	119,225	183,198
University Medical Group	2,385,755	–	2,385,755	–
Other	261,782	1,151,837	1,413,619	1,029,360
	$ 2,647,537	$ 5,365,465	$ 8,013,002	$ 5,995,963

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, 2010, based on an actuarial estimate, the retirement entitlement obligations are estimated to be approximately $4,324,546 (2009 - $3,294,572) for which the organization has recorded retirement entitlement obligations on the statement of financial position (note 16).

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 (2009 - $1,419,400) and has no specific terms of repayment.

The fair value of the retirement entitlement obligation receivable from Manitoba Health approximates its carrying value as the interest component is comparable to current market rates.

8. Capital assets:

	Cost	Accumulated amortization	2010 Net book value	2009 Net book value
Capital Fund:				
Building	$ 61,340,976	$ 13,491,453	$ 47,849,523	$ 48,805,093
Equipment	35,964,809	21,527,596	14,437,213	11,315,870
Construction in progress (note 13)	3,591,408	–	3,591,408	2,117,689
	100,897,193	35,019,049	65,878,144	62,238,652
Clinical, Basic Research and Special Projects Fund:				
Equipment	3,185,934	2,409,053	776,881	973,144
	$ 104,083,127	$ 37,428,102	$ 66,655,025	$ 63,211,796

9. Deferred contributions:

(a) Expenses of future periods:

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

	2010	2009
Balance, beginning of year	$ 2,976,346	$ 1,849,144
Add amount received related to future periods	687,833	1,849,393
Add General Fund investment income transferred to deferred contributions - expenses of future periods	–	661,184
Less amounts transferred to deferred contributions - capital assets	(254,154)	(1,383,375)
Less amounts amortized to revenue	(652,548)	–
	$ 2,757,477	$ 2,976,346

During fiscal 2010, the organization elected to transfer unrestricted investment income in the General Fund of nil (2009 - $661,184) to deferred contributions - expenses of future periods.

9. Deferred contributions (continued):

(b) Capital assets:

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

	2010	2009
Balance, beginning of year	$ 64,015,940	$ 65,505,228
Additional contributions received	3,888,056	2,749,440
Add amounts transferred from deferred contributions - expenses of future periods	254,154	1,383,375
Less amounts amortized to revenue	(5,912,965)	(5,622,103)
	$ 62,245,185	$ 64,015,940

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

	2010	2009
Unamortized capital asset contributions used to purchase capital assets	$ 61,428,074	$ 63,189,461
Unspent contributions	817,111	826,479
	$ 62,245,185	$ 64,015,940

Unamortized capital contributions of $62,245,185 (2009 - $64,015,940) 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:

	2010	2009
Bearing interest at prime:		
Less 0.50%, repayable in monthly instalments of $28,765, plus interest	$ 2,472,079	$ 2,817,259
Less 0.50%, repayment terms to be established	4,521,752	1,739,093
Less 0.50%, repayment terms to be established	392,694	–
Less 0.50%, repayment terms to be established	292,855	–
Less 0.50%, repayment terms to be established	244,848	–
Less 0.50%, repayable in monthly instalments of $940, plus interest	161,107	169,567
	$ 8,085,335	$ 4,725,919

9. Deferred contributions (continued):

The organization has established arrangements for a bridge facility of non-revolving demand loans to a maximum of $25,000,000 (2009 - $15,000,000) to assist with the construction or expansion costs of approved projects or the acquisition of equipment and specialized equipment as approved by Manitoba Health. Interest is charged at the prime rate 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 $8,085,335 of this facility as of March 31, 2010 (2009 - $4,725,919).

Unamortized capital contributions of $62,245,185 (2009 - $64,015,940) also include contributions received from the Province of Manitoba to pay down third party borrowings that were utilized for the purchase of capital assets. The organization has executed promissory notes for these contributions. The promissory notes are payable to the Department of Finance of the Province of Manitoba, and the payment of these liabilities is guaranteed and funded by Manitoba Health. No further funding is expected to be received with respect to these obligations and no revenue or expense is recorded in connection with their extinguishment, except for the amortization of the deferred contributions. The balances of the promissory notes are as follows:

	2010	2009
6.25% maturing March 31, 2020, repayable in monthly instalments of $76,754, plus interest	$ 9,287,280	$ 10,208,333
Variable rate (30-day bankers' acceptance plus 25 basis points), maturing February 28, 2022, repayable in monthly instalments of $50,439, plus interest	7,263,158	7,868,421
4.80% maturing November 30, 2016, repayable in monthly instalments of $50,000, plus interest	4,000,000	4,600,000
	$ 20,550,438	$ 22,676,754

10. Invested in capital assets:

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

	2010	2009
Capital assets	$ 66,655,025	$ 63,211,796
Amounts financed by:		
Unamortized deferred contributions	(62,245,185)	(64,015,940)
Inter-fund and working capital	2,216,898	1,937,737
Accounts payable	(5,689,408)	–
	$ 937,330	$ 1,133,593

10. Invested in capital assets (continued):

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

	2010	2009
Surplus (deficit) for the year:		
Amortization of deferred contributions related to capital assets	$ 5,912,965	$ 5,622,103
Amortization of capital assets	(6,381,557)	(6,124,991)
	(468,592)	(502,888)
Invested in capital assets:		
Purchase of capital assets	9,824,786	4,332,040
Amounts funded by:		
Deferred contributions	(3,888,056)	(2,749,440)
Inter-fund and working capital	279,161	(281,628)
Amount transferred from deferred contributions- expenses of future periods	(254,154)	(1,383,375)
Accounts payable	(5,689,408)	–
	272,329	(82,403)
Total	$ (196,263)	$ (585,291)

11. Externally restricted fund balances:

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

	2010	2009
Restricted for research projects, education purposes and other specific purposes	$ 8,038,167	$ 7,359,044

12. Fair value of financial instruments:

The fair value of cash, restricted cash, due from Manitoba Health, accounts receivable, vacation entitlements receivable, accounts payable and accrued liabilities and due to Manitoba Health approximates their carrying value because of the relatively short period to maturity of the instruments. Investments disclosed in schedule 1 and 2 are recorded at fair value.

13. Commitments:

The organization has committed to spend US$17,464,800 over a two year period commencing in 2009 to purchase four linear accelerators and the related training and software. These expenditures will be debt financed, with loan payments, principal and interest to be provided by Manitoba Health. The organization's remaining commitment at March 31, 2010 is US$8,725,946.

In addition, the organization has committed to purchase a CT scanner at a cost of $920,200.

14. 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, 2010.

15. Economic dependence:

The organization received approximately 82 percent (2009 - 79 percent) of its total revenue from Manitoba Health and is economically dependent on Manitoba Health for continued operations.

16. Employee future benefits:

(a) Retirement entitlement obligations:

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

(i) have ten years service and have reached age 55; or

(ii) qualify for the "eighty" rule which is calculated by adding the number of years of service to the age of the employee; or

16. Employee future benefits (continued):

(iii) retire at or after age 65; or

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

The organization undertook an actuarial valuation of the accrued retirement entitlements as at March 31, 2010. The significant actuarial assumptions adopted in measuring the organization's accrued retirement entitlements include mortality, disability and withdrawal rates, a discount rate of 4.9 percent (2009 - 6.7 percent) and a rate of salary increase of 4.0 percent plus age-related merit/promotion scale (2009 - rate of salary increase of 3.5 percent plus age related merit/promotion scale). The actuarial valuation established the retirement entitlement obligations in the amount of $4,324,546 (2009 - $3,294,572) (note 7).

(b) 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 expenses 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.

(c) Pension plans:

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

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

16. Employee future benefits (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 actuarial valuation of the Plan as at December 31, 2007, reported that the Plan had a solvency deficiency. This 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 $2,788,762 (2009 - $2,493,132) and are included in the statement of operations and changes in fund balances. Contribution rates increased on July 1, 2007 to 6.8 percent of pensionable earnings up to the yearly maximum pensionable earnings limit (YMPE) and 8.4 percent on earnings in excess of the YMPE.

Some of the employees of the organization are eligible for membership in the provincially operated Civil Service Superannuation Plan. The pension liability for organization employees is included in the Province of Manitoba's liability for Civil Service Superannuation Fund. Accordingly, no provision is required in the financial statements relating to the effects of participating in the Civil Service Superannuation Plan by the organization and its employees. No contributions were made during 2010 or 2009 by the organization to the Civil Service Superannuation Plan on behalf of its employees.

17. CancerCare Manitoba Foundation Inc.:

The organization has an economic interest in CancerCare Manitoba Foundation Inc. (CCMF Inc.). At March 31, 2010, net resources of CCMF Inc. amounted to $33,595,432, of which $15,188,704 are restricted contributions. CCMF Inc.'s purpose is to support the organization in its provision of a program of diagnosis of, treatment of, and research in respect of cancer. CCMF Inc. will solicit, receive, maintain and accumulate funds for distribution on a periodic basis to the organization, to support principally research activities that are supplementary to those funded by Manitoba Health. During the year, CCMF Inc. contributed funds in the amount of $4,850,947 (2009 - $5,166,967) to the organization which are recorded in grant revenue in the statement of operations and changes in fund balances. Unpaid grants from fiscal 2010 and prior years amount to $3,476,821 at March 31, 2010 (2009 - $4,399,620).

18. Change in non-cash operating working capital:

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

	2010	2009
General Fund		
Due from Manitoba Health	$ (1,376,266)	$ 546,040
Accounts receivable	(2,578,605)	1,587,927
Prepaid expenses	227,686	(173,314)
Vacation entitlements receivable	(49,922)	(49,454)
Accounts payable and accrued liabilities	(1,093,317)	1,655,325
Due to Manitoba Health	4,250,859	976,519
	(619,565)	4,543,043
Capital Fund		
Accounts payable and accrued liabilities	5,683,785	5,623
Clinical, Basic Research and Special Projects Fund		
Accounts receivable	561,566	(223,062)
Accounts payable and accrued liabilities	14,035	(14,486)
	575,601	(237,548)
	$ 5,639,821	$ 4,311,118

19. Comparative figures:

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

CANCERCARE MANITOBA

Short-Term Investments

Year ended March 31, 2010, with comparative figures for 2009

March 31, 2010

Description	Interest rate %	Maturity date MM-DD-YYYY	Net cost	Market value
General Fund:				
Provincial Bonds	4.0%	05-19-2010	$ 1,011,000	$ 1,004,482
Corporate Bonds	3.6 to 5.22%	06-28-2010 to 10-01-2010	3,108,866	3,148,478
Other Bonds	3.50%	10-15-2010	498,511	508,365
Total short-term investments - General Fund			$ 4,618,377	$ 4,661,325
Special Projects Fund:				
Other Bonds	5.5%	06-01-2010	$ 526,675	$ 504,073
Total short-term investments - Special Projects Fund			$ 526,675	$ 504,073

March 31, 2009

Description	Interest rate %	Maturity date MM-DD-YYYY	Net cost	Market value
General Fund:				
Provincial Bonds	4.0%	05-19-2009	$ 1,496,124	$ 1,488,565
Total short-term investments - General Fund			$ 1,496,124	$ 1,488,565
Special Projects Fund:				
Provincial Bonds	4.45%	06-15-2009	$ 200,000	$ 202,360
Total short-term investments - Special Projects Fund			$ 200,000	$ 202,360

CANCERCARE MANITOBA

Schedule of Investments

Year ended March 31, 2010, with comparative figures for 2009

March 31, 2010

Par value	Description	Interest rate %	Maturity date MM-DD-YYYY	Net cost	Market value
General Fund:					
Bonds:					
$ 5,190,000	Provincial	3.15 to 5.25%	06-15-2010 to 12-03-2012	$ 5,406,403	$ 5,385,445
500,000	Municipal	4.125%	05-25-2011	502,750	514,208
2,073,000	Corporate	3.75 to 5.20%	10-01-2010 to 03-11-2018	2,161,032	2,158,570
7,763,000				8,070,185	8,058,223
Deposit Notes:					
500,000	Corporate	3.43%	07-16-2014	506,000	502,385
$ 8,263,000	Total investments - General Fund			$ 8,576,185	$ 8,560,608
Special Projects Fund:					
Bonds:					
$ 320,000	Provincial	5.00%	12-03-2013	$ 335,989	$ 344,823
1,599,000	Corporate	4.55 to 5.756%	06-01-2011 to 04-02-2020	1,650,367	1,695,095
1,919,000				1,986,356	2,039,918
Deposit Notes:					
320,000	Corporate	5.00%	09-10-2012	323,511	338,043
$ 2,239,000	Total investments - Special Project Fund			$ 2,309,867	$ 2,377,961

CANCERCARE MANITOBA

Schedule of Investments (continued)

Year ended March 31, 2010, with comparative figures for 2009

March 31, 2009

Par value	Description	Interest rate %	Maturity date MM-DD-YYYY	Net cost	Market value
General Fund:					
Bonds:					
$ 1,690,000	Provincial	4.00 to 5.25%	05-19-2010 to 12-03-2012	$ 1,735,548	$ 1,787,256
500,000	Municipal	4.125%	05-25-2011	509,855	521,392
832,000	Corporate	4.55 to 5.00%	10-01-2010 to 03-28-2011	835,497	846,390
502,000	Other	3.50%	10-15-2010	505,776	516,820
3,524,000				3,586,676	3,671,858
Deposit Notes:					
1,000,000	Corporate	5.25%	09-10-2012	1,010,971	1,061,448
$ 4,524,000	Total investments - General Fund			$ 4,597,647	$ 4,733,306
Special Projects Fund:					
Bonds:					
$ 500,000	Federal	5.50%	06-01-2010	$ 530,295	$ 527,988
320,000	Provincial	5.00%	12-03-2013	335,989	352,249
772,000	Corporate	4.55 to 5.15%	03-28-2011 to 06-06-2013	774,887	783,758
500,000	Other	3.50%	10-15-2010	538,269	547,263
2,092,000				2,179,440	2,211,258
Deposit Notes:					
320,000	Corporate	5.00%	09-10-2012	323,511	339,663
$ 2,412,000	Total investments - Special Project Fund			$ 2,502,951	$ 2,550,921

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITORS' REPORT

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

We have audited the statement of financial position of Le Centre culturel franco-manitobain as at March 31, 2010, and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
May 13, 2010

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

LE CENTRE CULTUREL FRANCO-MANITOBAIN
Statement of Financial Position

March 31	2010	2009
Assets		
Current Assets		
Cash and bank (Note 4)	**$ 1,490,409**	$ 511,673
Grants receivable	**85,569**	100,212
Accounts receivable	**85,077**	83,404
Accounts receivable - Province of Manitoba (Note 10)	**25,891**	25,891
Inventory	**6,596**	5,507
Prepaid expenses	**24,773**	12,117
	1,718,315	738,804
Non-Current Assets		
Capital assets (Note 3)	**54,711**	60,905
Deferred charges	**766**	2,604
	55,477	63,509
	$ 1,773,792	$ 802,313
Liabilities and Fund Balances		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 1,645,028**	$ 611,167
Deferred revenue (Note 5)	**11,334**	3,924
Rental and damage deposits	**10,475**	21,850
	1,666,837	636,941
Deferred contributions related to capital assets (Note 6)	**51,723**	57,170
	1,718,560	694,111
Commitments (Note 7)		
Fund Balances		
Unrestricted Funds		
Operations	**173,359**	219,825
Cultural Programs	**(121,114)**	(115,357)
Invested in capital assets	**2,987**	3,734
	55,232	108,202
	$ 1,773,792	$ 802,313

Approved on behalf of the Board of Directors:

______________________ Director

______________________ 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 **2010** 2009

	Operations	Cultural Programs	Capital	Total	Total
Revenue					
Administration fees	$ 2,647	$ -	$ -	$ 2,647	$ 782
Admission fees	-	57,924	-	57,924	53,767
Bar	77,202			77,202	112,050
Commissions	614	425	-	1,039	1,534
Corporate sponsorship and donations	211	9,475	-	9,686	12,243
Grants					
Government of Canada	-	228,365	-	228,365	177,025
Government of Manitoba	404,800	84,481	21,890	511,171	488,532
Miscellaneous	-	17,648	-	17,648	35,891
Amortization of deferred contributions	-	-	13,557	13,557	14,658
Interest	8,615	-	-	8,615	5,505
Miscellaneous	59,534	27,194	-	86,728	86,568
Rent (Note 11)	212,960	-	-	212,960	253,759
Sale of office supplies and other	11,815	-	-	11,815	10,262
Technical services	98,581	50	-	98,631	79,810
	876,979	425,562	35,447	1,337,988	1,332,386
Expenses					
Amortization of capital assets	-	-	14,304	14,304	15,489
Bar	64,527	-	-	64,527	62,806
Operations (Note 8)	858,918	431,319	-	1,290,237	1,162,407
Repairs (Note 9)	-	-	21,890	21,890	32,432
	923,445	431,319	36,194	1,390,958	1,273,134
Excess (deficiency) of revenue over expenses for the year	(46,466)	(5,757)	(747)	(52,970)	59,252
Fund balances, beginning of year	219,825	(115,357)	3,734	108,202	48,950
Fund balances, end of year	$ 173,359	$ (121,114)	$ 2,987	$ 55,232	$ 108,202

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	2010	2009
Cash Flows from Operating Activities		
Excess (deficiency) of revenue over expenses for the year	$ (52,970)	$ 59,252
Amortization of capital assets	14,304	15,489
Amortization of deferred charges	1,838	1,838
Amortization of deferred contributions related to capital assets	(13,557)	(14,658)
Net change in non-cash working capital items		
Grants receivable	14,643	9,286
Accounts receivable	(1,673)	(11,564)
Inventory	(1,089)	(1,779)
Prepaid expenses	(12,656)	24,107
Accounts payable and accrued liabilities	1,033,861	524,197
Deferred revenue	7,410	(14,475)
Rental and damage deposits	(11,375)	(7,625)
	978,736	584,068
Cash Flows from Financing and Investing Activities		
Purchase of capital assets	(8,110)	(42,276)
Contributions related to capital assets	8,110	42,276
	-	-
Increase in cash and bank for the year	978,736	584,068
Cash and bank (bank indebtedness), beginning of year	511,673	(72,395)
Cash and bank, end of year	$ 1,490,409	$ 511,673

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

1. General Information

Le Centre culturel franco-manitobain 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. Accounting Policies

Basis of Accounting

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for not-for-profit organizations established by the Canadian Institute of Chartered Accountants (CICA) using the deferral method of accounting.

Revenue Recognition

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.

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

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

Financial Instruments

The corporation's financial instruments consist of cash and bank, grants receivable, accounts receivable, accounts receivable - Province of Manitoba, bank indebtedness, and accounts payable and accrued liabilities.

All transactions related to financial instruments are recorded on a settlement date basis.

2. Accounting Policies (continued)

Financial Instruments (continued)

The corporation has designated its financial instruments as follows:

Cash and bank and bank indebtedness are classified as financial assets held for trading and are measured at fair value with gains and losses recognized in the statement of operations.

Grants receivable, accounts receivable and accounts receivable - Province of Manitoba are classified as loans and receivables. These financial assets are recorded at their amortized cost using the effective interest rate method.

Accounts payable and accrued liabilities are classified as other financial liabilities. These financial liabilities are recorded at their amortized cost using the effective interest rate method.

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%

Use of Building

The use of the building is accounted for as described in Note 11.

Use of Estimates

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

2. Accounting Policies (continued)

New Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the corporation, are as follows:

Future for Not-for-Profit Organizations (NPO) - In October 2009, the Accounting Standards Board (AcSB) tentatively decided that it will propose a choice between the accounting standards for private enterprises plus the current NPO accounting standards appropriately modified to fit with those standards, International Financial Reporting Standards or Public Sector Accounting Board standards (PSAB) with NPO standards added. The PSAB agreed that there was sufficient support to develop an NPO series of standards to add onto the PSAB standards similar to the current NPO standards, but appropriately modified to fit with PSAB standards. The two boards are working together and intend to issue an Exposure Draft for comment in the first half of 2010. Until the Boards make a final decision, all NPOs will continue to follow the current Canadian Institute of Chartered Accountants Handbook - Accounting.

The corporation continues to monitor the developments in this area and evaluate the implications of the potential changes in financial reporting standards.

3. Capital Assets

	2010		2009	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Technical equipment	**$ 166,451**	**$ 137,402**	$ 161,306	$ 130,140
Computer equipment	**126,973**	**123,463**	124,008	121,959
Kitchen equipment	**14,107**	**11,472**	14,107	10,813
Cash registers	**5,200**	**5,040**	5,200	5,000
Furniture and fixtures	**16,735**	**11,782**	16,735	10,543
Security system	**30,420**	**20,692**	30,420	18,261
Maintenance equipment	**26,411**	**21,735**	26,411	20,566
	$ 386,297	**$ 331,586**	$ 378,187	$ 317,282
Net book value		**$ 54,711**		$ 60,905

For the year ended March 31, 2010

4. Cash and Bank

The corporation has a line of credit with a maximum of $100,000 bearing interest at prime. The line of credit is secured by a general security agreement. At March 31, 2010, the line of credit was unutilized.

5. Deferred Revenue

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

	2010	2009
Balance, beginning of year	$ 3,924	$ 18,399
Grants and other amounts received during the year		
Operations Fund	8,410	1,000
Capital Fund	30,000	74,708
Less amounts recognized as revenue during the year		
Operations Fund	(1,000)	(15,475)
Capital Fund (Note 9)	(21,890)	(32,432)
Transfer to capital assets (Note 6)	(8,110)	(42,276)
Balance, end of year	$ 11,334	$ 3,924

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:

	2010	2009
Balance, beginning of year	$ 57,170	$ 29,552
Grants received during the year	8,110	42,276
Amount amortized to revenue	(13,557)	(14,658)
Balance, end of year	$ 51,723	$ 57,170

7. Commitments

The corporation has a joint line of credit with Le Cercle Molière with a maximum of $400,000 bearing interest at prime plus 0.5%. The line of credit will provide temporary financing to reimburse costs related to preliminary stages of Le Cercle Molière theatre construction. The line of credit is secured by a general security agreement. At March 31, 2010, the line of credit was unutilized.

8. Operations Fund and Cultural Programs Fund Expenses

	2010			2009
	Operations	Cultural Programs	Total	Total
Advertising and promotion	$ 4,442	$ 28,267	$ 32,709	$ 40,367
Bad debts	-	-	-	-
Bank charges and interest	5,395	-	5,395	4,716
Employment contracts	205	54,089	54,294	56,900
Equipment purchases	1,021	-	1,021	12,814
Equipment rental and maintenance	108,068	20,048	128,116	57,189
Insurance and permits	21,966	2,614	24,580	24,123
Meetings and travel	6,988	23,236	30,224	21,738
Miscellaneous	328	1,898	2,226	2,307
Office expenses	21,272	7,742	29,014	29,820
Pension	8,966	2,871	11,837	11,683
Professional fees	53,553	-	53,553	26,309
Salaries and benefits	431,095	215,029	646,124	602,187
Service contracts	71,908	73,134	145,042	117,486
Supplies	30,448	2,391	32,839	69,253
Training	911	-	911	1,176
Utilities and outside maintenance	92,352	-	92,352	84,339
	$ 858,918	$ 431,319	$ 1,290,237	$ 1,162,407

9. Capital Fund Expenses

	2010	2009
Material	$ 794	$ 3,500
Repairs and maintenance	21,096	28,932
	$ 21,890	$ 32,432

10. 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.

11. 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 utility and maintenance costs related to the Centre du Patrimoine. The corporation recovers the utility and maintenance costs from La Société historique de Saint-Boniface.

12. Financial Risk Management

The corporation is exposed to different types of risk in the normal course of operations, including credit risk and market risk. The corporation'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 corporation'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 corporation to credit risk consist principally of accounts receivable.

12. Financial Risk Management (continued)

The corporation's maximum exposure to credit risk without taking account of any collateral or other credit enhancements is as follows:

	2010	2009
Grants receivable	**$ 85,569**	$ 100,212
Accounts receivable	**85,077**	83,404
Accounts receivable - Province of Manitoba	**25,891**	25,891
	$ 196,537	$ 209,507

Accounts receivable: The corporation is not exposed to significant credit risk as the receivable is 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.

Fair Value

The carrying values of cash and bank, bank indebtedness, grants receivable, accounts receivable, accounts receivable - Province of Manitoba 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. Capital Management

The corporation considers its capital to be comprised of its Fund Balances Invested in Capital Assets in the amount of $2,987 ($3,734 in 2009) and its Unrestricted Fund Balances, which include its Operations Fund Balance totalling $173,359 ($219,825 in 2009) and Cultural programs Fund Balance totalling $(121,114) ($(115,357) in 2009). There have been no changes to what the corporation considers to be its capital since the previous period.

The Board's capital management policy is to maintain sufficient capital to cover its costs of operations and to meet its objectives. As a not-for-profit entity, the corporation's operations are reliant on revenues generated annually. The corporation has accumulated unrestricted funds over its history, which are included in the Operations Fund balance in the Statement of Operations and Changes in Fund Balances. A portion of the accumulated unrestricted 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 remaining unrestricted funds are available for the use of the corporation at the Board's discretion.

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

Unrestricted Funds

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

Cultural Programs - Includes transactions related to the delivery of cultural programs as outlined in the objectives of the corporation.

Restricted Funds

Capital - Involves external 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 Capital Fund representing the corporation's net investment in capital assets.

14. Comparative Amounts

Certain comparative amounts have been restated to conform to the current year's presentation.

Tel/Tél.: 204 956 7200
Fax/Téléc.: 204 926 7201
Toll-free/
Sans frais: 800 268 3337
www.bdo.ca

BDO Canada LLP/s.r.l.
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Rapport des vérificateurs

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

Nous avons vérifié le bilan du **Collège universitaire de Saint-Boniface** au 31 mars 2010 et les états de l'évolution des soldes de fonds, des résultats, et des flux de trésorerie pour l'exercice terminé à cette date. La responsabilité de ces états financiers incombe à la direction du **Collège universitaire de Saint-Boniface**. Notre responsabilité consiste à exprimer une opinion sur ces états financiers en nous fondant sur notre vérification.

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

À notre avis, ces états financiers donnent, à tous les égards importants, une image fidèle de la situation financière du **Collège universitaire de Saint-Boniface** au 31 mars 2010, ainsi que des résultats de son exploitation et de ses flux de trésorerie pour l'exercice terminé à cette date selon les principes comptables généralement reconnus du Canada.

BDO Canada SRL

Comptables agréés

Winnipeg (Manitoba)
Le 4 mai 2010

Collège universitaire de Saint-Boniface
Bilan

Au 31 mars	2010	2009
	000 $	000 $
Actif		
Actif à court terme		
Encaisse (note 3)	**772**	-
Placements à court terme (note 4)	**2 782**	885
Comptes à recevoir et autres actifs	**6 388**	5 850
	9 942	6 735
Placements à long terme (note 4)	**17 634**	17 054
Immobilisations (note 5)	**14 798**	13 197
	42 374	36 986
Passif et soldes de fonds		
Passif à court terme		
Découvert bancaire (note 3)	**-**	316
Comptes à payer et frais courus	**4 000**	3 437
Revenus reportés	**389**	386
Contributions reportées (note 6)	**1 184**	1 044
	5 573	5 183
Engagements (note 8)		
Soldes de fonds		
Non grevés d'affectations	**1 673**	865
Affectations d'origine interne (note 9)	**9 577**	8 748
Investis en immobilisations	**14 798**	13 197
Fonds de dotation (note 10)	**10 753**	8 993
	36 801	31 803
	42 374	36 986

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

______________________________ Président

______________________________ Rectrice

Les notes afférentes font partie intégrante de ces états financiers.

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

Pour l'exercice terminé le 31 mars

	Non grevés d'affectations 000 $	Affectations d'origine interne (note 9) 000 $	Investis en immobilisations 000 $	Fonds de dotation 000 $	2010 000 $	2009 000 $
Solde, au début de l'exercice	865	8 748	13 197	8 993	31 803	31 615
Excédent des revenus sur les dépenses pour l'exercice	1 657	-	1 412	1 929	4 998	188
Transfert au (du) fonds d'affectation d'origine interne (note 9)						
Revenus - intérêts	(114)	114	-	-	-	-
Campagne de collecte de fonds/ appariement des dons	160	(160)	-	-	-	-
Projets d'immobilisations importantes	(875)	875	-	-	-	-
	(829)	829	-	-	-	-
Virements interfonds						
Achats d'immobilisations	(20)	-	189	(169)	-	-
Changement net de l'exercice	808	829	1 601	1 760	4 998	188
Solde, à la fin de l'exercice	1 673	9 577	14 798	10 753	36 801	31 803

Les notes afférentes font partie intégrante de ces états financiers.

Collège universitaire de Saint-Boniface
État des résultats

Pour l'exercice terminé le 31 mars	2010	2009
	000 $	000 $
Revenus		
Subventions		
Provincial	**14 643**	13 415
Fédéral	**5 067**	5 577
Droits de scolarité	**3 584**	3 464
Autres revenus	**2 482**	1 966
Dons	**1 184**	600
Produits financiers	**2 194**	(1 047)
	29 154	23 975
Dépenses		
Salaires et avantages sociaux	**17 771**	16 559
Matériel et autres	**4 294**	4 998
Amortissement	**684**	712
Services publics	**566**	580
Déplacements et conférences	**526**	674
Bourses et prix	**315**	264
	24 156	23 787
Excédent des revenus sur les dépenses pour l'exercice	**4 998**	188

Les notes afférentes font partie intégrante de ces états financiers.

Collège universitaire de Saint-Boniface
État des flux de trésorerie

Pour l'exercice terminé le 31 mars	2010	2009
	000 $	000 $
Flux de trésorerie liés aux activités d'exploitation		
Excédent des revenus sur les dépenses pour l'exercice	**4 998**	188
Éléments hors caisse		
Amortissement des immobilisations	**684**	712
	5 682	900
Variations d'éléments du fonds de roulement		
Comptes à recevoir et autres actifs	**(538)**	(821)
Comptes à payer et frais courus	**563**	(120)
Revenus reportés	**3**	(20)
Contributions reportées	**140**	(77)
	5 850	(138)
Flux de trésorerie liés aux activités d'investissement		
Achats d'immobilisations	**(2 285)**	(1 563)
(Augmentation) diminution des placements	**(2 477)**	1 203
	(4 762)	(360)
Augmentation (diminution) nette	**1 088**	(498)
Encaisse (découvert bancaire), au début de l'exercice	**(316)**	182
Encaisse (découvert bancaire), à la fin de l'exercice	**772**	(316)

Les notes afférentes font partie intégrante de ces états financiers.

1. Autorité et objectifs

Le **Collège universitaire de Saint-Boniface** (le Collège) est constitué en corporation dans la province du Manitoba depuis 1871. Le Collège est régi par son Bureau des gouverneurs sous l'autorité de la *Loi sur le Collège universitaire de Saint-Boniface*, C.P.L.M. c. C150.2.

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

Le capital du Collège est composé des fonds suivants : fonds non grevés d'affectations; fonds d'affectations d'origine interne; fonds investis en immobilisations; et fonds de dotation. Il n'y a eu aucun changement à ce que le Collège considère être son capital depuis l'année précédente.

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

Le Collège gère son capital afin de s'assurer qu'il maintient les ressources nécessaires pour satisfaire ses objectifs. Le Collège veille aussi à maintenir les ressources nécessaires pour satisfaire à ses obligations telles que les dépenses générales et administratives, les réparations majeures et l'achat des immobilisations requises.

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

Méthode de comptabilité

Les présents états financiers ont été dressés conformément aux principes comptables généralement reconnus du Canada. Le Collège a adopté la méthode de comptabilité par fonds, et a comptabilisé les apports selon la méthode de comptabilité par fonds affectés. Les apports affectés sont comptabilisés à titre de revenus pour l'exercice au cours duquel les dépenses relatives sont engagées. Les apports non affectés sont comptabilisés à titre de revenus pour l'exercice au cours duquel ils sont reçus.

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

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

Méthode de comptabilité (suivi)

Fonds de fonctionnement général

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

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

Fonds de dotation

Le Fonds de dotation est constitué de sommes d'argent ou de valeurs mobilières obtenues par voie de legs ou de dotation et dont le capital est généralement maintenu intact ou est affecté, tout comme les produits financiers qui en découlent aux fins déterminées par le testateur ou donateur.

Fonds des immobilisations

Le Fonds des immobilisations représente les actifs nets du Collège qui ne sont pas disponibles pour d'autres buts parce qu'ils ont été investis en immobilisations.

Constatation des revenus

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

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

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

Constatation des revenus (suivi)

Les accords de financement qui sont conclus, sous forme de billets à ordre, avec le gouvernement provincial pour la construction ou l'acquisition d'immobilisations sont enregistrés comme des subventions d'immobilisations. Ces billets à ordre seront remboursés à partir du financement futur accordé par le gouvernement provincial par l'intermédiaire du Conseil de l'enseignement postsecondaire (CEP). Les subventions d'immobilisations, selon la méthode de comptabilité par fonds affectés, sont comptabilisées à titre de revenus dans l'état des résultats. Le financement futur reçu du CEP en lien avec les billets à ordre pour couvrir les frais d'intérêts et les paiements du principal est exclu de l'état des résultats.

Les apports destinés à la dotation sont comptabilisés à titre de revenus du Fonds de dotation. Quant aux produits financiers générés par les ressources du Fonds de dotation, peu importe que ceux-ci aient été affectés ou non, ils sont comptabilisés à titre de revenus du Fonds de dotation.

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

Instruments financiers

Les instruments financiers du Collège comprennent l'encaisse, les placements, les comptes à recevoir, le découvert bancaire, et les comptes à payer et les frais courus.

Les justes valeurs de l'encaisse ou découvert bancaire, des comptes à recevoir et des comptes à payer et frais courus se rapprochent de leurs valeurs comptables en raison des échéances à court terme de ces instruments.

Les justes valeurs des placements à court terme et à long terme sont estimées soit d'après le cours du marché pour des émissions similaires, soit d'après le taux actuel prévu pour des dettes similaires garanties par le gouvernement, de même échéance.

Le Collège classe ses instruments financiers comme suit :

- L'encaisse et les placements à court et à long termes sont classés comme actifs financiers détenus à des fins de transactions et sont reportés au bilan à la juste valeur avec les intérêts, les dividendes, les gains et les pertes réalisés et non réalisés comptabilisés sous la rubrique « Produits financiers » dans l'état des résultats.

- Les comptes à recevoir sont classés comme prêts et créances. Ces instruments financiers sont comptabilisés à leur coût.

- Le découvert bancaire et les comptes à payer et frais courus sont classés comme autres passifs financiers. Ces passifs financiers sont comptabilisés à leur coût amorti.

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

Instruments financiers (suivi)

Les coûts des transactions liées aux instruments financiers sont portés aux dépenses à mesure qu'ils sont engagés selon leur date de transaction.

Le Collège n'a fait l'acquisition d'aucun produit financier dérivé, que ce soit à titre d'instruments de couverture des risques de change ou de taux d'intérêt ou pour gérer les positions de change.

Inventaires

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

Immobilisations

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

Immeubles et améliorations	60 ans
Terrain de stationnement	20 ans
Équipement et ameublement	10 ans
Équipement informatique et logiciels	5 ans

L'amortissement est comptabilisé dans le Fonds des immobilisations.

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

Le Collège reçoit quelquefois des dons en nature qui sont comptabilisés à leur juste valeur lorsque celle-ci peut faire l'objet d'une estimation raisonnable. Toutefois, ces dons en nature ne sont pas amortis. La valeur des dons en nature reçus au cours de l'exercice terminé le 31 mars 2010 a été d'environ 13 800 $, et la valeur de ceux qui ont été reçus antérieurement n'a pas été jugée significative.

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

Conversion de devises étrangères

Les montants relatifs à l'achat et à la vente de placements ainsi qu'aux revenus de dividendes et intérêts dans une devise étrangère sont convertis en dollars canadiens au taux de change en vigueur à la fin de l'année. Les actifs et les passifs monétaires détenus dans une devise étrangère sont convertis en dollars canadiens au taux de change en vigueur à la fin de l'année. Les pertes ou les gains réalisés ou non réalisés sur des placements détenus dans une devise étrangère sont comptabilisés sous la rubrique « Produits financiers » dans l'état des résultats.

Fonds grevés d'affectations d'origine interne

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

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

Main-d'œuvre bénévole

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

Emploi des estimations

Selon les principes comptables généralement reconnus du Canada, la préparation des états financiers exige que la direction établisse des estimations et formule des hypothèses qui affectent la valeur de l'actif et du passif en date des états financiers, et la valeur des revenus et des dépenses de l'exercice en cours. Les résultats réels pourraient différer des meilleures estimations faites par la direction, au fur et à mesure que des informations supplémentaires seront disponibles.

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

Nouvelles prises de position en comptabilité

Les nouvelles prises de position en comptabilité qui ont été publiées mais qui ne sont pas encore en vigueur et qui ont une conséquence possible pour le Collège sont les suivantes :

Avenir pour les organismes sans but lucratif (OSBL)

En octobre 2009, le Conseil des normes comptables (CNC) a provisoirement décidé qu'il proposera un choix entre les normes comptables pour les entreprises à capital fermé plus les normes comptables actuelles pour les OSBL convenablement modifiées pour s'adapter à ces normes, les Normes internationales d'information financière ou les normes prescrites par le Conseil sur la comptabilité dans le secteur public (CCSP) avec les normes OSBL ajoutées. Le CCSP a convenu qu'il y avait un soutien suffisant pour développer une série de normes d'OSBL à ajouter aux normes du CCSP similaire aux normes OSBL courantes, mais convenablement modifiées pour s'adapter avec les normes du CCSP. Les deux conseils oeuvrent ensemble et veulent publier un exposé-sondage afin de susciter des commentaires dans la première moitié de 2010. Jusqu'à ce que les conseils prennent une décision finale, tous les OSBL continueront à suivre le Manuel de l'Institut canadien des comptables agréés - Comptabilité.

Le Collège continue de surveiller les développements dans ce domaine et d'évaluer les implications des changements potentiels dans les normes de communication de l'information financière.

3. Encaisse (découvert bancaire)

Le Collège dispose d'une marge de crédit d'un montant autorisé de 3 000 000 $ portant des intérêts au taux préférentiel plus 0,25 %. La marge de crédit est garantie par un contrat de sûreté général en premier rang sur les actifs du Collège, sauf l'immobilier. Le Collège n'utilise pas sa marge de crédit en date du 31 mars 2010 ni au 31 mars 2009. Le découvert bancaire en date du 31 mars 2009 de 316 000 $ était en raison des chèques en circulation.

Pour l'exercice terminé le 31 mars 2010

4. Placements

	2010	2009
	000 $	000 $
À court terme		
Encaisse et titres à revenus fixes à court terme	**2 782**	885
À long terme		
Titres à revenus fixes à long terme	**10 346**	11 871
Actions canadiennes	**4 506**	3 096
Actions américaines	**1 426**	1 099
Actions étrangères	**1 344**	976
Autres	**12**	12
	17 634	17 054
	20 416	17 939

Les titres à revenus fixes à long terme portent des intérêts variant de 3,75 % à 10 % (de 4 % à 10 % en 2009) et viennent à échéance entre le 9 mai 2011 et le 30 juin 2108 (le 19 mai 2010 et le 31 décembre 2053 en 2009).

5. Immobilisations

			2010	2009
	Coût	**Amortissement cumulé**	**Valeur comptable nette**	Valeur comptable nette
	000 $	**000 $**	**000 $**	000 $
Terrain de stationnement	**878**	**93**	**785**	26
Immeubles et améliorations	**18 800**	**7 852**	**10 948**	10 867
Équipement et ameublements	**5 285**	**3 616**	**1 669**	1 862
Équipement informatique et logiciels	**5 823**	**5 436**	**387**	442
Construction en cours	**1 009**	**-**	**1 009**	-
	31 795	**16 997**	**14 798**	13 197

6. Contributions reportées

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

	2010	2009
	000 $	000 $
Solde, au début de l'exercice	**1 044**	1 121
Apports reçus	**1 827**	2 000
Virements aux revenus	**(1 687)**	(2 077)
Changement net de l'exercice	**140**	(77)
Solde, à la fin de l'exercice	**1 184**	1 044

7. Obligations relatives aux avantages sociaux et au régime de pension des employés

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

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

8. Engagements

Location d'équipement

Le Collège est locataire de pièces d'équipement inhérentes à ses activités. Les dates d'expiration des contrats de location visés s'échelonneront sur les cinq prochains exercices financiers. Les loyers ainsi exigibles s'élèvent à moins de 80 000 $ par année.

Auto-assurance

Le Collège est membre du Mécanisme d'assurance réciproque pour les universités canadiennes (CURIE), une coopérative d'auto-assurance qui comprend au-delà de quarante universités et collèges canadiens. CURIE assure les dommages à la propriété, la responsabilité civile et les risques d'erreur et d'omission. Si les primes perçues et les réserves cumulées sont insuffisantes pour couvrir les dépenses et les réclamations des membres, le Collège pourrait se voir dans l'obligation de payer des sommes additionnelles.

Construction en cours

Le Collège a entrepris la construction d'un édifice, le Pavillon des sciences de la santé, pour un coût total de 13 millions de dollars. Ce projet sera complété en 2011 et sera financé en partie par des subventions fédérales et provinciales totalisant 6 millions de dollars octroyées dans le cadre du Programme de l'infrastructure du savoir et en partie par des dons externes en plus d'un programme d'appariement de dons de la Province du Manitoba. Au 31 mars 2010, les coûts encourus pour ce projet étaient de 1 824 000 $ et le Collège avait conclu des engagements contractuels de l'ordre de 3 361 000 $.

Renouvellement des systèmes administratifs

En mars 2010, le Collège a adopté un projet de renouvellement des systèmes administratifs qui sera entamé dès le 1er avril 2010. Le projet aura un budget total de 1 200 000 $. Après la fin de l'exercice financier, le Collège a conclu des engagements contractuels par rapport à ce projet de l'ordre de 800 000 $.

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

	Début de l'exercice	Opérations majorations	Ajouts (retraits)	Fin de l'exercice
	000 $	000 $	000 $	000 $
Bourses et prix	2 245	28	-	2 273
Campagne de collecte de fonds/ appariement des dons	1 089	11	(160)	940
Projets stratégiques	1 198	14	-	1 212
Projets d'immobilisations importantes	1 733	31	875	2 639
Financement de transition de programmes et de services	2 483	30	-	2 513
	8 748	114	715	9 577

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

Selon la politique en vigueur, les fonds d'affectations d'origine interne portent l'intérêt au taux annuel de l'indice des prix à la consommation de 1,2 % (1,7 % en 2008-2009). Cette mesure vise à protéger les soldes contre les effets de l'inflation.

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

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

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

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

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

a) recherche : les fonds destinés à suppléer au Fonds de fonctionnement général pour effectuer les projets de recherche entrepris par les professeurs et les professeures;

b) bibliothèque : les fonds destinés à suppléer au Fonds de fonctionnement général pour l'achat de matériel documentaire nécessaire dans le but d'appuyer l'enseignement et la recherche;

c) recrutement, marketing, encadrement de la clientèle étudiante, soutien linguistique, programme de sécurité et autres projets de fonctionnement : les fonds destinés à suppléer, de façon ponctuelle, aux besoins de base dans une situation où les ressources disponibles sont insuffisantes.

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

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

10. Fonds de dotation

Le Fonds de dotation est constitué de fonds soumis à divers niveaux de restrictions sur l'utilisation du capital et des revenus générés tels que :

	2010	2009
	000 $	000 $
Fonds à capital permanent	**9 231**	8 428
Fonds de projets d'infrastructure ou d'équipement	**909**	94
Fonds sans restrictions	**613**	471
	10 753	8 993

Fonds à capital permanent - Ce fonds comprend, entre autres, les fonds de familles, de fondations et de corporations. Il comprend les dons assujettis à des restrictions des donateurs et dont le capital est généralement maintenu à perpétuité. Le revenu de placement généré par ces fonds doit être utilisé en accord avec les diverses intentions exprimées par les donateurs par exemple aux bourses et aux prix pour les étudiants et étudiantes. Le Collège a établi une politique visant à préserver la valeur réelle de ces fonds. Le montant du revenu pouvant être dépensé est limité et un montant est ajouté pour la préservation du capital. Le montant ajouté pour la préservation du capital peut varier d'année en année avec la variabilité des rendements annuels du capital investi, mais à long terme, l'intention est que ce montant viendra compenser l'effet cumulatif de l'inflation.

Fonds de projets d'infrastructure ou d'équipement - Ce fonds comprend des dons reçus spécifiquement pour des projets tels que le Pavillon des sciences de la santé. La totalité de ces fonds sera transférée au fonds d'immobilisations pour couvrir les achats du projet en question. En 2009-2010, un montant de 169 000 $ a été transféré au fonds d'immobilisations pour la construction en cours du Pavillon des sciences de la santé.

Fonds sans restrictions - Ce fonds comprend des dons reçus qui ne sont pas assujettis à des restrictions et permet alors au Collège de choisir l'affectation selon ses besoins prioritaires de développement.

Dans le cadre de ses responsabilités fiduciaires, le Collège s'assure que tous les fonds accompagnés de restrictions qui ont été reçus sont dépensés aux fins auxquelles ils ont été donnés.

11. Gestion des risques financiers

Le Collège, dans le cours normal de ses activités, est exposé à différents risques, notamment le risque de crédit, du marché et des variations aux taux d'échange. L'objectif du Collège en matière de gestion des risques est de favoriser l'optimisation du rapport risque-rendement, à l'intérieur de limites définies, en appliquant des stratégies, des politiques ainsi que des processus de gestion et de contrôle des risques intégrés à l'ensemble des activités du Collège.

Risque de crédit

Le risque de crédit est le risque de perte couru par le Collège lorsqu'une contrepartie à un instrument financier ne réussit pas à respecter ses obligations contractuelles. Le Collège est exposé principalement au risque de crédit au niveau des placements et des comptes à recevoir.

L'exposition maximale du Collège au risque de crédit, qui ne tient compte d'aucune garantie ni d'autres améliorations des termes de crédit, est la suivante :

	2010	2009
	000 $	000 $
Placements	**20 416**	17 939
Comptes à recevoir - inscriptions et autres	**699**	493
Comptes à recevoir - subventions	**5 488**	5 193
	26 603	23 625

Il y a concentration du risque au niveau des placements lorsqu'une portion importante du portefeuille est constituée de placements dans des valeurs présentant des caractéristiques semblables ou sensibles aux mêmes facteurs économiques, politiques ou autres. Les énoncés de la politique et des procédures de placements du Collège, qui sont revus chaque année, spécifient les placements admissibles ainsi que les lignes directrices et les restrictions concernant chaque catégorie de placements admissibles, de manière à réduire le risque. Le Collège contrôle la santé financière de ses placements de manière continue avec l'aide de son comité de finances, de son sous-comité de placements et de ses conseillers en placements.

Le Collège n'est pas exposé au risque de crédit significatif pour les comptes à recevoir – subventions parce qu'ils sont principalement recevables du gouvernement.

11. Gestion des risques financiers (suivi)

Le Collège n'est pas exposé au risque de crédit significatif puisque les comptes à recevoir – inscriptions et autres viennent d'une grande base de clients et le paiement est typiquement entièrement acquitté lorsqu'il est dû. Le Collège a établi une provision pour créances douteuses qui représente son évaluation des pertes de crédit potentielles. La provision pour créances douteuses est fondée sur les évaluations et les hypothèses de la gestion concernant les conditions de marché courantes, l'analyse des clients et les tendances historiques de paiement.

Risque du marché

Le risque du marché correspond au risque de variation de la juste valeur d'instruments financiers découlant d'une fluctuation des paramètres affectant cette valeur, notamment les taux d'intérêt, les taux de change et leur volatilité.

Les titres négociables détenus par le Collège sont soumis aux risques du marché. La valeur de ces instruments financiers fluctuera selon l'évolution des cours du marché ou des facteurs influant sur la valeur des placements qui les sous-tendent, tels que les taux d'intérêt, l'indice des prix à la consommation, l'incertitude économique, les modifications législatives, et la conjoncture politique à l'échelle nationale et internationale.

Risque de change

Les fluctuations de la valeur du dollar canadien par rapport aux devises étrangères se répercuteront sur la valeur, en dollars canadiens, de tout titre négociable détenu par le Collège. Ces fluctuations pourraient réduire, voire effacer, tout rendement obtenu sur des titres étrangers. La position de change pourrait accroître la volatilité des investissements étrangers par rapport aux investissements canadiens.

12. Chiffres comparatifs

Certains chiffres de l'année précédente ont été modifiés afin de refléter les changements apportés à la présentation de l'année courante.

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

Au 31 mars

	Fonctionnement général 000 $	Immobilisations 000 $	Dotation 000 $	2010 000 $	2009 000 $
Actif					
Actif à court terme					
Encaisse (note 3)	772	-	-	772	-
Placements à court terme (note 4)	1 603	-	1 179	2 782	885
Comptes à recevoir et autres actifs	6 097	-	291	6 388	5 850
	8 472	-	1 470	9 942	6 735
Placements à long terme (note 4)	9 230	-	8 404	17 634	17 054
Immobilisations (note 5)	-	14 798	-	14 798	13 197
Interfonds	(883)	-	883	-	-
	16 819	14 798	10 757	42 374	36 986
Passif et soldes de fonds					
Passif à court terme					
Découvert bancaire (note 3)	-	-	-	-	316
Comptes à payer et frais courus	3 996	-	4	4 000	3 437
Revenus reportés	389	-	-	389	386
Contributions reportées (note 6)	1 184	-	-	1 184	1 044
	5 569	-	4	5 573	5 183
Engagements (note 8)					
Soldes de fonds					
Non grevés d'affectations	1 673	-	-	1 673	865
Affectations d'origine interne (note 9)	9 577	-	-	9 577	8 748
Investis en immobilisations	-	14 798	-	14 798	13 197
Fonds de dotation (note 10)	-	-	10 753	10 753	8 993
	11 250	14 798	10 753	36 801	31 803
	16 819	14 798	10 757	42 374	36 986

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

Pour l'exercice terminé le 31 mars

	Fonctionnement général 000 $	Immobilisations 000 $	Dotation 000 $	2010 000 $	2009 000 $
Revenus					
Subventions					
Provincial	13 296	1 347	-	14 643	13 415
Fédéral	4 318	749	-	5 067	5 577
Droits de scolarité	3 584	-	-	3 584	3 464
Autres revenus	2 452	-	30	2 482	1 966
Dons	-	-	1 184	1 184	600
Produits financiers	1 142	-	1 052	2 194	(1 047)
	24 792	2 096	2 266	29 154	23 975
Dépenses					
Salaires et avantages sociaux	17 771	-	-	17 771	16 559
Matériel et autres	4 151	-	143	4 294	4 998
Amortissement	-	684	-	684	712
Services publics	566	-	-	566	580
Déplacements et conférences	526	-	-	526	674
Bourses et prix	121	-	194	315	264
	23 135	684	337	24 156	23 787
Excédent des revenus sur les dépenses pour l'exercice	1 657	1 412	1 929	4 998	188

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

Pour l'exercice terminé le 31 mars

	Universitaire 000 $	École technique et professionnelle 000 $	Éducation permanente 000 $	Fonds administratif 000 $	Institut Joseph-Dubuc 000 $	Centre de recherche 000 $	2010 000 $	2009 000 $
Revenus								
Subventions								
Provincial	8 792	3 315	48	1 138	-	3	13 296	12 372
Fédéral	1 169	556	232	1 621	323	417	4 318	5 287
Droits de scolarité	2 164	765	590	65	-	-	3 584	3 464
Autres revenus	363	85	861	880	162	101	2 452	1 951
Produits financiers	-	-	-	1 142	-	-	1 142	(453)
	12 488	4 721	1 731	4 846	485	521	24 792	22 621
Dépenses								
Salaires et avantages sociaux	10 612	3 779	1 483	1 612	118	167	17 771	16 559
Matériel et autres	1 699	602	219	1 093	293	245	4 151	4 876
Services publics	304	60	12	190	-	-	566	580
Déplacements et conférences	208	84	80	75	28	51	526	668
Bourses et prix	75	32	-	15	-	(1)	121	88
Transferts internes	14	2	1	(81)	30	34	-	-
	12 912	4 559	1 795	2 904	469	496	23 135	22 771
Excédent (insuffisance) des revenus sur les dépenses pour l'exercice	(424)	162	(64)	1 942	16	25	1 657	(150)

BDO

Tel/Tél.: 204 956 7200
Fax/Téléc.: 204 926 7201
Toll-free/
Sans frais: 800 268 3337
www.bdo.ca

BDO Canada LLP/s.r.l.
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Auditors' Report

To the Directors of
COMMUNITIES ECONOMIC DEVELOPMENT FUND

We have audited the statement of financial position of the **COMMUNITIES ECONOMIC DEVELOPMENT FUND** as at March 31, 2010 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
May 20, 2010

COMMUNITIES ECONOMIC DEVELOPMENT FUND
Statement of Financial Position

March 31	2010	2009
Assets		
Current Assets		
Cash	$ 190,293	$ 138,765
Trust deposits - Province of Manitoba	687,164	513,295
Due from the Province of Manitoba (Note 2)	2,331,109	2,350,535
Accounts receivable	88,938	124,393
Property held for resale	4,425	4,425
Prepaid expenses	6,478	4,361
	3,308,407	3,135,774
Loans receivable (Note 3)	21,768,639	20,755,975
Capital assets (Note 4)	1,032,241	1,088,355
	$ 26,109,287	$ 24,980,104
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	$ 497,559	$ 487,631
Funds held in trust (Note 5)	479,588	-
Deferred contributions (Note 6)	200,000	-
Interest payable to the Province of Manitoba	475,855	525,352
	1,653,002	1,012,983
Commitments and contingencies (Note 7)		
Accrued pension liability (Note 2)	2,147,146	1,994,336
Advance by the Province of Manitoba (Note 8)	22,309,139	21,972,785
	$ 26,109,287	$ 24,980,104

Approved on behalf of the Board:

________ Director

________ Director

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

COMMUNITIES ECONOMIC DEVELOPMENT FUND
Statement of Operations

For the year ended March 31	2010	2009
Revenue		
Loan interest		
Business program	**$ 749,952**	$ 755,523
Fisheries program	**963,340**	1,097,595
Investment income	**20,206**	48,358
	1,733,498	1,901,476
Cost of Funds		
Interest paid to the Province of Manitoba		
Business program	**514,610**	573,726
Life insurance	**82,927**	79,933
Trust line of credit	**30,986**	68,817
Fisheries program	**491,852**	549,071
Other	**213**	-
	1,120,588	1,271,547
Gross margin	**612,910**	629,929
Operating expenditures (Page 18)	**1,800,497**	2,030,980
	(1,187,587)	(1,401,051)
Other income - administration fees	**160,042**	167,328
Deficiency of revenue over expenditures before provision for doubtful loans	**(1,027,545)**	(1,233,723)
Provision for doubtful loans - regular operations	**487,276**	280,832
Deficiency of revenue over expenditures before subsidy due from the Province of Manitoba	**(1,514,821)**	(1,514,555)
Subsidy due from the Province of Manitoba	**1,514,821**	1,514,555
Excess of revenue over expenditures for the year	**$ -**	$ -

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

COMMUNITIES ECONOMIC DEVELOPMENT FUND
Statement of Cash Flows

For the year ended March 31	2010	2009
Cash Flows from Operating Activities		
Deficiency before subsidy	$ (1,514,821)	$ (1,514,555)
Adjustments for		
Amortization of capital assets	66,299	8,316
Provision for doubtful loans	487,276	280,832
	(961,246)	(1,225,407)
Accounts receivable	35,455	(68,782)
Accrued interest receivable	(81,621)	(51,748)
Prepaid expenses	(2,117)	346
Accounts payable	9,928	(230,110)
Funds held in trust	479,588	-
Deferred contributions	200,000	-
Accrued interest payable	(49,497)	12,655
Accrued pension liability	152,810	98,916
	(216,700)	(1,464,130)
Cash Flows from Financing Activities		
(Increase) decrease - Due from the Province of Manitoba	19,426	(380,184)
Increase - Advance by the Province of Manitoba	336,354	1,149,180
Subsidy - Province of Manitoba	1,514,821	1,514,555
	1,870,601	2,283,551
Cash Flows from Investing Activities		
Loans receivable, net of repayments	(1,244,451)	549,599
Purchase/construction of capital assets	(10,185)	(1,032,189)
Property held for resale	-	88
Trust deposits	(173,868)	(232,098)
	(1,428,504)	(714,600)
Net increase in cash and cash equivalents	225,397	104,821
Cash and cash equivalents, beginning of year	652,060	547,239
Cash and cash equivalents, end of year	$ 877,457	$ 652,060
Represented by		
Cash	$ 190,293	$ 138,765
Trust deposits - Province of Manitoba	687,164	513,295
	$ 877,457	$ 652,060
Supplementary Information		
Interest paid	$ (1,138,960)	$ (1,197,282)
Interest received	1,649,453	1,800,738

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

Financial Instruments

The Fund recognizes and measures financial assets and financial liabilities on the Statement of Financial Position when they become a party to the contractual provisions of a financial instrument. All transactions related to financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, loans and receivables, held-to-maturity, available for sale or other financial liabilities.

Transaction costs for financial instruments are expensed as incurred.

The corporation classifies its financial instruments as follows based on the purpose for which the asset was acquired and follows the disclosed accounting policy for each category.

Assets/Liability	Category	Measurement
Cash	Held for trading	Fair value
Trust deposits	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Loans receivable	Loans and receivables	Amortized cost
Due from Province	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Funds held in trust	Other financial liabilities	Amortized cost
Deferred contributions	Other financial liabilities	Amortized cost
Interest payable to Province	Other financial liabilities	Amortized cost

- Held for trading items are carried at fair value, with changes in their fair value recognized in the statement of operations.

- Other financial liabilities are carried at amortized cost, using the effective interest method.

Financial Instruments (continued)

- Loans and receivables are carried at amortized cost, using the effective interest rate method, less any provision for impairment. Loans considered uncollectible are written-off. Recoveries on loans previously written-off are taken into income. In the absence of readily ascertainable market values, management has estimated that fair value would not differ materially from carrying value. Factors considered in this determination include underlying collateral, market conditions, financial data and projections of the borrowers. Because of the inherent uncertainty of valuation, the estimate of fair value may differ significantly from the values that would have been used had a ready market for the assets existed.

Allowance for Doubtful Loans

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

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

Revenue Recognition

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

Pension Expense and Obligation

The employees of the Fund are not members of the Civil Service of the Province of Manitoba but they contribute to, and are pensionable under, the Civil Service Superannuation Fund. In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Fund will contribute 50% of the pension payments made to retired employees. The current pension expense consists of the Fund's share of pension benefits paid to retired employees, as well as the increase in the unfunded pension liability during the fiscal year. This liability is determined actuarially every three years with the balances for the intervening years being determined by a formula provided by the actuary. The most recent actuarial valuation as at December 31, 2007 indicated the accrued liability is in line with the obligation forecast in the report.

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

The total liability as at March 31, 2010 amounts to $2,147,146 (2009 - $1,994,336).

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%

Use of Estimates and Measurement Uncertainty

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

New Accounting Pronouncements

Future for Not-for-Profit Organizations (NPO)

The Accounting Standards Board (AcSB) is currently developing new accounting standards for not-for-profit organizations (NPOs). Until such a time that the AcSB makes a final decision, all NPOs will continue to follow accounting standards currently in effect.

1. Nature of the Fund

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

2. Due from the Province of Manitoba

Annually, the Province of Manitoba provides a grant to cover the Fund's anticipated subsidy requirements for the year. The amount of $2,331,109 (2009 - $2,350,535) represents additional funds needed to cover the actual requirements for the year including coverage for the pension liability. The balance is comprised of the following:

	2010	2009
Department of Aboriginal and Northern Affairs		
Subsidy (refundable)	**$ 47,587**	$ 188,429
Order in Council pending	**70,976**	107,281
Pension (unfunded)	**2,128,671**	1,973,284
Pension (funded)	**18,475**	16,141
Severance accrual (unfunded)	**65,400**	65,400
	$ 2,331,109	$ 2,350,535

For the year ended March 31, 2010

3. Loans Receivable

	2010	2009
Business Loan Program		
- Interest rates applied range from 4.25% to 9.88%		
Principal	**$ 11,973,837**	$ 11,189,982
Accrued interest	**845,954**	793,581
	12,819,791	11,983,563
Allowance for doubtful loans (Note 9)	**2,167,479**	2,050,981
	10,652,312	9,932,582
Fisheries Loan Program		
- Interest rates applied range from 4.89% to 7.13%		
Principal	**13,397,464**	12,904,372
Accrued interest	**1,079,595**	1,050,348
	14,477,059	13,954,720
Allowance for doubtful loans (Note 9)	**3,360,732**	3,131,327
	11,116,327	10,823,393
	$ 21,768,639	$ 20,755,975

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

	2010 Gross Loan Balances	**2010** Total Allowance	2009 Gross Loan Balances	2009 Total Allowance
Business Loan Program				
Impaired	**$ 2,905,031**	**$ 1,671,741**	$ 2,340,180	$ 1,607,266
Performing	**9,914,760**	**495,738**	9,643,381	443,715
	$ 12,819,791	**$ 2,167,479**	$ 11,983,561	$ 2,050,981
Fisheries Loan Program				
Impaired	**$ 3,360,732**	**$ 3,360,732**	$ 3,131,327	$ 3,131,327
Performing	**11,116,326**	**-**	10,823,393	-
	$ 14,477,058	**$ 3,360,732**	$ 13,954,720	$ 3,131,327

For the year ended March 31, 2010

4. Capital Assets

			2010	2009
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 92,482	$ -	$ 92,482	$ 92,482
Office furniture and equipment	146,252	114,448	31,804	32,793
Building	931,236	23,281	907,955	926,580
Parking lot	73,000	73,000	-	36,500
Total	$ 1,242,970	$ 210,729	$ 1,032,241	$ 1,088,355

5. Funds Held in Trust

The Fund has received funds in trust from the Government of Manitoba to be administered as directed by the Government regarding the following:

Establishment of the Metis Economic Development Fund	$ 358,388
Direct Food Buy Project for the Island Lake Area	121,200
	$ 479,588

6. Deferred Contributions

The Government of Manitoba has contributed $200,000 to the Fund to cost share on an equal basis with the Fund to establish the Non-Timber Forest Products Program.

7. Commitments and Contingencies

Loan Commitments

	2010	2009
Undisbursed balance of approved loans	$ 645,377	$ 1,578,621

Equipment Commitments

The Fund has entered into lease agreements for various office equipment. The minimum lease payments over the next three years are as follows:

2011	$5,628
2012	$2,350
2013	$2,350

7. Commitments and Contingencies (continued)

Contingencies

The Fund has been named as a defendant in a statement of claim. At the time of preparation of these financial statements, the outcome of this claim is not determinable and, accordingly, no provision for settlement (if any) has been recorded in these financial statements. Settlement amounts (if any) will be charged to operations in the year of settlement.

8. Advance by the Province of Manitoba

	2010	2009
Business Loan Program (Note 10)	**$ 12,536,774**	$ 11,261,380
Fisheries Loan Program (Note 10)	**8,792,606**	9,711,405
Building mortgage	**979,759**	1,000,000
	$ 22,309,139	$ 21,972,785

The Fund obtains capital for the purpose of carrying out its mandate of providing financial assistance in the form of loans and guarantees through loans provided by the Department of Finance. Term loans bear interest at the rates posted by the Department of Finance at time of issue. The Fund also has the option to draw funds on floating rates set periodically at the Royal Bank prime rate minus 3/4%. At year end, the Fund's instruments bore rates ranging from 2.38% to 5.38% with a weighted cost of capital of 3.75%.

9. Allowance for Doubtful Loans

The change in the allowance is accounted for as follows:

	Specific	Non-Specific	2010 Total	2009 Total
Business Loan Program				
Balance, beginning of year	$ 1,607,266	$ 443,715	$ 2,050,981	$ 2,019,245
Provision for the year	147,753	52,023	199,776	175,832
	1,755,019	495,738	2,250,757	2,195,077
Loans written-off	(83,278)	-	(83,278)	(144,096)
Balance, end of year	$ 1,671,741	$ 495,738	$ 2,167,479	$ 2,050,981

	2010	2009
Fisheries Loan Program		
Balance, beginning of year	$ 3,131,327	$ 3,026,327
Provision for the year	287,500	105,000
	3,418,827	3,131,327
Loans written-off	(58,095)	-
Balance, end of year	$ 3,360,732	$ 3,131,327

The provision for fish loan losses recorded by the Fund exceeds the value derived by the net present value formula as at March 31, 2010 by $301,970 (2009 - $374,081).

	2010	2009
Loan Loss Provision		
Per accounts	$ 3,360,732	$ 3,131,327
Per net present value calculation	(3,058,762)	(2,757,246)
	$ 301,970	$ 374,081

10. Loan Programs

Business Loan Program

The Communities Economic Development Fund is included under the Province of Manitoba's Loan Act Authority. Advances from the Province of Manitoba bear interest at rates established by the Minister of Finance pursuant to "The Loan Act, 2009". The advances are repayable at any time in whole or in part at the option of the Lieutenant Governor in Council.

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

	2010	2009
Advances, beginning of year	$ 13,419,642	$ 12,887,269
Loan advances	3,207,171	2,590,197
Loan advance repayments	(1,799,479)	(1,950,543)
Loan write-offs	(70,976)	(107,281)
	14,756,358	13,419,642
Unfunded allowance, beginning of year	2,158,262	2,181,847
Provision for doubtful loans	199,776	175,832
Write-offs (Order in Council approved)	(138,454)	(199,417)
	2,219,584	2,158,262
Net balance, end of year (Note 8)	$ 12,536,774	$ 11,261,380

Fisheries Loan Program

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

	2010	2009
Advances, beginning of year	$ 12,842,716	$ 13,240,135
Loan advance repayments	(631,299)	(301,778)
Loan write-offs	(39,232)	(95,641)
	12,172,185	12,842,716
Unfunded allowance, beginning of year	3,131,311	3,121,952
Provision for doubtful loans	287,500	105,000
Write-offs (Order in Council approved)	(39,232)	(95,641)
	3,379,579	3,131,311
Net balance, end of year (Note 8)	$ 8,792,606	$ 9,711,405

11. Loan Act Authority

Amounts authorized for advances under "The Loan Act, 2009" are as follows:

	2010
Per Schedule A of "The Loan Act, 2009"	$ 9,225,000
Per Schedule B of "The Loan Act, 2008"	6,450,012
Direct loans	15,675,012
Authority used	6,800,000
Unused Loan Act capital available	$ 8,875,012

12. Economic Dependence

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

13. Capital Management

The Fund considers its capital to be comprised of advances from the Province of Manitoba. There has been no change to what the Fund considers to be its capital since the prior period.

The Fund manages its capital to ensure it retains sufficient cash resources to enable it to carry out its strategic plan. The Fund endeavours to manage its subsidy from the Province of Manitoba within $1,500,000 on an annual basis.

14. Financial Instrument Risk Management and Exposures

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

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

Credit Risk
Credit risk is the risk of loss to the Fund if a counterparty to a financial instrument fails to meet its contractual obligations. The Fund has significant outstanding loans and is mainly exposed to credit risk through the credit quality of the individuals and businesses to whom the Fund has loaned funds.

14. Financial Instrument Risk Management and Exposures (continued)

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 ability to pay, and value of collateral available to secure the loan. The Fund's maximum exposure to credit risk, without taking into account any collateral or other credit enhancements is $21,768,639 ($20,755,975 in 2009).

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 $22,455,803 ($21,269,270 in 2009) in interest bearing deposits and loans receivable at March 31, 2010. 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 based on its weighted average cost of capital.

Fair Value
The carrying values of cash, trust deposits, amounts due from the Province of Manitoba, advances, accounts receivable and accounts payable and accrued liabilities and interest payable to the Province of Manitoba approximate their fair value due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

The fair value of loans receivable are not practical to determine due to the limited amount of comparable market information available and the uncertainty of the timing of cash flows of the loans. The carrying value of the accrued pension liability approximates the fair value as an annual calculation and update of the liability is done.

15. Comparative Figures

Comparative figures from the prior period have been reclassified to conform with the current year's presentation.

COMMUNITIES ECONOMIC DEVELOPMENT FUND
Schedule of Operating Expenditures

For the year ended March 31	2010	2009
Amortization of capital assets	$ 66,299	$ 49,472
Building expenses	2,707	47,408
Collection costs	46,269	177,632
Communications	37,425	41,148
Credit reports	2,672	2,617
Directors' fees and expenses	59,321	60,023
Government vehicles	24,243	14,086
Insurance	4,659	4,529
Legal costs	40,070	151,563
MAFRI	97,834	58,336
Mortgage interest	52,060	41,856
NFDC	-	51,556
Office supplies and expenses	43,591	29,389
Pension	195,733	184,262
Professional fees	25,564	72,125
Rent and utilities	28,171	68,276
Repairs and maintenance	25,174	4,529
Salaries and benefits	986,167	872,958
Sundry	18,216	22,321
TEAM	142	23,815
Travel	44,180	53,079
	$ 1,800,497	$ 2,030,980

Housing and Community Development

The Co-operative Loans and Loans
Guarantee Board
203-280 Broadway
Winnipeg MB R3C 0R8

August 26, 2010

The Co-operative Loans and Loans Guarantee Board

Responsibility for Financial Reporting

The accompanying Schedule of Loan Guarantee Transactions, and other financial information in the Annual Report for the year ended March 31, 2010, are the responsibility of management and have been approved by the Board. This Schedule was prepared by management in accordance with the accounting policies set out in Note 2 to the Schedule. Any financial information contained elsewhere in the Annual Report conforms to the Schedule of Loan Guarantees.

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

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

Original signed by

Joy Cramer,
Chairperson

Manitoba
spirited energy

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITORS' REPORT
On the Schedule of Loan Guarantee Transactions

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

We have audited the schedule of loan guarantee transactions of The Co-operative Loans and Loans Guarantee Board as at March 31, 2010. This financial information is the responsibility of the Board's management. Our responsibility is to express an opinion on this schedule based on our audit.

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

In our opinion, this schedule presents fairly, in all material respects, the loan guarantee transactions of the Board as at March 31, 2010, in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
August 26, 2010

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

The Co-operative Loans and Loans Guarantee Board

Schedule of Loan Guarantee Transactions
for the year ended March 31, 2010

	Loan Guarantees at March 31, 2009 $	Additions $	Cancellations $	Loans Guarantees at March 31, 2010 $
Loan Guarantees: (Note 3)				
Organic Producer Association of Manitoba Co-op Inc.		97,750		97,750
Lakeview Consumer Cooperative Ltd.	24,000			24,000
	24,000	97,750	0	121,750

Approved by the Board:

Original signed by
______________________ Chairperson

Original signed by
______________________ Secretary

The Co-operative Loans and Loans Guarantee Board

Notes to the Schedule
for the year ended March 31, 2010

1. Nature of Operations

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

2. Accounting Policies

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

b) In the event of a default on a loan guarantee, the Province of Manitoba is responsible for the payout of the guaranteed amount.

3. Loan Guarantees

a) <u>Organic Producer Association of Manitoba Co-op Inc.</u>
On July 14, 2009, the Board approved a loan guarantee not to exceed 85% of the amount outstanding on a line of credit at any time. The line of credit shall not exceed $115,000. The Sunrise Credit Union accepted the loan guarantee and signed an agreement with Organic Producer Association of Manitoba Co-op Inc. dated December 7, 2009. The maximum amount of the line of credit shall reduce by $15,000 on April 15, 2010, and by a further $40,000 on April 15, 2011. The loan guarantee ceases April 1, 2012. The actual amount of the line of credit at March 31, 2010 is $8,657.

b) <u>Lakeview Consumer Co-op Ltd.</u>
On December 19, 2006, the Board approved a $30,000 loan guarantee. The Winnipeg River Brokenhead Community Futures Development Corporation accepted the loan guarantee and signed an agreement with Lakeview Consumer Co-op Ltd. dated March 5, 2007. The loan guarantee shall reduce by $6,000 per year beginning on May 3, 2008.

The Co-op ceased operation on September 12th, 2008 and the lender subsequently advised that the loan had not been repaid. The amount to be paid out in respect of this guarantee is not determinable at this time. The amount could be from $0 to $24,000 plus interest.

During 2009/10 the Board made a proposal to the lender, but the terms have not yet been accepted.

The Co-operative Loans and Loans Guarantee Board

Notes to the Schedule
for the year ended March 31, 2010

4. Loan Act Authority

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

Authority	Outstanding Expenditure Authority
The Loan Act, 2009	
Guarantees	$3,500,000
Less: Amounts committed by the Board	121,750
	$3,378,250

5. Compensation Disclosure

The Public Sector Compensation Disclosure Act requires disclosure of the aggregate compensation paid to The Co-operative Loans and Loans Guarantee Board members and of individual compensation paid to board members or staff where such compensation exceeds $50,000 per year. For the period from April 1, 2009 to March 31, 2010, The Co-operative Loans and Loans Guarantee Board paid Board members an aggregate of $166 (2009 $0). This amount is included in Note 7.

6. Commitment

On February 16, 2010, the Board approved a loan guarantee of up to 100% of the amount outstanding on a line of credit to a maximum of $45,000 subject to conditions. These conditions were met subsequent to March 31, 2010 and therefore will be reflected as a loan guarantee transaction in the 2010-11 fiscal year.

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 2010 is estimated at $10,905 (2009 - $4,678) with another $16,080 (2009 - $2,107) 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.

Housing and Community Development

The Cooperative Promotion Board
203-280 Broadway
Winnipeg MB R3C 0R8

July 8, 2010

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, 2010, are the responsibility of management and have been approved by the Board. The financial statements were prepared by management in accordance with Canadian generally accepted accounting principles. 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 generally accepted auditing standards. The Auditors' Report outlines the scope of the audit examination and provides the audit opinion.

Original signed by

Joy Goertzen
Secretary of the Board

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITORS' REPORT

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

We have audited the balance sheet of The Cooperative Promotion Board as at March 31, 2010, the General Account statement of revenue and expense and fund balance, the Commercial Fishing Account statement of revenue and expense and fund balance and the statement of cash flow for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
July 8, 2010

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

The Cooperative Promotion Board

Balance Sheet
as at March 31, 2010

	2010	2009
ASSETS		
General Account		
Current Assets		
Cash (Note 3)	$ 115,549	$ 325,403
Accounts Receivable	2,650	508
Prepaid Expenses	587	-
Total Current Assets	118,786	325,911
Investments (Note 4)	200,000	-
Total General Account	318,786	325,911
Commerical Fishing Account		
Current Assets		
Cash (Note 3)	72,654	72,285
Total Current Assets	72,654	72,285
Investments (Note 4)	533	523
Total Commercial Fishing Account	73,187	72,808
Total Assets	$ 391,973	$ 398,719
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts Payable - General Account	$ 3,500	$ 3,500
Fund Balances		
General Account - Contributed Capital	128,800	128,800
General Account	186,486	193,611
Commerical Fishing Account (Note 5)	73,187	72,808
	388,473	395,219
Total Liabilities and Fund Balances	$ 391,973	$ 398,719

Approved on behalf of the Board

Original signed by ______________________ Secretary

Original signed by ______________________ Member

General Account
Statement of Revenue and Expense and Fund Balance
for the year ended March 31, 2010

	2010	2009
Revenue		
Interest	$ 4,558	$ 8,076
Administrative expenses paid for by the Province of Manitoba (Note 2e)	22,741	27,389
Total Revenue	27,299	35,465
Expense		
Grants (Schedule 1)	9,900	21,975
General and Administrative		
Annual Report	439	212
Board Members' Remuneration	495	1,100
Board Members' Meals and Travel	640	948
Membership Fee	824	800
Miscellaneous	143	61
Professional Fees	3,492	2,789
Administrative Expenses (Note 2e)	18,491	22,390
Total General and Administrative	24,524	28,300
Total Expense	34,424	50,275
Excess of Expense over Revenue	(7,125)	(14,810)
Fund Balance, beginning of year	193,611	208,421
Fund Balance, end of year	$ 186,486	$ 193,611

Commerical Fishing Account
Statement of Revenue and Expense and Fund Balance
for the year ended March 31, 2010

	2010	2009
Revenue		
Interest	$ 369	$ 1,345
Dividend	10	15
Total Revenue	379	1,360
Expense		
Grants	-	-
Total Expense	-	-
Excess of Revenue (under) over Expense	379	1,360
Fund Balance, beginning of year	72,808	71,448
Fund Balance, end of year	$ 73,187	$ 72,808

The Cooperative Promotion Board

Statement of Cash Flow
for the year ended March 31, 2010

		General Account		Commercial Fishing Account		2010		2009
Excess of Revenue Over (Under) Expense	$	(7,125)	$	379	$	(6,746)	$	(13,450)
Cash Flows from Operating Activities								
Changes in working capital balances								
(Increase)/Decrease in Accounts Receivable		(2,142)				(2,142)		-
(Increase)/Decrease in Prepaid Expenses		(587)				(587)		-
(Decrease)/Increase in Accounts Payable		-				-		(5,911)
Cash Flows from Investing Activities								
Purchase of GIC		(200,000)				(200,000)		-
Dividend from ACU Shares				(10)		(10)		(15)
Increase/(Decrease) in Cash		(209,854)		369		(209,485)		(19,376)
Cash Balance at Beginning of the Year		325,403		72,285		397,688		417,064
Cash Balance at End of the Year	$	115,549	$	72,654	$	188,203	$	397,688

Supplementary Information:

Interest received	$	2,366	$	369	$	2,735	$	9,421

Notes to the Financial Statements
For the year ended March 31, 2010

1. Nature and Objectives of the Board

The Cooperative Promotion Board (the Board) operates under the terms of The Cooperative Promotion Trust Act (The Act), which came into force on December 20, 1988. The Board is a continuation of the Board established under The Wheat Board Money Trust Act. The Wheat Board Money Trust Act was repealed when the Cooperative Promotion Trust Act came into force. The Department of Housing and Community Development administers the activities of the Board.

General Account

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

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

Commercial Fishing Account

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

2. Accounting Policies

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

b) **New Accounting Policies**
Effective April 1, 2009 the Board adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA):

Not-For-Profit Organizations
The CICA amended a number of standards applicable to not-for-profit organizations (NFPOs) and issued new standard, CICA 4470 *Disclosures of Allocated Expenses by Not-for-Profit Organizations.*

CICA 4400 *Financial Statement Presentation by Not-For-Profit Organizations* was amended to:

- Clarify that revenues and expenses must be recognized and presented on a gross basis when a not-for-profit organization is acting as a principal in transactions; and
- Make Section 1540 *Cash Flow Statements* applicable to NFPOs

Section 4430 *Capital Assets Held by Not-For-Profit Organizations* was amended to provide additional guidance with respect to the appropriate use of the scope exemption for smaller entities.

Section 4460 *Disclosure of Related Party Transactions by Not-For-Profit Organizations* was amended to make the language in Section 4460 consistent with Section 3840 *Related party Transactions.*

New Section CICA 4470 *Disclosure of Allocated Expenses by Not-For-Profit Organizations* establishes disclosure standards for not-for-profit organizations that choose to classify their expenses by function and allocate expenses from one function to another.

The adoption of these new requirements had no material impact on the Board's financial statements for the year ended March 31, 2010, except that a cash flow statement and a related party transactions note are now disclosed.

Section 1000 Financial Statement Concepts
This section has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle.

The revised requirements were effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The adoption of this standard had no effect on the Board's financial statements for the year ended March 31, 2010.

c) **Financial Instruments**
Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. The Board is required to designate its financial instruments into one of the following five categories: held for trading; available for sales; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and fund balance, respectively. All other financial instruments are subsequently measured at amortized cost.

The financial instruments of the Board consist of cash, accounts receivable, investments and accounts payable.

The Board has designated its financial instruments as follows:

Cash is classified as financial assets held for trading and is measured at fair value with gains and losses recognized in net earnings. Due to the redeemable nature of this financial asset, carrying value is considered to be fair value.

Investments held in the General Account are classified as financial assets held to maturity and are measured at amortized cost using the effective interest rate method. At March 31, 2010, the current prevailing interest rates for similar investments were the same as on the purchase date, therefore, the carrying value approximates fair value.

Investments held in the Commercial Fishing Account are classified as financial assets held for trading and are measured at fair value with gains and losses recognized in net earnings. Due to the lack of an active market, cost is considered to be fair value.

Accounts receivable are classified as loans and receivables. These financial assets are recorded at their amortized cost using the effective interest rate method.

Accounts payable are classified as other financial liabilities. These financial liabilities are recorded at their amortized cost using the effective interest rate method.

It is management's opinion that the Board is not exposed to significant interest, currency or credit risk arising from these financial instruments.

The fair value of accounts receivable and accounts payable approximates their carrying values due to their short-term nature.

The Board continues to apply *Section 3861 Financial Instruments – Disclosure and Presentation*.

d) **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. Actual results could differ from these estimates.

e) **Revenue Recognition**
Interest Revenue – Interest revenue earned from cash balances on hand and the Guaranteed Investment Certificate (GIC) are recorded on an accrual basis.

Administrative Expenses Paid for by the Province of Manitoba – The Province of Manitoba provides the services of support staff, other administrative support services, office space and utilities. The cost of support staff for 2010 is estimated at $18,491 (2009-$22,390) with another $4,250 (2009-$4,999) 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.

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

3. Cash

General Account

The cash balance for the General Account includes $103,540 (2009-$321,174) held in a high yield savings account at Assiniboine Credit Union at a fixed rate of 0.80% effective March 31, 2010. Interest is paid monthly.

Commercial Fishing Account

The cash balance for the Commercial Fishing Account is held in a high yield savings account at Assiniboine Credit Union at a fixed rate of 0.50% effective March 31, 2010. Interest is paid monthly.

4. Investments

General Account

On October 5, 2009 a 24 month non-cashable Guaranteed Investment Certificate (GIC) was purchased in the amount of $200,000 (2009-$0) held at Assiniboine Credit Union earning interest at a fixed rate of 2.25% compounded daily. Interest is paid yearly upon the October anniversary date.

Commercial Fishing Account	**2010**	**2009**
Assiniboine Credit Union – Surplus Shares	$533	$523

5. Commercial Fishing Account

During 1993 and 1994, Northern Cooperative Services, Ltd. donated $41,724 to the Board subject to the condition that these funds are to be used exclusively for the promotion and development of commercial fishing in Manitoba. These funds have earned interest and the balance available at March 31, 2010 is $73,187 (2009 $72,808).

6. 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 exceeds $50,000 per year. For the period of April 1, 2009 to March 31, 2010, the Cooperative Promotion Board paid Board members an aggregate of $495. No individuals received compensation greater than $50,000.

7. Commitments

As of March 31, 2010, the Board has approved grants in the amount of $31,825, for which the grant applicants 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.

8. Capital Disclosures

The Board's objective when managing its capital is to maintain sufficient capital to cover its costs of operations. The Board's capital consists of Contributed Capital, the General Account Fund Balance as well as the Commercial Fishing Account Fund Balance.

The Board meets its capital objectives through interest revenue earned.

The Board is subject to externally imposed capital requirements as imposed by Section 4(6) of The Act. This Section requires that the Board maintain a minimum realizable value of $129,000, essentially the amount of the Contributed Capital. The Board complied with the externally imposed capital requirements during the year.

9. Comparative Figures

Certain comparative figures have been reclassified to conform with current year presentation.

Schedule of Grants
for the year ended March 31, 2010

General Account	**2010**	**2009**
CCA & CCCM 2008 Congress	$ -	$ 2,966
Co-op Ventures Worker Co-op	3,000	-
CWCF 2008 Conference	-	3,570
Devco Training (June Session)	-	2,782
Direct Farm Marketing/Prairie Fruit Growers Ass. (PFGA)	-	1,201
Elton Energy Co-op	-	1,242
Farmers' Markets Association of Manitoba	3,400	-
Manitoba Cooperative Association Inc	3,000	6,000
MOMA Trade	-	2,500
Western Feed Grain Development Co-op	500	1,714
Total of Grants	$ 9,900	$ 21,975

THE COUNCIL ON POST-SECONDARY EDUCATION

Responsibility for Financial Statements

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

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

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

"Original signed by Carlos Matias"

Carlos Matias, CGA
A/Chief Financial Officer

"Original signed by Sid Rogers"

Sid Rogers
Secretary

July 2, 2010
Winnipeg, Manitoba

Auditors' Report

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

We have audited the statement of financial position of The Council on Post-Secondary Education as at March 31, 2010, and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Council on Post-Secondary Education as at March 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

**"Original signed by Office
of the Auditor General"**

July 2, 2010
Winnipeg, Manitoba

Statement of Financial Position
As at March 31, 2010

	2010	2009
ASSETS		
Current Assets:		
Cash	$ 633,473	$ 264,343
Accounts receivable, Province of Manitoba	2,009,348	1,265,915
Prepaid Expenses	63,500	-
	2,706,321	1,530,258
Long-term Receivable:		
Province of Manitoba (Note 4)	1,235,663	1,169,701
Capital Assets (Note 6)	46,278	34,389
Total Assets	$ 3,988,262	$ 2,734,348
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 143,727	$ 106,638
Grants payable	2,293,629	1,165,000
	2,437,356	1,271,638
Long-term Liabilities:		
Provision for employees' severance benefits (Note 7)	131,662	118,375
Provision for employer's share of employees' pension benefits (Note 8)	1,131,522	1,065,560
	1,263,184	1,183,935
Total Liabilities	3,700,540	2,455,573
Net Assets		
Investment in Capital Assets	46,278	34,389
Unrestricted Net Assets	241,444	244,386
	287,722	278,775
	$ 3,988,262	$ 2,734,348

Contractual Obligations (Note 9)

Approved on Behalf of the Council

______________________________"Signed by Sid Rogers"

______________________________"Signed by James Allum"

THE COUNCIL ON POST- SECONDARY EDUCATION

Statement of Operations
For the year ended March 31, 2010

	2010	2009
Revenues:		
Province of Manitoba grants:		
Department of Advanced Education and Literacy	$ 542,361,777	$ 507,480,744
Other	1,424,700	1,541,900
Interest	-	16,375
Total Revenues	543,786,477	509,039,019
Expenses:		
Operating grants	480,129,901	434,592,584
Support programs	1,556,380	1,473,765
College Expansion Initiative grants	32,930,947	31,277,827
Post Secondary Strategic grants	895,613	1,110,800
Equipment and Renovations grants	6,733,600	7,986,600
Major Capital grants	5,174,588	5,084,000
Access grants	9,077,400	8,582,800
Tuition Rebate grants	-	12,975,991
Inter-Provincial Training Agreement	4,943,741	4,501,451
Administrative and Other, Schedule 1	2,335,360	1,434,651
Total Expenses	543,777,530	509,020,469
Excess of Revenues over Expenses	$ 8,947	$ 18,550

Statement of Changes in Net Assets
For the year ended March 31, 2010

	2010			2009
	Investment in Capital Assets	Unrestricted Net Assets	Total	Total
Balance, Beginning of Year	$ 34,389	$ 244,386	$278,775	$260,225
Excess of Revenues over Expenses	-	8,947	8,947	18,550
Inter-fund Transfers			-	-
Capital Purchases	45,286	(45,286)		
Amortization	(33,397)	33,397	-	-
Balance, End of Year	$46,278	$241,444	$287,722	$278,775

Statement of Cash Flows
For the year ended March 31, 2010

	2010	2009
Cash Provided by (Used In) Operating Activities:		
Excess of Revenues over Expenses	$ 8,947	$ 18,550
Amortization	33,397	10,113
	42,344	28,663
Net Change in Non-Cash Working Capital Items:		
(Increase) in prepaid expenses	(63,500)	-
(Increase) in accounts receivable	(743,433)	(519,807)
Increase (Decrease) in accounts payable and accrued liabilities	37,089	(121,823)
Increase in grants payable	1,128,629	550,092
	401,129	(62,875)
Cash Provided by (Used In) Financing Activities:		
(Increase) Decrease in long-term receivable – Province of Manitoba	(65,962)	73,233
Increase in provision for employees' severance benefits	13,287	11,836
Increase (Decrease) in provision for employer's share of employees' pension benefits	65,962	(73,233)
	13,287	11,836
Cash Used In Investing Activities:		
Purchase of capital assets	(45,286)	(20,035)
(Decrease) Increase in Cash for the Year	369,130	(71,074)
Cash, beginning of year	264,343	335,417
Cash, end of year	$ 633,473	$ 264,343

Supplementary Financial Information

	2010	2009
Interest Received	-	$16,375

Schedule 1

THE COUNCIL ON POST-SECONDARY EDUCATION

Schedule of Administrative and Other Expenses
For the year ended March 31, 2010

	2010	2009
Amortization	$ 33,397	$ 10,113
Automobile and traveling	39,268	56,161
Capital Review	-	66,204
Commission on Tuition	-	62,900
Communication data strategy	-	71,962
Computer operating and lease costs	44,475	43,568
Course and membership fees	21,122	12,076
Furniture and equipment	-	3,981
Graduate Survey	100,000	-
Labour Market Bridge Programs	676,543	-
Meetings-Council	4,783	4,273
Miscellaneous grants	4,300	4,700
Office rental	62,524	53,731
Postage and telephone	12,991	14,594
Printing and stationery supplies	30,859	21,049
Professional fees	111,851	33,371
Remuneration for Council members	42,916	41,132
Salaries and employee benefits	1,021,383	851,155
Subscriptions and books	3,003	1,498
Sundry	125,945	82,183
Total administrative and other expenses	$ 2,335,360	$ 1,434,651

Notes to Financial Statements
for the year ended March 31, 2010

1. Nature of Operations

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

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

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

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

On April 11, 2006, Treasury Board authorized the reorganization of the Council on Post-Secondary Education Secretariat. This included the integration of the College Expansion Initiative into the Council on Post-Secondary Education Secretariat.

2. Significant Accounting Policies

A. Basis of Accounting

The Council on Post-Secondary Education's annual financial statements are prepared in accordance with Canadian generally accepted accounting principles using accounting standards for not-for-profit organizations.

B. Grant Payments

Operating, support program, college expansion initiative, tuition rebate, access, and strategic initiatives grants reflect payments to Manitoba universities and community colleges for their annual operations. These grants are funded on the basis of scheduled payments to meet the operating requirements of the universities and community colleges. Operating grants are also provided to private religious colleges and to the Winnipeg Technical College.

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

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

Equipment and renovation grants are provided to Manitoba universities and community colleges based on the cash flow requirements of those institutions.

C. Revenue Recognition

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

D. Vacation and Severance Benefits

Employees of the Council are entitled to vacation and severance benefits in accordance with the terms of the collective agreement. The liability for vacation is recorded based on the Council's best estimates. The liability for severance benefits is based on an actuarial valuation using the accrued benefit cost method and management's best estimates of salary escalation, retirement ages of employees and employee mortality. Actuarial gains or losses are recognized in the year they are incurred.

E. Employer's Share of Employees' Pension Benefits

Employees of the Council are pensionable under the Civil Service Superannuation Act. The Council accrues a provision for the liability for the employer's share of employee pension benefits, including future cost of living adjustments, based on an actuarial valuation using the accrued benefit cost method and management's best estimates of salary escalation, retirement ages of employees and employee mortality. Actuarial gains or losses are recognized in the year they are incurred.

F. Capital Assets

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

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

G. Measurement Uncertainty

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

H. Financial Instruments

Initially, all financial assets and liabilities must be recorded on the balance sheet at fair value. Subsequent measurement is determined by the initial classification of each financial asset and liability. All financial instruments are classified as one of: (a) held-for-trading; (b) loans and receivables; (c) held-to-maturity; (d) available-for-sale or (e) other liabilities. Financial assets and liabilities classified as held-for-trading are measured at fair value with gains and losses recognized in net income (loss). Financial instruments classified as held-to-maturity, loans and receivables and other liabilities are measured at amortized cost. Available-for-sale financial instruments are measured at fair value, with unrealized gains and losses recognized directly in net assets.

The Council on Post-Secondary Education's financial instruments consist of cash, accounts receivable, long-term receivable, accounts payable, accrued liabilities and grants payable. The Council has designated cash as held-for-trading, accounts receivable and long-term receivable as loans and receivables, accounts payable and accrued liabilities, and grants payable as other liabilities.

3. Change in Accounting Policies

The Council adopted the changes to CICA Handbook section 4400. The primary impact is the applicability of section 1540 "Cash Flow Statements". Adoption of this change has resulted in additional disclosure on the cash flow statement showing supplementary financial information.

4. Long-term Receivable – Province of Manitoba

The long term receivable from the Province of Manitoba represents the following recoverable amounts.

	2010	2009
Severance Pay	$ 104,141	$ 104,141
Pension	1,131,522	1,065,560
	$ 1,235,663	$ 1,169,701

The amount recorded as a receivable from the Province for funding of the severance pay liability 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 pay 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 Province has accepted responsibility for providing the funding for the Council's pension liability and related expense which includes an interest component. The Council has therefore recorded a receivable from the Province equal to the estimated value of its actuarially determined pension liability of $1,131,522 (2009 - $1,065,560) and has recorded revenue (expense) for the year ended March 31, 2010 equal to its pension expense of $122,816 (2009 -$16,474). The Province will make payments on the receivable when it is determined that the cash is required to discharge the related pension obligations.

5. Financial Instruments

Disclosure and Presentation of Financial Instruments

The Council continues to apply Section 3861 *Financial Instruments - Disclosure and Presentation* in place of Sections 3862 and 3863.

Fair Value
The fair values of accounts receivable, accounts payable and accrued liabilities approximate their respective carrying values due to their short-term maturities. The fair value of the long-term receivable approximates its carrying value because the annual interest accretion is funded.

Risk Management

Interest Rate and Foreign Currency Risk

The Council's exposure to interest rate risk is considered low because of the short-term nature of its cash and accounts receivable. The majority of the balance of the long-term receivable is not subject to interest rate risk because it is derived from the provision for employer's share of employees' pension benefits.

The Council is not exposed to foreign currency risk as it has no foreign currency denominated financial instruments.

Credit Risk

Credit risk is the risk of potential loss to the Council if a counterparty to a financial instrument fails to discharge an obligation. The Council's credit risk is primarily attributable to its cash, accounts receivable and long-term receivable. The credit risk on cash is considered low as the counterparty is a high credit quality institution. The credit risk on accounts receivables and the long-term receivable is considered low because the counterparty is the Province of Manitoba.

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

	Carrying Amount	
	2010	**2009**
Financial Assets Held-For-Trading:		
Cash	$633,473	$264,343
Loans and Receivables:		
Accounts Receivable	2,009,348	1,265,915
Long-term Receivable – Province of Manitoba	1,235,663	1,169,701
	$3,878,484	$2,699,959

6. Capital Assets

	2010 Cost	2010 Accumulated Amortization	2010 Net Book Value
Furniture	$ 64,482	$ 49,165	$ 15,317
Leasehold Improvements	30,950	1,548	29,402
Office Equipment	10,685	10,198	487
Computer Equipment	25,422	24,350	1,072
	$ 131,539	$ 85,261	$ 46,278

	2009 Cost	2009 Accumulated Amortization	2009 Net Book Value
Furniture	$ 60,157	$ 56,287	$ 3,870
Leasehold Improvements	42,760	17,539	25,221
Computer Software	5,590	3,494	2,096
Office Equipment	10,685	10,057	628
Computer Equipment	25,422	22,848	2,574
	$ 144,614	$ 110,225	$ 34,389

7. Severance Benefits

Provision for Employees' Severance Benefits

	2010	2009
Balance at beginning of year	$ 118,375	$ 106,539
Benefits accrued	5,001	4,378
Interest accrued on obligations	8,286	7,458
Benefits paid	-	-
Balance at end of year	$ 131,662	$ 118,375

Severance Benefit Expense

	2010	2009
Current service costs	$ 5,001	$ 4,378
Interest costs	8,286	7,458
Total	$ 13,287	$ 11,836

An actuarial valuation of the severance obligations as at March 31, 2005 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The key actuarial assumptions used in that valuation were a rate of return of 6.5%, inflation rate of 2.5% and salary rate increases of 3.25%. The liability has been extrapolated to March 31, 2010 using a formula provided by the actuary.

8. Pension Benefits

Provision for Employer's Share of Employees' Pension Benefits

	2010	2009
Balance at beginning of year	$ 1,065,560	$ 1,138,793
Actuarial (gain)	-	(128,733)
Benefits accrued	47,371	41,069
Interest accrued on obligations	75,445	71,190
Benefits paid	(56,854)	(56,759)
Balance at end of year	$ 1,131,522	$ 1,065,560

Net Pension Benefit Expense (Recovery)

	2010	2009
Current service costs, net of employee contributions	$ 47,371	$ 41,069
Interest costs	75,445	71,190
Amortization of actuarial gain	-	(128,733)
Net Pension Benefit Expense (Recovery)	$ 122,816	$ (16,474)

An actuarial valuation of the pension obligations as at December 31, 2007 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The key actuarial assumptions used in that valuation were a rate of return of 6.5%, inflation rate of 2.5%, salary rate increases of 3.25% and post retirement indexing at 2/3 of the inflation rate. The liability has been extrapolated to March 31, 2010 using a formula provided by the actuary.

9. Contractual Obligations

The Council on Post-Secondary Education has approved funding of $1,025,200 for various new programs and system restructuring which will be provided over fiscal years 2010/11 to 2013/14.

10. Related Party Transactions

In addition to those related party transactions disclosed elsewhere in these financial statements, the Council on Post-Secondary Education is related in terms of common ownership to all Province of Manitoba created departments, agencies and Crown corporations. The Council on Post-Secondary Education enters into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

11. Capital Disclosures

The Council's capital is comprised of its net assets, which include Unrestricted Net Assets and Investment in Capital Assets. The Council manages its capital through an approved operating budget. The Council has been successful in achieving a balanced budget by restricting spending to within the funded amounts. The Council is not subject to any externally imposed capital requirements.

The Council's Statement of Changes in Net Assets sets out the balances in Unrestricted Net Assets and the Investment in Capital Assets at the beginning and end of the year. The capital management strategy did not change during the year.

12. Economic Dependence

The Council is economically dependent on funding received from the Province of Manitoba.

RESPONSIBILITY FOR FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

Responsibility for Financial Statements

The management of the Crown Corporations Council is responsible for the preparation and presentation of the financial statements and accompanying notes. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, reviewed by the Audit Committee of the Board of Directors and approved by the Board of Directors. The statements have been examined by BDO Canada LLP, independent external auditors, whose opinion is included herein.

The preparation of the financial information contained in the annual report necessarily involved the use of certain estimates and judgments which have been reached based on careful assessment of data available through the Council's information systems.

Preparation of financial information is an integral part of management's broader responsibilities for the ongoing operations of the Council. Management maintains an appropriate system of internal accounting controls to ensure that transactions are accurately recorded on a timely basis, are properly approved and result in reliable financial statements.

The Audit Committee of the Board of Directors meets periodically with officers of the Council and the Council's auditors. The auditors have free access to this Committee, to discuss the results of their audit work and their observations on the internal financial controls and the quality of financial reporting.

Original signed by
President and Chief Executive Officer

Original signed by
Senior Business Analyst

AUDITORS' REPORT

Tel/Tél.: 204 956 7200
Fax/Téléc.: 204 926 7201
Toll-free/Sans frais: 800 268 3337
www.bdo.ca

BDO Canada LLP/s.r.l.
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

To the Members of
CROWN CORPORATIONS COUNCIL

We have audited the balance sheet of **CROWN CORPORATIONS COUNCIL** as at December 31, 2009 and the statement of income and reserve reflecting net investment in capital assets for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
February 18, 2010

FINANCIAL STATEMENTS

BALANCE SHEET

	December 31 2009	December 31 2008
ASSETS	(thousands of dollars)	
Current:		
Cash	$ 637	$ 608
Accounts receivable	5	6
	642	614
Capital assets (note 4)	-	-
	$ 642	$ 614
LIABILITIES AND RESERVE REFLECTING NET INVESTMENT IN CAPITAL ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 78	$ 146
Levies received in advance	152	112
Due to Manitoba Crown Corporations (note 3)	258	141
	488	399
Retirement allowances and other benefits payable (notes 2 (e) and 5)	154	215
	642	614
Reserve reflecting net investment in capital assets	-	-
	$ 642	$ 614

Approved by the Board

Chairman

Director

(see accompanying notes)

FINANCIAL STATEMENTS

STATEMENT OF INCOME AND RESERVE
REFLECTING NET INVESTMENT IN CAPITAL ASSETS

	December 31	
	2009	**2008**
	(thousands of dollars)	
Income		
Recoveries from corporations through levies	**$ 760**	**$ 721**
Interest	**1**	**8**
	761	**729**
Expenses		
Salaries and benefits (notes 2(e) and 5)	**504**	**529**
Board remuneration and expenses	**88**	**78**
Rent	**78**	**78**
Professional fees	**48**	**10**
Professional development	**10**	**2**
Automobile Expense	**8**	**8**
Office supplies and printing	**8**	**7**
Communications	**7**	**7**
Equipment rental and maintenance	**4**	**4**
Travel	**4**	**1**
Insurance and miscellaneous	**2**	**2**
Depreciation	**-**	**1**
Industry conferences	-	**3**
	761	**730**
Excess (deficit) of income over expenses	**-**	**(1)**
Reserve reflecting net investment in capital assets, beginning of year	**-**	**1**
Reserve reflecting net investment in capital assets, end of year	**$ -**	**$ -**

(see accompanying notes)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009

1. Nature of organization

The Crown Corporations Council (the "Council") is a body corporate established on June 5, 1989 under the Crown Corporations Public Review and Accountability Act.

The mandate of the Council is to facilitate clear mandates, development of performance measures and consistent practices and to review corporate plans of Crown corporations under its purview.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Outlined below are those principles considered particularly significant for the Council.

a) Financial Instruments

The Council utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying amounts approximate fair values.

All transactions related to financial instruments are recorded on a trade date basis.

The Council classifies its financial instruments as follows based on the purpose for which the asset was acquired and follows the disclosed accounting policy for each category.

Assets/Liability	Category	Measurement
Cash	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Due to Manitoba Crown Corporations	Other financial liabilities	Amortized cost

- Held for trading items are carried at fair value, with changes in their fair value recognized in the statement of operations.
- Other financial liabilities are carried at amortized cost, using the effective interest method.
- Loans and receivables are carried at amortized cost, using the effective interest rate method, less any provision for impairment.

Transition costs are expensed as incurred.

b) Recoveries of expenses from Crown corporations

Operating expenses are recovered from the Crown corporations through the assessment of levies allocated on a pro rata basis determined by the revenues of each Crown corporation. The levies are recognized in these financial statements at the time the related costs are incurred. In addition, certain direct costs incurred on behalf of particular corporations are recovered directly from the respective Crown corporations.

c) Reserve reflecting the net investment in capital assets

The purchase of capital assets is funded through operating expense levies assessed to Crown corporations. The reserve reflects levies assessed to the Crown corporations with respect to the Council's capital assets.

d) Capital Assets

Capital assets are recorded at cost. Depreciation is provided on a straight line basis over five years on the office furniture and equipment and over three years on the computer equipment.

e) Retirement allowances and other employee future benefits

The Council provides retirement allowance and pension benefits to its employees.

Retirement allowances are provided to certain qualifying employees. The benefits are provided under a final pay plan. The costs of benefits earned by employees are charged to expenses as services are rendered. The costs are actuarially determined using the projected benefit method and reflect management's best estimates of the length of service, salary increases and ages at which employees will retire. In addition, adjustments arising from plan amendment, changes in assumptions, and the actuarial present value of the accrued entitlement as at January 1, 2000 are being amortized to expenses on a straight line basis over the expected average remaining service life of the employee group. Actuarial gains and losses are recognized in income immediately.

Employees of the Council are provided pension benefits by the Civil Service Superannuation Fund ("the Fund"). Under paragraph 6 of the Civil Service Superannuation Act, the Council is described as a "matching employer" and its contribution toward the pension benefits is limited to matching the employees' contributions to the Fund. The cost for the year was $23,800 (2008 - $23,100).

In addition, one employee is entitled to enhanced pension benefits. The plan is based on final pay and is indexed. The cost of the benefits earned by the employee is charged to expenses as services are rendered. The cost is actuarially determined using the projected benefit method and reflects management's best estimate of salary increases and the age at which the employee will retire.

f) Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual amounts could differ from those estimates.

g) New Accounting Pronouncements

A recent accounting pronouncement that has been issued but is not yet effective, and have a potential implication for the corporation, is as follows:

Future for Not-for-Profit Organizations (NPO)

In October 2009, the Accounting Standards Board (AcSB) tentatively decided that it will propose a choice between the accounting standards for private enterprises plus the current NPO standards appropriately modified to fit with those standards, International Financial Reporting Standards or Public Sector Accounting standards (PSAB) with NPO standards added on to PSAB. The Public Sector Accounting Board agreed that there was sufficient support to develop an NPO series to add onto the PSAB standards similar to the current NPO standards, but appropriately modified to fit with PSAB. The two boards are working together and intend to issue an Exposure Draft for comment in the first half of 2010. Until the Boards make a final decision all NPOs will continue to follow the current Canadian Institute of Chartered Accountants Handbook – Accounting.

3. Due to Manitoba Crown corporations

These amounts are non-interest bearing and represent a retroactive adjustment to levies based on Council's actual expenses.

4. Capital assets

These are comprised entirely of office furniture and equipment and computer equipment.

	December 31	
	2009	2008
	(in thousands of dollars)	
Cost		
Office furniture and equipment	**$ 59**	$ 59
Computer equipment	**44**	44
	$103	$103
Accumulated depreciation		
Office furniture and equipment	**$ 59**	$ 59
Computer equipment	**44**	44
	$103	$103
Net book value	**$ 0**	$ 0

5. Retirement allowances and enhanced pension benefits

The Council measures its accrued benefit obligation for each of the retirement allowance and enhanced pension benefits as at December 31 of each year. The most recent actuarial valuation report for the retirement allowance was at December 31, 2008 and the most recent finalized and approved actuarial valuation report for the enhanced pension benefits was at December 31, 2007.

(a) Information about the Council's retirement allowance benefit plan is as follows:

(thousands of dollars)	2009 $	2008 $
Accrued benefit obligation		
Balance, beginning of year	**121**	110
Current service cost	**4**	4
Interest cost	**4**	7
Benefits paid	**(43)**	0
Experience gain on triennial adjustment	**(9)**	0
Accrued benefit obligation, December 31	**77**	121
Unamortized transitional amount, December 31	**0**	(5)
Accrued retirement allowance, December 31	**77**	116

The Council's retirement allowance expense consists of the following:

(thousands of dollars)	2009 $	2008 $
Current service costs	**4**	4
Interest cost	**4**	7
Accrued earned interest	**(1)**	(3)
Experience gain on triennial adjustment	**(9)**	0
Amortization of transitional amount	**5**	5
Total retirement allowance expense	**3**	13

The significant actuarial assumptions adopted in measuring the Council's retirement allowance obligation are as follows:

	2009 %	2008 %
Benefit costs for the year ended December 31		
Discount rate	**6.50**	6.50
Rate of compensation increase	**4.00**	4.00

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009

(b) Information about the Council's enhanced pension benefit plan is as follows:

(thousands of dollars)	**2009** $	**2008** $
Accrued benefit obligation and accrued pension liability		
Balance, beginning of year	**100**	80
Current service cost	**0**	14
Interest cost	**2**	6
Experience gain on triennial adjustment	**(25)**	0
Accrued benefit obligation and accrued pension liability, (Dec 31)	**77**	100

The Council's enhanced pension expense (income) consists of the following:

(thousands of dollars)	**2009** $	**2008** $
Current service costs	**0**	14
Interest cost	**2**	6
Experience gain on triennial adjustment	**(25)**	0
Employee contributions	**(3)**	(2)
Total enhanced pension expense	**(26)**	18

The significant actuarial assumptions adopted in measuring the Council's pension obligation are as follows:

	2009 %	**2008** %
Benefit costs for the year ended December 31		
Discount rate	**6.50**	6.50
Rate of compensation increase	**4.00**	4.00

6. Lease commitments

The Council is committed under a premises lease expiring on April 30, 2010 with a new lease under review to expire in 2015 to annual basic rental payments of approximately $46,354 and annual common area and operating costs of approximately $41,553.

The lease payments excluding annual common area and operating costs are as follows:

Year	Base Rent
2010	$42,695.75
2011	46,354.00
2012	46,354.00
2013	46,354.00
2014	46,354.00
2015	15,451.33
	$243,563.08

7. Statement of cash flows

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

8. Capital Management

The Council considers its capital to comprise its Reserve reflecting net investment in capital assets. There have been no changes to what the Council considers to be its capital since the previous period.

The Council manages its capital to break even with the reserve reflecting funding of unamortized balance capital assets owned by the Council.

AUDITORS' REPORT

To the Members of
Diagnostic Services of Manitoba Inc.

We have audited the statement of financial position of **Diagnostic Services of Manitoba Inc.** as at March 31, 2010 and the statements of operations, net assets and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Chartered Accountants

Winnipeg, Canada,
May 28, 2010.

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

STATEMENT OF FINANCIAL POSITION

[Expressed in thousands of dollars]

As at March 31

	2010 $	2009 $
ASSETS		
Current		
Cash and cash equivalents	**1,942**	1,486
Accounts receivable *[note 3]*	**17,630**	11,204
Prepaid expenses	**514**	220
Vacation pay recoverable from		
Manitoba Health	**619**	21
Regional Health Authorities of Manitoba	**609**	5,551
Total current assets	**21,314**	18,482
Capital assets, net *[note 4]*	**70,769**	45,752
Pre-retirement benefits recoverable *[note 5]*	**11,681**	8,308
	103,764	72,542
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities *[note 6]*	**11,670**	11,033
Current portion of obligations under capital lease *[note 7]*	**348**	348
Accrued vacation pay	**7,342**	5,844
Total current liabilities	**19,360**	17,225
Accrued pre-retirement benefits *[note 11[b]]*	**12,476**	8,524
Obligations under capital lease *[note 7]*	**706**	977
Deferred contributions *[note 8]*	**70,194**	44,236
Total liabilities	**102,736**	70,962
Commitments *[note 9]*		
Net assets	**1,028**	1,580
	103,764	72,542

See accompanying notes

On behalf of the Board:

Director Director

Diagnostic Services of Manitoba Inc.

STATEMENT OF OPERATIONS

[Expressed in thousands of dollars]

Year ended March 31

	2010	2009
	$	$
REVENUE		
Manitoba Health operating income	**21,078**	5,327
Investment income	**2**	46
Recoveries from Regional Health Authorities	**97,431**	63,470
Revenue from non-resident out-patient services	**140**	—
Recognition of deferred contributions *[note 8]*		
Capital - amortization	**4,743**	4,331
Expenses	**86**	99
Westman Lab deficit recoverable from Manitoba Health *[note 3*	**82**	—
	123,562	73,273
EXPENSES		
Direct operating *[note 10]*	**119,166**	68,383
Amortization of capital assets	**4,941**	4,452
	124,107	72,835
Excess of revenue over expenses (expenses over revenue) for the year	**(545)**	438

See accompanying notes

STATEMENT OF NET ASSETS

[Expressed in thousands of dollars]

Year ended March 31

	2010			2009
	Internally restricted for captial assets	**Unrestricted**	**Total**	**Total**
	$	$	$	$
	[note 12]			
Net assets, beginning of year	**106**	**1,474**	**1,580**	1,142
Adjustment for Westman Regional Laboratory Services Inc.'s opening net assets *[note 1]*	**—**	**(7)**	**(7)**	—
Excess of revenue over expenses (expenses over revenue) for the year	**(198)**	**(347)**	**(545)**	438
Purchase of capital assets	**3,299**	**(3,299)**	**—**	—
Net assets (deficit), end of year	**3,207**	**(2,179)**	**1,028**	1,580

See accompanying notes

Diagnostic Services of Manitoba Inc.

STATEMENT OF CASH FLOWS

[Expressed in thousands of dollars]

Year ended March 31

	2010 $	2009 $
OPERATING ACTIVITIES		
Excess of revenue over expenses (expenses over revenue) for the year	**(545)**	438
Add (deduct) items not involving cash		
Amortization of capital assets	**4,941**	4,452
Amortization of deferred contributions related to capital assets	**(4,743)**	(4,331)
Recognition of deferred contributions related to expenses	**(86)**	(99)
	(433)	460
Net change in non-cash working capital balances related to operations	**884**	(1,445)
Deferred contributions received - future expenses	**331**	355
Cash provided by (used in) operating activities	**782**	(630)
INVESTING ACTIVITIES		
Increase (decrease) in accounts payable related to capital assets	**969**	(2,084)
Acquisition of capital assets	**(15,759)**	(12,671)
Assumed bank indebtedness from Westman Regional Laboratory Services Inc. acquisition *[note 1]*	**(1,766)**	—
Cash used in investing activities	**(16,556)**	(14,755)
FINANCING ACTIVITIES		
Deferred contributions received - capital assets	**16,501**	14,929
Increase (decrease) in obligations under capital lease, net of repayments	**(271)**	186
Cash provided by financing activities	**16,230**	15,115
Net increase (decrease) in cash and cash equivalents during the year	**456**	(270)
Cash and cash equivalents, beginning of year	**1,486**	1,756
Cash and cash equivalents, end of year	**1,942**	1,486

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

[Expressed in thousands of dollars]

March 31, 2010

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 lab 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 seven Facilities to commence the transition of all unionized staff, existing lab 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 lab 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 complete the 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 of this date, DSM has 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. The transaction has been accounted for by the purchase method, but with all assets and liabilities being recorded at their carrying values as WRL and the Brandon Regional Health Authority are viewed as entities under common control. No adjustment to prior year amounts under the continuity of interest basis of accounting were recorded as prospective treatment was deemed to be more appropriate. 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 corporate entity. WRL now operates as a division of DSM and its results of operations are included in the financial statements for the fiscal year ended March 31, 2010. The ongoing redevelopment of WRL 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

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations as follows:

[a] Basis for accounting

These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

[b] Revenue recognition

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

[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/software	20%
Furniture and equipment	10%
Equipment under capital lease	10% - 20%

[e] Pre-retirement benefits

The costs of pre-retirement benefits earned by employees are charged to expense as services are rendered. The costs are actuarially determined using the projected benefit method and reflect management's best estimate of the length of service, salary increases, and ages at which employees will retire.

[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 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.

[g] Financial instruments

The Canadian Institute of Chartered Accountants ["CICA"] Handbook Section 3861, "Financial Instruments – Disclosure and Presentation", requires that all financial instruments be classified into one of the following five categories: held-for-trading, held-to-maturity investments, available-for-sale financial assets, loans and receivables, and other financial liabilities.

DSM's financial assets and financial liabilities are measured as follows:

- Cash and cash equivalents are classified as financial assets held-for-trading and are measured at fair value with gains and losses recognized in net earnings. Due to the relatively short period to maturity of these financial assets, the carrying values approximate their fair values.

- Accounts receivable, vacation pay and pre-retirement benefits recoverable from Manitoba Health and the RHAs are classified as loans and receivables. These financial assets are recorded at their amortized cost using the effective interest rate method.

- Accounts payable and accrued liabilities, accrued vacation pay and accrued pre-retirement benefits are classified as other financial liabilities. These liabilities are recorded at their amortized cost using the effective interest rate method.

The fair value of these financial instruments approximates their carrying value. It is management's opinion that DSM is not exposed to significant interest, currency, or credit risk arising from these financial instruments.

NOTES TO FINANCIAL STATEMENTS

[Expressed in thousands of dollars]

March 31, 2010

[h] Financial statement presentation

During the previous year, DSM was assessing the impact of the CICA revisions to the 4400 series and certain other sections that relate to not-for-profit organization, to its current reporting practices. These policies were adopted effective April 1, 2009. With respect to presentation, management will continue to disclose the net assets invested in capital assets despite the CICA amendment to make this disclosure optional. CICA has also made Section 1540, "Cash Flow Statements" applicable to not-for-profit organizations. DSM will continue to present a statement of cash flows following the guidelines under this section. Management has also determined that Section 4470, "Disclosure of Allocated Expenses by Not-for-Profit Organizations" requiring disclosures when fundraising and the allocation of general support expenses to other functions, is not applicable to DSM's current operations.

3. ACCOUNTS RECEIVABLE

	2010	**2009**
	$	$
Due from Manitoba Health	**3,153**	364
Due from RHAs	**13,605**	10,068
Other	**872**	772
	17,630	11,204

The amount due from Manitoba Health includes $2,640 of current and prior year funding adjustments for the WRL operations. In addition, included in the amount receivable from Manitoba Health is $276 related to the WRL current year deficit.

4. CAPITAL ASSETS

	2010		
	Cost	**Accumulated amortization**	**Net book value**
	$	$	$
Computer hardware/software	**4,156**	**1,969**	**2,187**
Furniture and equipment	**43,979**	**9,938**	**34,041**
System software-in-progress	**33,297**	**—**	**33,297**
Equipment under capital lease	**1,677**	**433**	**1,244**
	83,109	**12,340**	**70,769**

[Expressed in thousands of dollars]

	2009		
	Cost $	**Accumulated amortization** $	**Net book value** $
Computer hardware/software	3,150	1,259	1,891
Furniture and equipment	23,261	6,067	17,194
System software-in-progress	25,225	—	25,225
Equipment under capital lease	1,677	235	1,442
	53,313	7,561	45,752

In November 2009, DSM signed a seven-year contract commencing in January 2010 with Roche Diagnostics for the installation and supply of chemistry analyzers and related reagents and consumables to the Winnipeg and Brandon lab sites. The minimum annual commitment under the DSM contract for each of the seven years is $5,028. These expenditures will be the responsibility of the RHA's and will be recognized in their entity financial statements. Analyzers valued at $13,715 were received as part of this agreement and included in "Furniture and equipment". A corresponding amount is recorded in deferred contributions. These analyzers will be amortized on a straight-line basis, commencing April 1, 2010, over the lease life of seven years as will the related deferred contributions.

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

5. PRE-RETIREMENT BENEFITS RECOVERABLE

	2010 $	**2009** $
Pre-retirement benefits recoverable from		
Manitoba Health	**735**	113
RHAs	**10,946**	8,195
	11,681	8,308

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

The amount recorded as a receivable for pre-retirement costs was initially determined based on the value of the corresponding actuarial liability for pre-retirement 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 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 liabilities.

NOTES TO FINANCIAL STATEMENTS

[Expressed in thousands of dollars]

March 31, 2010

Pre-retirement benefits recoverable from the RHAs will be repaid as benefits are provided.

The pre-retirement 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 benefits recoverable approximates their fair value, because the annual interest accretion is funded.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	2010	**2009**
	$	$
Trade accounts payable	**7,456**	6,154
Due to Manitoba Health	**339**	5
Due to RHAs	**3,875**	4,874
	11,670	11,033

7. OBLIGATIONS UNDER CAPITAL LEASE

The acquisition of electron microscopes and the installation of the liquid chromatograph tandem mass spectrometer were financed through separate leasing agreements. The leases have implicit rates of interest in the range of 5.0% - 6.5%, and are repayable in fixed blended monthly amounts of approximately $21. The obligations will be fully paid in May 2012 and May 2014, respectively.

In December 2008, DSM entered into another lease contract for the acquisition and installation of a toxicology screening system at the Health Sciences Centre. The lease has an implicit rate of interest of 7.9% and is repayable in fixed blended monthly payments of $8. The contract lease expires February 28, 2014.

[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:

	$
2011	348
2012	348
2013	255
2014	228
Balance	24
	1,203
Less interest	(149)
	1,054
Less current portion	(348)
	706

8. DEFERRED CONTRIBUTIONS

Deferred contributions consist of the following:

	2010 $	**2009** $
Deferred contributions		
Expenses	**857**	612
Capital	**69,337**	43,624
	70,194	44,236

[a] Deferred contributions, expenses

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

[Expressed in thousands of dollars]

Deferred contributions, future expenses consist of the following:

	2010 $	2009 $
Balance, beginning of year	**612**	356
Deferred contributions received	**331**	355
Recognized in revenue	**(86)**	(99)
Balance, end of year	**857**	612

[b] Deferred contributions, capital

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

	2010 $	2009 $
Balance, beginning of year	**43,624**	33,026
Debt assumed by the Province of Manitoba	—	9,000
Deferred contributions received	**16,741**	5,929
Deferred contributions related to analyzers *[note 4]*	**13,715**	—
Amounts amortized to revenue	**(4,743)**	(4,331)
Balance, end of year	**69,337**	43,624

9. COMMITMENTS

[a] Lease payments

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

	$
2011	213
2012	213
2013	107
	533

In addition, pursuant to the agreements dated April 1, 2006 and November 1, 2007, DSM entered into leases with the RHAs for premises totalling $4,296 per year. These leases have no expiry.

NOTES TO FINANCIAL STATEMENTS

[Expressed in thousands of dollars]

March 31, 2010

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

Manitoba Health has approved $41,569 in relation to the RIS/PACS project. As custodian of $11,019 of funding for the Provincial RIS/PACS project, DSM may enter into commitments with respect to project requirements. These commitments are fully funded by the province.

10. DIRECT OPERATING EXPENSES

Direct operating expenses consist of the following:

	2010	**2009**
	$	$
Salaries and benefits	**104,898**	60,088
Equipment	**4,129**	2,514
External consulting	**262**	92
Grants	**48**	51
Insurance	**110**	87
Interest	**104**	63
Lab and diagnostic supplies	**2,998**	17
Legal and audit	**171**	164
Meetings	**26**	23
Miscellaneous	**14**	11
Printer, paper and office supplies	**608**	71
Recruitment	**129**	167
Rent and utilities	**4,738**	4,487
Staff training and development	**429**	321
Telephone	**118**	25
Travel	**384**	202
	119,166	68,383

NOTES TO FINANCIAL STATEMENTS

[Expressed in thousands of dollars]

March 31, 2010

11. EMPLOYEE FUTURE BENEFITS

[a] Pension plan

Substantially all full-time and part-time employees of DSM are members of the Healthcare Employees Pension Plan ["HEPP"] or the Civil Service Superannuation Plan ["CSSP"].

HEPP is a multi-employer, defined benefit pension plan. Employer contributions made to the plan during the year by DSM and expensed amounted to $4,044 [2009 - $2,892]. The most recent actuarial valuation of the plan as of January 1, 2010 indicates the plan is fully funded.

DSM is considered a "non-matching employer" in the CSSP under the Civil Service Superannuation Act. Employers with this status are not required to make contributions towards the pension benefits.

[b] Accrued pre-retirement leave benefits

DSM has a commitment to provide pre-retirement leave benefits for employees that meet certain eligibility criteria. If eligibility criteria are met, pre-retirement leave of four days per year of service 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 benefits as at March 31 of each year. The most recent actuarial valuation report was at March 31, 2010.

During the current year, the pre-retirement obligation incurred amounted to $2,643 [2009 - $467] and has been recorded as an expense of the period. An offsetting recovery of $2,408 [2009 - $416] with respect to transferred employees has also been recorded.

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

	2010 %	**2009** %
Discount rate	**4.9**	6.7
Rate of base compensation increase	**4.0**	3.5

[Expressed in thousands of dollars]

12. INTERNALLY RESTRICTED FOR CAPITAL ASSETS

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

	2010 $	2009 $
[a] Surplus (deficit)		
Amortization of capital assets	**(4,941)**	(4,452)
Amounts funded by deferred capital contributions, amortized to revenue	**4,743**	4,331
	(198)	(121)
[b] Purchase of capital assets		
Acquisition	**15,759**	12,671
Amounts funded by:		
Accounts payable	**(969)**	(1,497)
Deferred contributions	**(11,491)**	(10,598)
Capital lease obligations	**—**	(386)
	3,299	190
Change in net assets	**3,101**	69

13. 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

[Expressed in thousands of dollars]

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:

	2010 $	2009 $
Salaries and benefits	**88,220**	56,035
Equipment	**3,862**	2,506
External consulting	**9**	37
Insurance	**49**	56
Lab and diagnostic supplies	**(5)**	17
Legal and audit	**111**	58
Meetings	**1**	1
Printer, paper and office supplies	**47**	18
Recruitment	**94**	56
Rent	**4,308**	4,304
Staff training and development	**294**	217
Telephone	**3**	3
Travel	**146**	114
	97,139	63,422

14. 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.

15. CAPITAL MANAGEMENT

In managing capital, DSM focuses on liquid resources available for operations. DSM's objective is to have sufficient liquid resources to continue operating despite adverse events with financial consequences and to provide it with flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to budget. As at March 31, 2010, DSM has met its objective of having sufficient liquid resources to meet its current obligations.

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Members of the Economic Innovation and Technology Council

We have audited the balance sheet of the Economic Innovation and Technology Council as at March 31, 2010 and the statements of revenue, expenditure and funds retained, project revenue and expenditures and the statement of cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
September 29, 2010

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

Economic Innovation and Technology Council

Exhibit A

Balance Sheet

As at March 31	2010	2009
Assets		
Current		
Funds on deposit		
Minister of Finance		
Cash	**$ 39,479**	$ 8,711
Term deposits (and accrued interest)	**23,637**	75,497
Accounts receivable		
Province of Manitoba	**2,269**	350
Other	**25,216**	52,125
Prepaid expenses	**2,040**	2,200
	92,641	138,883
Investment in Manitoba Technology Centre Ltd. (Note 4)	**1**	1
	$ 92,642	$ 138,884
Liabilities		
Current		
Accounts payable and accrued liabilities		
Province of Manitoba	**$ 2,882**	$ 2,913
Other	**59,570**	58,475
Unearned project receipts	**8,523**	50,041
	70,975	111,429
Equity		
Funds retained (Exhibit B)	**21,667**	27,455
	$ 92,642	$ 138,884

See accompanying notes to the financial statements.

Economic Innovation and Technology Council

Exhibit B

Statements of Revenue, Expense, Other Comprehensive Income and Funds Retained

Year Ended March 31	**2010**	2009
Revenue		
Sundry	**$ 83**	$ 1,238
Expense		
Professional fees	**5,871**	5,728
Deficiency of revenue over expense and other comprehensive income	**$ (5,788)**	$ (4,490)
Funds retained, beginning of year	**$ 27,455**	$ 31,945
Deficiency of revenue over expense and other comprehensive income	**(5,788)**	(4,490)
Funds retained, end of year (Exhibit A)	**$ 21,667**	$ 27,455

See accompanying notes to the financial statements.

Economic Innovation and Technology Council
Statement of Project Receipts and Expenditures

Exhibit C

Year Ended March 31	**2010**	2009
Receipts (by Program/Project)		
Life Science Initiatives		
Contribution from Province of Manitoba (Note 5)	**$**	$ 7,500
Energy and Climate Change Initiatives		
Contribution from Province of Manitoba (Note 5)	**274,469**	274,857
Non-Intoxicant Gasoline Initiatives		
Contribution from Province of Manitoba (Note 5)	**106,508**	
Targeted Geoscience Initiatives		
Contribution from Government of Canada	**105,466**	124,500
	486,443	406,857
Expenditure (by Program/Project)		
Life Science Initiatives		7,500
Energy and Climate Change Initiatives	**274,469**	274,857
Non-Intoxicant Gasoline Initiatives	**106,508**	
Targeted Geoscience Initiatives	**105,466**	124,500
	486,443	406,857
Excess of receipts over expenditures retained	**$ -**	$ -

See accompanying notes to the financial statements.

Economic Innovation and Technology Council

Exhibit D

Statement of Cash Flows

Year Ended March 31	**2010**	2009
Increase (decrease) in funds on deposit		
Operating		
Deficiency of Council operations revenue over expenditure (Exhibit B)	**$ (5,788)**	$ (4,490)
Net changes in non-cash working capital balances		
Accounts receivable	**24,990**	(9,089)
Prepaid expenses	**160**	(1,266)
Accounts payable and accrued liabilities	**1,064**	42,554
Unearned project receipts	**(41,518)**	50,041
Net (decrease) increase in cash	**(21,092)**	77,750
Funds on deposit, beginning of year	**84,208**	6,458
Funds on deposit, end of year	**$ 63,116**	$ 84,208

See accompanying notes to the financial statements.

1. Establishment of the Council and nature of operations

The Economic Innovation and Technology Council (EITC) was established by the Economic Innovation and Technology Council Act on September 1, 1992. Pursuant to the Act, the purpose of EITC is to foster economic development and to support economic restructuring and commercialization in technology so as to enable Manitoba to compete effectively in a global market economy. EITC's mission statement is "to promote and enhance a climate of innovation, entrepreneurship, and technological development that spurs responsible economic development for the benefit of Manitobans".

EITC is economically dependent upon the Province of Manitoba.

2. Significant accounting policies

a) Basis of reporting

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

b) Cash and funds on deposit

Cash and funds on deposit include cash on hand, balances with the Minister of Finance and short-term deposits with original maturities of three months or less.

c) Use of estimates

In preparing the Council's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

d) Revenue recognition

Revenue is recognized as program expenditures are incurred.

e) Comprehensive income

The Council has not recognized any adjustments through other comprehensive income for the year ended March 31, 2010. Because the Council has no items related to other comprehensive income, comprehensive income is equivalent to net income.

2. Significant accounting policies (continued)

f) Capital disclosures

The Council's capital consists of funds retained from operations.

The Council's capital management policy is to maintain sufficient capital to meet its objectives through its retained earnings by managing transfers of surplus funds to the Province of Manitoba; meet short-term capital needs with working capital advances from the Province of Manitoba; and meet long-term capital needs through long-term debt with the Province of Manitoba. There were no changes in the Council's approach to capital management during the period.

The Council is not subject to externally imposed capital requirements.

3. Financial instruments and financial risk management

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The financial assets and liabilities of the Council are classified and measured as follows:

Financial Asset/Liability	Category	Subsequent Measurement
Cash and funds on deposit	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Investment in related party	Available for sale	Cost
Accounts payable	Other financial liabilities	Amortized cost
Accrued liabilities	Other financial liabilities	Amortized cost

Amortized cost is determined using the effective interest rate method.

Gains and losses on financial instruments subsequently measured at amortized cost are recognized in the statements of revenue, expenditure and funds retained in the period the gain or loss occurs. Changes in fair value on financial instruments classified as held for trading are recognized in the statements of revenue, expenditure and funds retained for the current period. Changes in fair value on financial instruments classified as available for sale would be recorded in other comprehensive income until realized, at which time they are recorded in the statements of revenue, expenditure and funds retained.

Fair value of financial instruments

The fair values of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying values due to their short-term maturity.

The fair value of the investment in related party cannot be reliably measured as there is no quoted market price available, and therefore, it is not disclosed.

3. Financial instruments and financial risk management (continued)

Financial risk management - overview

The Council 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 Council to credit risk consist principally of cash and term deposits and accounts receivable.

The maximum exposure of the Council to credit risk at March 31, 2010 is:

Cash and funds on deposit	$ 63,116
Accounts receivable	25,216
Receivable from the Province of Manitoba	2,269
	$ 90,601

Cash and funds on deposits: The Council is not exposed to significant credit risk as the cash and term deposits are primarily held by the Minister of Finance.

Receivable from the Province of Manitoba: The Council is not exposed to significant credit risk as the receivable is from the Province of Manitoba.

Accounts receivable: The Council is not exposed to significant credit risk as the receivables are from the Government of Canada and payment in full is typically collected when it is due. The Council 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. Consistent with the previous year, there is no allowance for doubtful accounts as all receivables are expected to be collected.

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 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 Council's income or the fair values of its financial instruments. The significant market risks the Council 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 funds on deposit.

The interest rate risk on funds on deposit is considered to be low because of their short-term nature.

3. Financial instruments and financial risk management (continued)

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 significant foreign currency risk as it does not have any financial instruments denominated in foreign currency.

4. Investment in Manitoba Technology Centre Ltd.

Effective June 1, 1996, EITC discontinued its role in the operations of the Environmental Sciences Centre (ESC). Prior to June 1, 1996, the financial activities of ESC were reflected in the financial statements of EITC. On June 1, 1996, EITC entered into a public/private partnership with Enviro-Test Laboratories, a division of ETL Chemspec Analytical Limited (ETL). A new corporation, Manitoba Technology Centre Ltd. (MTC), was incorporated and certain assets of EITC, namely the assets of ESC, were transferred to MTC pursuant to an Asset Purchase Agreement in exchange for 25 Class A Common Shares with a paid-up capital value of $25, 1,500,000 Class A Special Preferred Shares with a redemption and paid-up capital value of $875,000, and 1 Class B Special Preferred Share with a paid-up capital value of $1. Subsequent to the Asset Purchase Agreement, MTC issued 75 Class A Common Shares with a paid-up capital value of $75 to ETL. A Unanimous Shareholders Agreement between EITC and ETL sets out the rights and obligations in respect of the shares of MTC. The regular operations and management of MTC are the responsibility of ETL.

<u>Class A Special Preferred Shares</u>

Each Class A Special Preferred Share was non-voting, redeemable and retractable on a semi-annual basis, with one share cancelled for each dollar contributed or invested by ETL in equipment, facilities, management and marketing. The redemption amount of the shares was equal to the agreed value of ESC's contributed assets of $875,000 divided by 1,500,000 or $.5833 per share. As part of the Unanimous Shareholders Agreement, ETL was committed to contributing $1,500,000 over the first three years of the agreement.

All Class A Special Preferred Shares were redeemed prior to May 31, 2002.

<u>Class B Special Preferred Share</u>

The Class B Special Preferred Share is non-voting, retractable and redeemable at $1.00 per share.

Effective May 31, 2002, EITC has the option of retaining ownership of the Class B Special Preferred Share as long as it may wish and be entitled for so long as it holds this share to nominate one director to the Board of Directors provided that:

1. EITC no longer holds any common shares;
2. MTC continues to occupy premises owned by the Province of Manitoba; and
3. MTC has material contracts with the Province of Manitoba.

4. Investment in Manitoba Technology Centre Ltd. (continued)

Common Shares

On May 31, 1999, MTC redeemed EITC's 25 common shares with a paid up capital value of $25 for $434,200.

A gain of $434,175 resulting from this redemption was recorded.

5. Related party transactions

EITC is related in terms of common ownership to all departments, agencies and Crown corporations created by the Province of Manitoba. EITC enters into transactions with these entities in the normal course of business.

Auditors' Report

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

We have audited the statement of financial position of First Nations of Northern Manitoba Child and Family Services Authority as at March 31, 2010 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at March 31, 2009 and for the year then ended were audited by another accounting firm who issued an audit report without reservation on those statements in the their report dated July 10, 2009.

Winnipeg, Manitoba

June 18, 2010

Meyers Norris Penny LLP

Chartered Accountants

2500 - 201 Portage Ave., Winnipeg, Manitoba, R3B 3K6, Phone: (204) 775-4531, 1 (877) 500-0795

MNP

First Nations of Northern Manitoba Child and Family Services Authority
Statement of Financial Position
As at March 31, 2010

	2010	2009 (Restated)
Assets		
Current		
Cash	539,741	924,486
Marketable securities *(Note 4)*	780,063	777,020
Accounts receivable *(Note 5)*	1,600,388	831,844
Prepaid expenses and deposits	8,237	58,741
	2,928,429	2,592,091
Capital assets *(Note 6)*	51,155	91,506
Working capital receivable from agencies	1,059,596	203,000
	4,039,180	2,886,597
Liabilities		
Current		
Accounts payable and accruals *(Note 7)*	1,108,554	770,490
Deferred contributions	-	167,452
	1,108,554	937,942
Working capital payable to Province of Manitoba	1,059,596	203,000
	2,168,150	1,140,942
Net Assets		
Unrestricted *(Note 8)*	375,695	367,807
Internally restricted *(Note 9)*	940,945	783,107
Externally restricted *(Note 10)*	503,235	503,235
Invested in capital assets	51,155	91,506
	1,871,030	1,745,655
	4,039,180	2,886,597

Approved on behalf of the Board

Director **Director**

The accompanying notes are an integral part of these financial statements

MNP

First Nations of Northern Manitoba Child and Family Services Authority

Statement of Operations

For the year ended March 31, 2010

	2010	2009 (Restated)
Revenue		
Province of Manitoba	15,977,476	13,653,945
Interest	3,044	43,316
Other	237,400	4,664
Revenue deferred to subsequent period	-	(167,452)
Revenue deferred from prior period	167,452	-
Total revenue	16,385,372	13,534,473
Expenses		
Agency financial review	241,429	-
Amortization	61,358	50,914
Annual general meeting	12,536	20,038
Audit	6,950	4,500
Bank and service fees	4,605	840
Board expenses	10,862	9,836
Board Honorarium	35,893	37,900
Changes for children	38,939	259,032
Differential response	476,870	-
Family Innovation fund	339,723	13,736
IT support	38,408	6,119
Insurance	16,357	13,904
Janitorial	7,260	-
Meeting expenses	20,848	-
Membership fees	1,496	3,035
Miscellaneous	10,819	5,770
Office supplies	37,456	20,731
Payments to agencies	12,149,710	10,751,449
Payments to authorities	21,400	120,644
Payroll processing	2,309	2,198
Postage	1,385	1,444
Printing and stationary	5,321	1,515
Professional development	3,448	19,091
Professional fees	400,541	246,311
Recruitment costs	10,773	2,959
Rent	53,127	57,977
Repairs and maintenance	1,347	5,539
Repatriation	12,868	5,418
Salaries and benefits	1,724,753	1,112,046
Telephone	29,324	32,187
Training and education	143,625	96,741
Travel	338,257	339,896
Total expenses	16,259,997	13,241,770
Excess of revenue over expenses	125,375	292,703

The accompanying notes are an integral part of these financial statements

First Nations of Northern Manitoba Child and Family Services Authority
Statement of Changes in Net Assets
For the year ended March 31, 2010

	Unrestricted	*Internally restricted*	*Externally restricted*	*Invested in capital assets*	*2010*	*2009 (Restated)*
Net assets, beginning of year, as previously stated	**343,807**	**783,107**	**503,235**	**91,506**	**1,721,655**	1,452,952
Correction of an error *(Note 8)*	**24,000**	-	-	-	**24,000**	-
Net assets, beginning of year as restated	**367,807**	**783,107**	**503,235**	**91,506**	**1,745,655**	1,452,952
Excess of revenue over expenses	**125,375**	-	-	-	**125,375**	292,703
Amortization of capital assets	**61,358**	-	-	**(61,358)**	-	-
Purchase of capital assets	**(21,007)**	-	-	**21,007**	-	-
Interfund transfers	**345,630**	**(345,630)**	-	-	-	-
Transfer of surplus	**(503,468)**	**503,468**	-	-	-	-
Net assets, end of year	**375,695**	**940,945**	**503,235**	**51,155**	**1,871,030**	1,745,655

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, 2010

	2010	2009 (Restated)
Cash provided by (used for) the following activities		
Operating activities		
Excess of revenues over expenses	125,375	292,703
Amortization	61,358	50,914
	186,733	343,617
Changes in working capital accounts		
Accounts receivable	(768,544)	188,424
Prepaid expenses and deposits	50,502	(43,606)
Accounts payable and accruals	338,066	90,525
Deferred contributions	(167,452)	167,452
	(360,695)	746,412
Investing activities		
Purchase of capital assets	(21,007)	(45,089)
Increase (decrease) in cash resources	(381,702)	701,323
Cash resources, beginning of year	1,701,506	1,000,183
Cash resources, end of year	1,319,804	1,701,506
Cash resources are composed of:		
Cash	539,741	924,486
Marketable securities	780,063	777,020
	1,319,804	1,701,506
Supplementary cash flow information		
Interest received	3,044	840

The accompanying notes are an integral part of these financial statements

1. Incorporation and operations

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

The mandate of the Northern Authority is to administer and provide for the delivery of child and family services in Manitoba to people who are members of the northern First 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 Northern Authority is exempt from income taxes under Section 149(1)(1) of the Income Tax Act.

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

2. Significant accounting policies

The financial statements of the Northern Authority have been prepared in accordance with Canadian generally accepted accounting principles.

Revenue recognition

The Northern 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.

The Northern Authority funding from the Province of Manitoba is recognized when earned.

Capital assets

Capital assets are recorded at cost. The cost for contributed capital assets is considered to be fair value at the date of contribution.

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

	Rate
Computer equipment	3 years
Computer software	5 years
Furniture and fixtures	5 years
Office equipment	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 generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of 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 excess (deficiency) of revenue over expenses in the periods in which they become known.

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

Capital disclosures

The Northern Authority's capital consists of net assets provided by operations.

The Northern Authority's capital management policy is to maintain sufficient capital in net assets to meet its objectives, meet short term capital needs through working capital advances from the Province of Manitoba; and meet long term capital needs through long-term debt with the Province of Manitoba. There were no changes in the Northern Authority's approach to capital management during the 2010 fiscal year.

The Northern Authority is not subject to externally imposed capital requirements.

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 Northern 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 excess of revenue over expenses for the year.

3. Financial instruments

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on a financial instrument's classification.

Financial instruments are classified into one of the following five categories; held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value, with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The financial assets and liabilities of the Northern Authority are classified and measured as follows:

Financial asset/liability	Category	Subsequent measurement
Cash and marketable securities	Held for trading	Fair value
Accounts receivable from the Province	Loans and receivable	Amortized cost
Working capital receivable from agencies	Loans and receivable	Amortized cost
Accounts receivable	Loans and receivable	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Working capital payable to the Province	Other financial liabilities	Amortized cost

Amortized cost is determined using the effective interest rate method.

Gains and losses on financial instruments subsequently measured at amortized cost are recognized in the statement of operations in the period the gain or loss occurs. Changes in fair value on financial intruments classified as held for trading are recognized in the statement of operations for the current period.

3. Financial instruments *(Continued from previous page)*

Fair value of financial instruments

The fair value of accounts receivable from the Province, working capital receivable from agencies, accounts receivable, accounts payable and accrued liabilities and working capital payable to the Province approximate their carrying values due to their relatively short term maturity.

Financial risk management

The Northern Authority has exposure to the following risks from its use of financial instruments: credit risk; liquidity risk; market risk; and interest 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 Northern Authority to credit risk consist principally of cash, marketable securities and accounts receivable.

The maximum exposure of the Northern Authority to credit risk as at March 31, 2010, is $1,600,388 (2009 - $831,844).

Accounts receivable: The Northern Authority is not exposed to significant credit risk since the receivables are with agencies and Province of Manitoba.

Liquidity Risk

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

The Northern Authority manages liquidity risk by balancing its cash flow requirements through its available working capital payable and its cash balance. Regular determinations of the Northern Authority's working capital payable and cash requirements are reviewed by the Province of Manitoba to ensure that adequate funding is available as required to enable the Northern Authority to meet its obligations as they come due.

Market Risk

The Northern Authority is exposed to market risk through the fluctuation of financial instrument fair values due to changes in market prices. The significant market risks to which the Northern Authority is exposed to is interest rate risk.

Interest rate Risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The interest rate exposure of the Northern Authority arises from its interest bearing assets, which include marketable securities that earn interest at market rates.

The Northern Authority manages its exposures to the interest rate risk of its marketable securities by maximizing the interest income earned on excess funds while maintaining liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on marketable securities do not have significant impact on the Nothern Authority's results of operations.

4. Marketable securities

	2010	***2009***
Royal Bank of Canada Money Market Fund	**780,063**	777,020

5. Accounts receivable

	2010	*2009 (Restated)*
GST Receivable	**36,911**	18,430
Province of Manitoba	**1,316,662**	743,163
Other	**246,815**	70,251
	1,600,388	831,844

6. Capital assets

	Cost	*Accumulated amortization*	*2010 Net book value*
Computer equipment	**88,951**	**80,724**	**8,227**
Computer software	**20,646**	**13,792**	**6,854**
Furniture and fixtures	**43,343**	**31,924**	**11,419**
Office equipment	**98,308**	**73,653**	**24,655**
	251,248	**200,093**	**51,155**

	Cost	*Accumulated amortization*	*2009 Net book value*
Computer equipment	77,272	53,023	24,249
Computer software	11,317	8,465	2,852
Furniture and fixtures	43,343	23,255	20,088
Office equipment	98,308	53,991	44,317
	230,240	138,734	91,506

7. Accounts payable and accruals

	2010	*2009*
Accounts payable	**1,080,745**	722,223
Accruals	**27,809**	48,267
	1,108,554	770,490

8. Correction of an error

During the year the Northern Authority determined that revenue that was related to 2009 was recorded in 2010 instead of being set up as a receivable in 2009. This error resulted in an increase to net opening assets of $24,000 in 2010. For the prior year this has resulted in an increase of $24,000 in accounts receivable and revenue.

9. Internally Restricted Net Assets

The Board approved the following internal restrictions:

	2010	2009
Copier replacement	**9,270**	9,270
Furniture replacement	**9,270**	9,270
Transitional expenses to Northern location	**-**	50,600
Winnipeg projects	**-**	57,339
Furniture, computers and equipment	**80,368**	16,900
Repatriation	**22,132**	35,000
Authority and agency development	**300,000**	300,000
Joint training unit	**79,905**	79,905
Family support innovations	**-**	224,823
Northern office renovations	**50,000**	-
Community Relations Specialist position	**120,000**	-
Executive Assistant term position	**70,000**	-
IT support	**50,000**	-
Legal expenses	**100,000**	-
Winnipeg office	**50,000**	-
	940,945	783,107

10. Externally Restricted Net Assets

Externally restricted net assets represents the unspent portion of Transition Grant Funding received from the Province of Manitoba. The grant is to be used for the Aboriginal Justice Inquiry - Child Welfare Initiative one-time transition activities connected to the establishment of the Northern Authority and to assist Family Service Agencies in extending their operations and have the ability to accept the scheduled transfer of cases. In the year ended March 31, 2010 the Province of Manitoba authorized the use of Externally Restricted Net Assets of $316,777 over three years to establish a presence in northern Manitoba.

	2010	2009
Authority development	**186,480**	186,480
The Pas Northern office	**34,060**	34,060
Thompson Northern office	**282,695**	282,695
	503,235	503,235

11. Economic dependence

First Nations of Northern Manitoba Child and Family Services Authority is solely dependent on the Province of Manitoba for revenue to fund its operations.

12. Commitments

The Northern Authority has entered into a five year lease for one of their premises that expires on January 31, 2012. Under the lease, the Northern Authority is required to pay a base annual rent of $39,963.

2011	39,963
2012	39,963
	79,926

13. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

To the Directors of First Nations of Southern 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 generally accepted accounting principles. This responsibility includes selecting appropriate accounting principles 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 entirely of Directors who are neither management nor employees of the Authority. The Board 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 Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Authority's external auditors.

Meyers Norris Penny LLP, an independent firm of Chartered Accountants, is appointed by the Directors 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 Board and management to discuss their audit findings.

July 16, 2010

Daniel Richard, Chief Financial Officer

Auditors' Report

To the Board of Directors of First Nations of Southern Manitoba Child and Family Services Authority:

We have audited the statement of financial position of First Nations of Southern Manitoba Child and Family Services Authority as at March 31, 2010 and the statements of revenues and expenses, cash flows and the related schedules for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2010 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Manitoba

July 16, 2010

Meyers Norris Penny LLP

Chartered Accountants

2500 - 201 Portage Ave., Winnipeg, Manitoba, R3B 3K6, Phone: (204) 775-4531, 1 (877) 500-0795

First Nations of Southern Manitoba Child and Family Services Authority
Statement of Financial Position
As at March 31, 2010

	Operating Fund	Capital Fund	Repatriation Fund	Total 2010	Total 2009
Assets					
Current					
Cash and short term investments	1,400,386	-	-	**1,400,386**	1,076,253
Accounts receivable	6,876,654	-	-	**6,876,654**	5,060,649
Prepaid expenses and deposits	14,791	-	-	**14,791**	18,292
	8,291,831	-	-	**8,291,831**	6,155,194
Capital assets *(Note 3)*	-	474,971	-	**474,971**	447,973
Due from Agencies *(Note 4)*	3,437,950	-	-	**3,437,950**	2,306,320
Due from Operating fund	-	-	208,919	**208,919**	240,869
	11,729,781	474,971	208,919	**12,413,671**	9,150,356
Liabilities					
Current					
Accounts payable and accruals	1,175,782	-	-	**1,175,782**	1,644,175
Deferred revenue *(Note 5)*	5,121,319	-	-	**5,121,319**	2,517,489
	6,297,101	-	-	**6,297,101**	4,161,664
Deferred revenue *(Note 5)*	1,774,725	-	-	**1,774,725**	1,702,761
Due to Province of Manitoba *(Note 4)*	3,437,950	-	-	**3,437,950**	2,306,320
Due to Repatriation fund	208,919	-	-	**208,919**	240,869
	11,718,695	-	-	**11,718,695**	8,411,614
Net Assets					
Unrestricted	11,086	-	-	**11,086**	49,900
Invested in capital assets	-	474,971	-	**474,971**	447,973
Restricted	-	-	208,919	**208,919**	240,869
	11,086	474,971	208,919	**694,976**	738,742
	11,729,781	474,971	208,919	**12,413,671**	9,150,356

Approved on behalf of the Board

_______________ Director _______________ Director

The accompanying notes are an integral part of these financial statements

First Nations of Southern Manitoba Child and Family Services Authority
Statement of Revenues and Expenses
For the year ended March 31, 2010

	Revenues	Other Revenues	Expenses	2010 Excess (Deficiency) of Revenues over Expenses	2009 Excess (Deficiency) of Revenues over Expenses
Operating Fund *(Schedule 1)*	38,321,531	42,468	(38,193,140)	**170,859**	202,795
Capital Fund *(Schedule 2)*	-	-	(147,675)	**(147,675)**	(134,977)
Repatriation Program *(Schedule 3)*	-	-	(66,950)	**(66,950)**	(42,606)
	38,321,531	42,468	(38,407,765)	**(43,766)**	25,212

The accompanying notes are an integral part of these financial statements

First Nations of Southern Manitoba Child and Family Services Authority
Statement of Cash Flows
For the year ended March 31, 2010

	2010	2009
Cash provided by (used for) the following activities:		
Operating activities		
Cash received from funding sources	39,214,015	34,994,956
Cash paid to vendors	(37,115,167)	(33,238,146)
Cash paid for employees	(1,606,417)	(1,387,117)
Interest received	9,774	29,680
Interest paid	(3,397)	(2,907)
	498,808	396,466
Investing activities		
Purchase of capital assets	(174,673)	(197,179)
Increase in cash resources	324,135	199,287
Cash resources, beginning of year	1,076,253	876,966
Cash resources, end of year	1,400,388	1,076,253

The accompanying notes are an integral part of these financial statements

1. Incorporation and operations

First Nations of Southern Manitoba 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 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 Organization 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.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Capital assets

Capital assets are recorded at cost. Amortization is provided using the declining balance and straight-line methods at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Computer equipment	declining balance	30 %
Furniture and fixtures	declining balance	20 %
Leasehold improvements	straight-line	5 years

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

Revenue recognition

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

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their 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 excess (deficiency) of revenues over expenses in the periods in which they become known.

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

Fund accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Authority, the accounts are maintained on a fund accounting basis. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the contributors or in accordance with the directives issued by the Board of Directors.

Three funds are maintained Operating Fund, Capital Fund, and Repatriation Fund.

The Operating Fund is used to account for all revenue and expenditures related to general and ancillary operations of the Authority.

The Capital Fund is used to account for all capital assets of the Authority and to present the flow of funds related to their acquisition and disposal, unexpended capital resources and debt commitments.

The Repatriation Fund is a restricted fund used to account for monies for specific purposes.

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 is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in excess (deficiency) of revenues over expenses for the year.

Financial instruments

Held for trading:

The Authority has classified cash and short-term investments as held for trading. These instruments are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Held for trading financial instruments are subsequently measured at their fair value. Gains and losses arising from changes in fair value are recognized immediately in excess (deficiency) of revenues over expenses.

Loans and receivables:

The Authority has classified accounts receivable and due from agencies as loans and receivables. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Loans and receivables are subsequently measured at their amortized cost. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability. Gains and losses arising from changes in fair value are recognized in excess (deficiency) of revenues over expenses upon derecognition or impairment.

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

Other financial liabilities:

The Authority has classified accounts payable and accruals and due to Province of Manitoba as other financial liabilities. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to its net carry value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. Gains and losses arising from changes in fair value are recognized in excess (deficiency) of revenues over expenses upon derecognition or impairment.

Recent accounting pronouncements

Financial instruments deferral of section 3862 and 3863

In December 2006, the Canadian Institute of Chartered Accountants (CICA) issued Section 3862 Financial Instruments – Disclosures and Section 3863 Financial Instruments – Presentation to replace Section 3861 Financial Instruments – Disclosure and Presentation. The effective date for these new Sections was for interim and annual financial statements with fiscal years beginning on or after October 1, 2007, with earlier adoption permitted. However, in light of the uncertainty regarding the future direction in setting standards for not-for-profit organizations, the CICA released a decision to allow deferral of Sections 3862 and 3863 for this sector. As such, not-for-profit organizations should continue to apply Section 3861.

3. **Capital assets**

	Cost	Accumulated amortization	2010 Net book value	2009 Net book value
Computer equipment	865,453	508,105	357,348	317,666
Furniture and fixtures	208,295	102,212	106,083	119,729
Leasehold improvements	19,539	7,999	11,540	10,578
	1,093,287	618,316	474,971	447,973

4. **Due from Agencies and Due to Province of Manitoba**

The Province of Manitoba advanced the Authority a working capital advance in the amount of $3,437,950 ($2,306,320 – 2009), 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.

	2010	2009
Animikii-Ozoson Child and Family Services	406,890	406,890
Child and Family All Nations Coordinated Response Network	538,400	538,400
Dakota Ojibway Child and Family Services	393,510	393,510
Sandy Bay Child and Family Services	158,700	158,700
Southeast Child and Family Services	362,000	362,000
West Region Child and Family Services	1,235,600	225,000
Peguis Child and Family Services	221,820	221,820
Intertribal Child and Family Services	121,030	-
	3,437,950	2,306,320

5. 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.

6. Income taxes payable

The Authority is registered as a non-profit organization under the Income Tax Act (the "Act") and as such is exempt from income taxes. In order to maintain its status as a non-profit organization under the Act, the Authority must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

7. Commitments

The Authority has entered into various lease agreements with estimated minimum annual payments as follows:

2011	1,090,105
2012	1,050,784
2013	1,037,677
2014	1,011,490
2015	1,041,427

8. 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.

9. Capital management

The Authority's objectives when managing capital are to safeguard the Authority's ability to continue as a going concern, so that it can continue with the improvement of the financial situation of families through the provision of services and information on a range of financial issues.

The Authority sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Authority monitors capital quarterly through Board of Directors meetings. During the year, the Authority's strategy is to protect the capital through managing revenues and expenses as well as through maintaining a balanced investment portfolio. The strategy remained unchanged from the prior year.

First Nations of Southern Manitoba Child and Family Services Authority
Schedule 1 - Statement of Operations and Changes in Net Assets - Operating Fund
For the year ended March 31, 2010

	2010	2009
Revenues		
Province of Manitoba - Department of Family Services and Housing Division	38,317,477	33,839,008
First Nations of Northern Manitoba Child and Family Services Authority	-	6,860
Other	4,054	3,639
	38,321,531	33,849,507
Expenses		
Personnel		
Recruitment	25,188	9,211
Salaries, wages and benefits	1,540,976	1,344,763
Training and education	22,928	19,138
Travel	48,030	26,202
	1,637,122	1,399,314
Office operations		
Interest and bank charges	3,397	2,907
Supplies	35,690	41,194
Telephone, fax and internet	20,248	22,392
	59,335	66,493
Office and building		
Insurance	21,035	16,948
Rent	155,384	148,439
	176,419	165,387
Other Authority		
Agency governance support	95,828	95,250
Agency reviews	373,597	192,113
Agency strategy and communication meetings	32,134	41,062
Annual meeting	8,037	5,620
Ahsanook start-up expenses	60,000	-
Board training and meeting expenses	22,968	30,537
Changes for children initiatives	472,117	471,796
Differential response initiatives	52,093	12,564
Information technology support	385,770	126,290
Joint training unit	868,204	596,198
Non-recoverable expenses	-	4,553
Office of the standing committee	108,160	126,011
Professional fees	67,107	20,394
Public relations	11,256	-
	2,557,271	1,722,388
Agency support		
Agency central support	31,887,546	29,092,890
Agency differential response initiatives	601,576	-
Agency family support innovations fund	273,600	269,700
	32,762,722	29,362,590
Other Program Support		
Golden Eagle program support	1,000,271	994,170
Total expenses	38,193,140	33,710,342

Continued on next page

Schedule 1 - Statement of Operations and Changes in Net Assets - Operating Fund

For the year ended March 31, 2010

Continued from previous page

	2010	2009
Excess of revenues over expenses before other income	128,391	139,165
Other income		
Interest	9,774	29,680
Goods and Service Tax	32,694	23,950
Office space rental	-	10,000
	42,468	63,630
Excess of revenues over expenses	170,859	202,795
Net assets, beginning of year	49,900	102,318
Inter-fund transfers	(209,673)	(255,213)
Net assets, end of year	11,086	49,900

First Nations of Southern Manitoba Child and Family Services Authority
Schedule 2 - Statement of Operations and Changes in Net Assets - Capital Fund
For the year ended March 31, 2010

	2010	2009
Expenses		
Amortization	147,675	124,363
Other expense		
Loss on donation of capital asset	-	10,614
Deficiency of revenues over expenses	(147,675)	(134,977)
Net assets, beginning of year	447,973	362,737
Inter-fund transfers	174,673	220,213
Net assets, end of year	474,971	447,973

First Nations of Southern Manitoba Child and Family Services Authority
Schedule 3 - Statement of Operations and Changes in Net Assets - Repatriation Fund
For the year ended March 31, 2010

	2010	2009
Expenses		
Office	1,509	202
Salaries, wages and benefits	65,441	42,404
Deficiency of revenues over expenses	(66,950)	(42,606)
Net assets, beginning of year	240,869	248,475
Inter-fund transfers	35,000	35,000
Net assets, end of year	208,919	240,869

MAGNUS & BUFFIE

CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Board of Directors of
The General Child and Family Services Authority

We have audited the statement of financial position of the General Child and Family Services Authority as at March 31, 2010 and the statements of revenues and expenses, fund balances and cash flow for the year then ended. These financial statements are the responsibility of the authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the General Child and Family Services Authority as at March 31, 2010 and the results of its operations and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information presented in the attached schedule is presented for the purpose of any additional analysis and is not a required part of the basic financial statements. Such supplemental information has been subjected only to auditing procedures applied in the audit of the basic financial statements, taken as a whole.

Magnus & Buffie

May 7, 2010

CHARTERED ACCOUNTANTS

430 Five Donald Street · Winnipeg, Manitoba · R3L 2T4 · Phone (204) 942-4441 · Fax (204) 944-0400

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Statement of Financial Position

March 31, 2010

	Operating Fund	Transition Fund	Agency Fund	Total 2010	Total 2009
Assets					
Current assets:					
Cash and short term deposits	$ 1,855,334	$ -	$ -	$ 1,855,334	$ 1,421,219
Accounts receivable	191,229	-	359,270	550,499	233,163
Advance receivable	-	-	116,600	116,600	116,600
Prepaid expenses	3,661	-	-	3,661	8,732
	2,050,224	-	475,870	2,526,094	1,779,714
Capital assets (Note 5)	62,692	23,492	-	86,184	53,168
	$ 2,112,916	$ 23,492	$ 475,870	$ 2,612,278	$ 1,832,882
Liabilities and Fund Balances					
Current liabilities:					
Accounts payable and accrued liabilities	$ 125,228	$ -	$ 359,270	$ 484,498	$ 191,769
Working capital advances (Note 4)	-	-	116,600	116,600	116,600
Deferred contributions (Note 6)	1,165,587	-	-	1,165,587	826,063
	1,290,815	-	475,870	1,766,685	1,134,432
Deferred contributions relating to capital assets (Note 6)	-	23,492	-	23,492	44,094
Fund balances:					
Internally restricted (Note 8)	441,700	-	-	441,700	400,000
Unrestricted	380,401	-	-	380,401	254,356
	822,101	-	-	822,101	654,356
Commitments (Note 9)					
	$ 2,112,916	$ 23,492	$ 475,870	$ 2,612,278	$ 1,832,882

See accompanying notes to financial statements.

APPROVED ON BEHALF OF THE BOARD:

________________ Director

________________ Director

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Statement of Revenues and Expenses

Year ended March 31, 2010

	Operating Fund	Transition Fund	Agency Fund	Total 2010	Total 2009
Revenue:					
Province of Manitoba					
Operating grant	$ 2,088,747	$ -	$ -	$ 2,088,747	$ 1,898,308
Grant relating to capital assets (Note 6(ii))	-	20,602	-	20,602	26,851
Agency grants (Note 7)	-	-	8,874,540	8,874,540	7,656,090
Miscellaneous grants	131,741	-	-	131,741	110,611
Interest and other	110,536	-	-	110,536	26,862
	2,331,024	20,602	8,874,540	11,226,166	9,718,722
Expenses:					
Agency allocations (Note 7)	-	-	8,874,540	8,874,540	7,656,090
Amortization	637	29,676	-	30,313	26,851
Board expenses and meetings	17,524	-	-	17,524	14,112
Board governance	2,591	-	-	2,591	8,439
DR project development	117,944	-		117,944	-
Insurance	5,552	-	-	5,552	3,368
Interest and bank charges	710	-	-	710	786
Miscellaneous grant expenses	160,954	-	-	160,954	175,059
Office and miscellaneous	96,710	-	-	96,710	104,253
Professional services	94,474	-	-	94,474	184,003
Rent (Note 9)	88,897	-	-	88,897	76,720
Telephone	24,500	-	-	24,500	18,790
Training and development	272,587	-	-	272,587	221,639
Travel	4,748	-	-	4,748	13,170
Utilities	889	-	-	889	1,045
Wages and benefits	1,265,488	-	-	1,265,488	997,285
	2,154,205	29,676	8,874,540	11,058,421	9,501,610
Excess of revenue over expenses	$ 176,819	$ (9,074)	$ -	$ 167,745	$ 217,112

See accompanying notes to financial statements.

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Statement of Fund Balances

Year ended March 31, 2010

	Operating Fund	Transition Fund	Agency Fund	Total 2010	Total 2009
Balance, beginning of year	$ 645,282	$ 9,074	$ -	$ 654,356	$ 437,244
Excess of revenue over expenses	176,819	(9,074)	-	167,745	217,112
Balance, end of year	$ 822,101	$ -	$ -	$ 822,101	$ 654,356

See accompanying notes to financial statements.

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Statement of Cash Flow

Year ended March 31, 2010

	2010	2009
Cash Flow From (Used In)		
Operating activities:		
Excess of revenue over expenses	$ 167,745	$ 217,112
Adjustments for		
Amortization	30,313	26,851
Recognition of deferred contributions	(370,376)	(449,284)
Amortization of deferred contributions relating to capital assets	(20,602)	(26,851)
	(192,920)	(232,172)
Changes in the following		
Accounts receivable	(317,336)	456,085
Advance receivable	-	(116,600)
Prepaid expenses	5,071	(3,157)
Accounts payable and accrued liabilities	292,730	69,122
Working capital advances	-	116,600
	(212,455)	289,878
Financing activity:		
Receipt of deferred contributions	709,900	896,700
Investing activity:		
Purchase of capital assets	(63,330)	(14,185)
Change in cash and short term deposits	434,115	1,172,393
Cash and short term deposits, beginning of year	1,421,219	248,826
Cash and short term deposits, end of year	$ 1,855,334	$ 1,421,219

See accompanying notes to financial statements.

1. Organization

The General Child and Family Services Authority (the "Authority") was established November 24, 2003 under The Child and Family Services Authorities Act. The authority is a non-profit organization responsible for the administration and provision of child and family services by the agencies under its jurisdiction, being Child and Family Services of Western Manitoba, Child and Family Services of Central Manitoba, Jewish Child and Family Services, Churchill Child and Family Services, Winnipeg Child and Family Services Branch and Rural and Northern Services Branch (Interlake, Eastman, Parkland, Northern).

2. Change in accounting policies

New Accounting Policies

Credit Risk and Fair Value of Financial Assets and Financial Liabilities

During 2009 the Authority adopted the Emerging Issues Committee ("EIC") 173 and amendments to Section 3855, Financial Instruments - Recognition and Measurement and 3862, Financial Instruments - Disclosures:

- Section 3855 – Effective Interest Method
- Section 3855 – Embedded Derivatives on Reclassification of Financial Assets
- Section 3855 – Impairment of Financial Assets
- Section 3862 – Fair Value and Liquidity Risk Disclosure

Due to the nature of the Authority's financial instruments, the adoption of these standards and amendments had no material impact on the financial statements of the Authority.

3. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles using the following significant accounting policies:

(a) Fund accounting

The authority records its activities in the following funds:

(i) Operating fund

This fund accounts for the activity relating to the principal activity of the authority (Note 1).

(ii) Transition fund

The Province of Manitoba has provided one-time transition funding in support of the restructuring of the child and family services system, as initiated under the Aboriginal Justice Inquiry - Child Welfare Initiative. Funding is to be used to support the resource transfer process and the development of the corporate infrastructure of the authority and mandated child and family services agencies under the jurisdiction of the authority. The resource transfer process involves the transfer of cases from agencies under the jurisdiction of the authority to the Metis Child and Family Services Authority, Northern First Nations Child and Family Services Authority, and First Nations of Southern Manitoba Child and Family Services Authority. All contributions to this fund are externally restricted for this purpose.

3. Summary of significant accounting policies (continued)

(iii) Agency fund

The Province of Manitoba provides the authority with grant payments for the private mandated child and family services agencies under its jurisdiction. As set out in Section 19 of The Child and Family Services Authorities Act, the authority is responsible for determining funding allocations among its mandated agencies. The mandated agencies include both private agencies and government offices, which have different funding arrangements with the Authority. Private agencies receive all of their funding from the authority (excluding child maintenance), while government offices receive funding directly from the government based on the approval of allocations by the authority. All contributions to this fund are externally restricted for this purpose.

(b) Revenue recognition

The authority follows the deferral method of accounting for contributions.

Externally restricted contributions are deferred and recognized as revenue in the applicable fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue in the applicable fund when received or receivable.

Externally restricted contributions for the purchase of capital assets are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

(c) Capital assets

Capital assets are recorded at cost and are amortized over their estimated useful lives based on the following rates and methods:

	Rate	Method
Computer software	3 years	Straight line
Furniture and fixtures	5 years	Straight line
Leaseholds	5 years	Straight line

(d) Income taxes

The authority is a non-profit entity and is exempt from income taxes.

(e) Capital disclosures

The Authority's capital consists of Fund Balances. The Authority's capital management policy is to maintain sufficient capital to meet its objectives through its fund balances by managing transfers of surplus funds to the Province of Manitoba; meet short-term capital needs with working capital advances from the Province of Manitoba; and meet long-term capital needs through long-term debt with the Province of Manitoba. There were no changes in the Authority's approach to capital management during the period.

The Authority is not subject to externally imposed capital requirements.

(f) Financial instruments - recognition and measurement

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

3. Summary of significant accounting policies (continued)

The financial assets and liabilities of the Authority are classified and measured as follows:

Financial instrument	Category	Measurement
Cash and short term deposits	Held-for-trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Advances receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Working capital advances	Other financial liabilities	Amortized cost

Amortized cost is determined using the effective interest rate method.

Gains and losses on financial instruments subsequently measured at amortized cost are recognized in the statement of revenues and expenses and fund balances in the period the gain or loss occurs. Changes in fair value on financial instruments classified as held for trading are recognized in the statement of revenues and expenses and fund balances for the current period. Changes in fair value on financial instruments classified as available for sale would be recorded in other comprehensive income until realized, at which time they recorded in the statement of revenues, expenses and comprehensive income and fund balances.

(g) Fair value of financial instruments

The fair value of accounts receivable, advance receivable, accounts payable and accrued liabilities and working capital advances approximates their carrying values due to their short-term maturity.

(h) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

4. Working capital advances

Working capital advances are provided to the Authority's agencies through the Province of Manitoba. The Province has approved the advance based on two twelfths of the yearly expenditures an agency invoices Family Services and Housing for child maintenance. The advance is non-interest bearing and is repayable at the time that the agency no longer is providing services on behalf of the department.

5. Capital assets

	Cost	Accumulated Amortization	Net Book Value 2010	Net Book Value 2009
Computer software	$ 23,791	$ 13,165	$ 10,626	$ 11,888
Furniture and fixtures	51,268	28,930	22,338	19,610
Leaseholds	121,801	68,581	53,220	21,670
	$ 196,860	$ 110,676	$ 86,184	$ 53,168

6. Deferred contributions

Deferred contributions in the operating fund relate to various grants from the Province of Manitoba and the Children's Aid Foundation. The balance continuities are as follows:

(i) Deferred contributions

	2010	2009
Province of Manitoba - Operating:		
Beginning balance	$ 563,711	$ 378,647
Add contributions:		
Province of Manitoba	461,100	446,700
	1,024,811	825,347
Less:		
Amounts amortized to revenue	312,037	261,636
	712,774	563,711
Province of Manitoba - Differential Response:		
Beginning balance	262,352	-
Add contributions:		
Province of Manitoba	81,200	450,000
	343,552	450,000
Less:		
Amounts amortized to revenue	61,667	187,648
	281,885	262,352
Office of the Standing Committee:		
Beginning balance	-	-
Add contributions:		
Office of the Standing Committee	177,600	-
	177,600	-
Less:		
Amounts amortized to revenue	6,672	-
	170,928	-
Ending balance	$ 1,165,587	$ 826,063

(ii) Deferred contributions relating to capital assets

	2010	2009
Beginning balance	$ 44,094	$ 65,834
Add contributions:		
Amounts transferred from deferred contributions in the transition fund	-	5,111
	44,094	70,945
Amounts amortized to revenue	20,602	26,851
Ending balance	$ 23,492	$ 44,094

7. Agency grants

The Authority received funding from the Province of Manitoba in the amount of $8,874,540 (2009 - $7,656,090) to be allocated to the agencies under its jurisdiction. The Agency grants were allocated as follows:

Agency	Child and Family Services Division: Child Protection Branch	Child and Family Services Division: Differential Response	Total 2010	Total 2009
Child and Family Services of Central Manitoba	$ 2,856,400	$ 340,340	$ 3,196,740	$ 2,739,782
Child and Family Services of Western Manitoba	5,033,700	378,200	5,411,900	4,667,108
Jewish Child and Family Services	254,000	-	254,000	237,600
Churchill Regional Health Authority	11,900	-	11,900	11,600
Total	$ 8,156,000	$ 718,540	$ 8,874,540	$ 7,656,090

Child maintenance is paid directly to the above agencies from the Province of Manitoba and is not included in the accounts of the authority.

8. Internally restricted fund balances

Changes in the internally restricted fund balance are as follows:

	2010	2009
Balance, beginning of year	$ 400,000	$ -
Program development	161,169	400,000
Utilized during the year	(119,469)	-
Balance, end of year	$ 441,700	$ 400,000

The amount restricted in 2010 is intended to support the following initiatives:

- Leading Practice Specialist Project in support of training, mentoring and quality assurance within GA Agencies
- Pilot project to provide support for youth transitioning from care
- Development of French Language Services Policy within the General Child and Family Services Authority

These internally restricted amounts are not available for unrestricted purposes without the approval of the Board of Directors.

9. Lease commitments

The Authority has entered into an agreement to lease premises at 180 King Street until November 30, 2012. Occupancy charges for the year ending March 31, 2011 are estimated to be $83,620 (2010 - $74,185).

10. Financial instruments - risk management

In the normal course of operations the Authority is exposed to various financial risks. The financial risk management objectives and policies are as follows:

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 short term deposits, accounts receivable and advance receivable.

The maximum exposure of the Authority to credit risk at March 31, 2010 is:

Cash and short term deposits	$ 1,855,334
Accounts receivable	550,499
Advance receivable	116,600
	$ 2,522,433

Cash and short term deposits: The Authority is not exposed to significant credit risk as the cash and term deposits are primarily held by a financial institution.

Accounts receivable and advance receivable: The Authority is not exposed to significant credit risk as the nature of the accounts receivable and advance receivable are mainly 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 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 balance in the allowance for doubtful accounts at 2010 was $nil (2009 - $nil).

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 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 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 funds on deposit.

The interest rate risk on short term deposits is considered to be low because of their short-term nature.

GENERAL CHILD AND FAMILY SERVICES AUTHORITY

Schedule of Differential Response Revenues and Expenses

Schedule

Year ended March 31, 2010

	2010	2009
Revenues:		
Operating grant	$ 152,367	$ 93,750
Interest & other revenue	50,487	-
Agency grants	718,540	93,898
	921,394	187,648
Expenses:		
Agency allocations (Note 7)	718,540	93,898
DR project development	117,943	93,750
Miscellaneous grant expenses	20,352	-
Office and miscellaneous	1,499	-
Wages and benefits	63,060	-
	921,394	187,648
	$ -	$ -

OFFICE OF THE
AUDITOR GENERAL

AUDITORS' REPORT

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

We have audited the statement of financial position of The Helen Betty Osborne Memorial Foundation as at March 31, 2010, and the statements of operations and changes in net assets and cash flow for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In 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 were 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.

In our opinion, except for the effects of the adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2010, and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
August 5, 2010

500 - 330 Portage Avenue Winnipeg, Manitoba R3C 0C4 (204) 945-3790 (204) 945-2169

THE HELEN BETTY OSBORNE MEMORIAL FOUNDATION
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2010

	Unrestricted Fund	Restricted Fund	Endowment Fund	Total 2010	Total 2009
ASSETS					
CURRENT ASSETS					
Cash and bank	$ 102,486	19,566	43,454	165,506	120,666
Short-term investments (Note 4)	-	-	214,046	214,046	213,554
Accrued interest receivable	-	-	-	-	268
Accounts receivable	33,955	-	-	33,955	3,404
Inventory (Note 2(c))	2,117	-	-	2,117	2,861
	$ 138,558	19,566	257,500	415,624	340,753
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable	$ 8,601	-	-	8,601	599
Deferred contributions (Note 3)	-	19,074	-	19,074	-
	8,601	19,074	-	27,675	599
NET ASSETS					
Restricted	-	492	-	492	268
Endowment	-	-	257,500	257,500	257,500
Unrestricted	129,957	-	-	129,957	82,386
	129,957	492	257,500	387,949	340,154
	$ 138,558	19,566	257,500	415,624	340,753

APPROVED BY THE BOARD:

________________________ **Director**

________________________ **Director**

THE HELEN BETTY OSBORNE MEMORIAL FOUNDATION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2010

	Unrestricted Fund	Restricted Fund	Endowment Fund	Total 2010	Total 2009
REVENUE					
Province of Manitoba operating grant (Note 7)	$ 60,000	-	-	60,000	80,000
Book sales	4,907	-	-	4,907	7,759
Donations and fundraising	49,743	-	-	49,743	75,541
Investment income (Note 4)	-	224	-	224	4,333
Restricted contributions (Note 3)					
Bursaries and scholarships	-	127,500	-	127,500	104,400
Project	-	12,071	-	12,071	26,544
	114,650	139,795	-	254,445	298,577
EXPENSES					
Bursaries and scholarships	-	127,500	-	127,500	123,500
Cost of book sales	744	-	-	744	314
Fundraising	66,335	-	-	66,335	66,080
Project	-	12,071	-	12,071	26,903
	67,079	139,571	-	206,650	216,797
EXCESS OF REVENUE OVER EXPENSES	47,571	224	-	47,795	81,780
NET ASSETS, BEGINNING OF YEAR	82,386	268	257,500	340,154	258,374
NET ASSETS, END OF YEAR	$ 129,957	492	257,500	387,949	340,154

THE HELEN BETTY OSBORNE MEMORIAL FOUNDATION
STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2010

	2010	2009
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of revenue over expenses	$ 47,795	81,780
Change in non-cash working capital:		
Accrued interest receivable	268	1,006
Accounts receivable	(30,551)	(1,737)
Inventory	744	(2,861)
Accounts payable	8,002	599
Deferred contributions	19,074	(23,214)
	45,332	55,573
FINANCING AND INVESTING ACTIVITIES		
Investments	(492)	(5,339)
INCREASE IN CASH	44,840	50,234
CASH, BEGINNING OF YEAR	120,666	70,432
CASH, END OF YEAR	$ 165,506	120,666
ADDITIONAL INFORMATION:		
Interest received	$ 492	5,339

4.

THE HELEN BETTY OSBORNE MEMORIAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2010

1. ACCOUNTING ENTITY

The Helen Betty Osborne Memorial Foundation 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

(a) General

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

(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. Investment income earned is restricted for bursary or scholarship purposes and is recognized on a time proportionate basis.

(c) Inventory

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

(d) Fund Accounting

The Regulation of The Helen Betty Osborne Memorial Foundation Act 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.

THE HELEN BETTY OSBORNE MEMORIAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2010

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) New Accounting Policies

Effective April 1, 2009 the Foundation adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA):

Not-For-Profit Organization Standards - CICA Handbook Sections 4400 to 4470

The CICA amended a number of standards applicable to not-for-profit organizations (NFPOs) within Sections 4400 to 4460 and issued new standard, CICA 4470 Disclosures of Allocated Expenses by Not-for-Profit Organizations.

Section 4400 Financial Statement Presentation by Not-For-Profit Organizations was amended to:

- eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets and, instead, permit a not-for-profit organization (NFPO) to present such an amount as a category of internally restricted net assets when it chooses to do so;
- clarify that revenues and expenses must be recognized and presented on a gross basis when a not-for-profit organization is acting as a principal in transactions;
- make Section 1540 Cash Flow Statements applicable to NFPO's; and
- make Section 1751 Interim Financial Statements applicable to NFPO's that prepare interim financial statements in accordance with GAAP.

Section 4430 Capital Assets Held by Not-For-Profit Organizations was amended to provide additional guidance with respect to the appropriate use of the scope exemption for smaller entities.

Section 4460 Disclosure of Related Party Transactions by Not-For-Profit Organizations was amended to make the language in Section 4460 consistent with Section 3840 Related Party Transactions.

New Section 4470 Disclosure of Allocated Expenses by Not-For-Profit Organizations establishes disclosure standards for not-for-profit organizations that choose to classify their expenses by function and allocate expenses from one function to another. The main features of the new Section are:

- A requirement for an entity that allocates its fundraising and general support expenses to other functions to disclose the policies adopted for the allocation of expenses among functions, the nature of the expenses being allocated and the basis on which such allocations have been made; and
- A requirement for an entity to disclose the amounts allocated from each of its fundraising and general support functions and the amounts and functions to which they have been allocated.

The adoption of these new requirements had no material impact on the Foundation's financial statements for the year ended March 31, 2010.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) New Accounting Policies (Continued)

Financial Statement Concepts – CICA Handbook Section 1000

Financial statement concepts has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching concept.

The revised requirements were effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The adoption of this standard had no effect on the Foundation's financial statements for the year ended March 31, 2010.

Credit Risk and Fair Value of Financial Assets and Financial Liabilities (EIC 173)

During 2009 the Foundation adopted the Emerging Issues Committee (EIC) 173 regarding the credit risk and the fair value of financial assets and financial liabilities. The EIC required entities to consider both their own risk and the risk of counterparties when measuring the fair value of financial assets and financial liabilities for presentation and disclosure purposes.

Due to the nature of the Foundation's financial instruments, the adoption of this EIC has no material impact on the financial position of the Foundation.

(f) Financial Instruments

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and net assets, respectively. All other financial instruments are subsequently measured at amortized cost.

The financial assets and liabilities of the entity are classified and measured as follows:

Financial Asset/Liability	Category	Subsequent Measurement
Cash and bank	Held for trading	Fair value
Short-term investments	Held for trading	Fair value
Accrued interest receivable	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable	Other financial liabilities	Amortized cost
Accrued liabilities	Other financial liabilities	Amortized cost

Amortized cost is determined using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial Instruments (Continued)

Gains and losses on financial instruments subsequently measured at amortized cost are recognized in the statement of operations in the period the gain or loss occurs. Changes in fair value on financial instruments classified as held for trading are recognized in the statement of operations for the current period. Changes in fair value on financial instruments classified as available for sale are recorded in statement of changes in net assets until realized, at which time they recorded in the statement of operations.

As permitted within the CICA Accounting Handbook, the Foundation has continued to apply CICA Section 3861 - Disclosure and Presentation in place of Sections 3862 and 3863 for financial instruments.

Fair value of financial instruments

The fair values of cash, short-term investments, accrued interest receivable, accounts receivable and accounts payable approximates their carrying values due to their short-term maturity.

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 consist 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 cashflow to ensure it will always have sufficient liquidity to meet liabilities when due. At March 31, 2010, the Foundation has an unrestricted fund cash balance of $102,486 and a restricted cash balance of $19,566 which exceeds total unrestricted and restricted fund current liabilities of $19,584. Hence, it is management's opinion that the Foundation is not exposed to any liquidity risk of any significance.

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 and short-term investments.

Management manages credit risk associated with accounts receivable by pursuing collections when they are due and investing in low risk investments that promote safety of principal.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of 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.

(h) Capital Management

The Foundation's objective when managing capital is to maintain sufficient capital to cover its costs of operations. The Foundation's capital consists unrestricted, restricted and endowment funds.

The Foundation's capital management policy is to:

- Maintain sufficient capital to meet its objectives through its net assets by managing contributions from government entities, private organizations and individuals.
- Meet short-term capital needs with ongoing management of cash on hand and short-term investments.
- Meet long-term capital needs through allocation of revenue to the endowment fund.

The Regulation of The Helen Betty Osborne Memorial Foundation Act 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 Endowment Fund, which reports the investments and grants received is subject to externally imposed restrictions stipulating that the resources be maintained permanently.

There were no changes in the Foundation's approach to capital management during the year.

(j) Donated 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.

(k) 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 except for design and marketing services provided by Cats in the Bag Design in the amount of $2,500 for March 31, 2010 (2009 - $5,500).

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:

	2010	2009
Balance, beginning of year	$ -	23,214
Add: Investment revenue restricted for scholarship purposes	224	4,333
Restricted contributions		
Bursaries and scholarships (Note 6)	128,645	104,400
Project	30,000	1,900
GST rebate	-	360
Subtotal	158,869	134,207
Deduct current year:		
Amounts recognized as restricted contributions		
Bursaries and scholarships	127,500	104,400
Project	12,071	25,474
Amounts recognized as investment income	224	4,333
Balance, end of year	$ 19,074	-

4. SHORT-TERM INVESTMENTS AND INVESTMENT INCOME

Short-term investments within the endowment fund of $214,046 consist of 90-day trust deposits held with the Minister of Finance with interest payable at 0.05% maturing between April 12, 2010 and June 7, 2010. Investment income generated from the short-term investments is as follows:

	2010	2009
Total investment income recognized as revenue	$ 224	4,333

5. CONTRACTUAL COMMITMENTS

During the fiscal year-ended March 31, 2010, the Foundation has entered into a contractual arrangement with David Robertson to commission a graphic novel to explore the residential experience. A commitment of $15,929 exists under this arrangement for the 2010/11 fiscal year.

During the fiscal year-ended March 31, 2010, the Foundation has entered into a contractual arrangement with Portage & Main Press to provide distribution services for the sale of The Life of Helen Betty Osborne Graphic Novel. 55% of net sales are kept by the distributor on all book sales until June 24, 2012.

6. FUNDING COMMITMENT RESTRICTED TO SPECIFIC BURSARIES

During the fiscal year ended March 31, 2009, the South Beach Casino and Resort provided a funding commitment of $20,000, which is to be used for bursaries and scholarships. An amount of $5,000 was received in both the prior and current fiscal years. The remaining $10,000 is to be received over the next two fiscal years.

During the fiscal year ended March 31, 2010, the Department of Aboriginal & Northern Affairs provided a funding commitment of $20,000 per year for three years. An amount of $20,000 was received for March 31, 2010, and a further $20,000 will be received in each of the next two fiscal years.

During the fiscal year ended March 31, 2010, the Government of Canada provided a funding commitment of $49,050, of which $45,000 is to be used for bursaries and scholarships. An amount of $44,145 was received for March 31, 2010 and a hold back amount of $4,905 will be received in the next fiscal year upon the completion of final reports.

7. UNRESTRICTED FUNDING COMMITMENT

During the fiscal year ended March 31, 2009, the Government of Manitoba provided a funding commitment of $180,000 to be used for general operating purposes. An amount of $80,000 was received for March 31, 2009 and $60,000 was received for March 31, 2010 with the remainder of the grant of $40,000 to be received in 2010/11, upon the payment terms being met.

8. PUBLIC SECTOR COMPENSATION DISCLOSURE ACT

The requirement under the Public Sector Compensation Disclosure Act for an annual public disclosure be made of individual compensation in an amount exceeding $50,000 annually to any officer or employee of the Foundation is not necessary. All staff, Trustees and the Chairperson to the Board of Trustees are volunteers and receive no compensation for their services.

Tel/Tél.: 204 956 7200
Fax/Téléc.: 204 926 7201
Toll-free/
Sans frais: 800 268 3337
www.bdo.ca

BDO Canada LLP/s.r.l.
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Auditors' Report

To the Members of
INSURANCE COUNCIL OF MANITOBA

We have audited the statement of financial position of **INSURANCE COUNCIL OF MANITOBA** as at March 31, 2010 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
April 20, 2010

INSURANCE COUNCIL OF MANITOBA
Statement of Financial Position

March 31		2010		2009
Assets				
Current Assets				
Cash and bank	$	**95,035**	$	78,778
Short-term investments (Note 3)		**278,160**		274,010
Interest receivable		**22,860**		22,358
Prepaid expenses		**11,115**		11,476
		407,170		386,622
Long-term investments (Note 4)		**877,294**		844,219
Capital assets (Note 6)		**205,318**		86,139
	$	**1,489,782**	$	1,316,980
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued liabilities	$	**12,407**	$	39,506
Deferred revenue		**184,247**		162,272
		196,654		201,778
Net Assets				
Information Technology Reserve (Note 7)		**200,000**		200,000
Unrestricted net assets		**1,093,128**		915,202
		1,293,128		1,115,202
	$	**1,489,782**	$	1,316,980

On behalf of the Council:

______________________________ Member

______________________________ Member

The accompanying summary of significant accounting policies and 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		2010		2009
Revenue				
Licences (Note 5)	$	**758,666**	$	739,087
Other		**45,882**		48,748
Interest income		**39,315**		48,191
Examinations		**53,699**		48,807
Change in market value of investments		**(1,589)**		(4,439)
		895,973		880,394
Expenses				
Advertising, dues and subscriptions		**4,770**		2,507
Amortization		**26,045**		23,465
Bank charges and interest		**596**		1,021
Computer consulting fees		**24,346**		35,963
Conferences		**-**		21,448
Council		**31,000**		33,000
Equipment leases		**6,369**		6,824
Insurance		**10,774**		11,456
Meetings and travel		**32,693**		28,749
Office and equipment rental		**23,064**		22,627
Postage and courier		**14,838**		16,702
Professional fees		**69,897**		47,438
Recruiting and human resource		**903**		17,267
Rent		**71,123**		65,159
Salaries and benefits		**386,901**		390,331
Telephone and Internet		**11,810**		10,131
Training		**2,918**		6,461
		718,047		740,549
Excess of revenue over expenses for the year		**177,926**		139,845
Net assets, beginning of year		**915,202**		875,357
Transfer to Information Technology Reserve (Note 7)		**-**		(100,000)
Net assets, end of year	$	**1,093,128**	$	915,202

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

INSURANCE COUNCIL OF MANITOBA
Statement of Cash Flows

For the year ended March 31		2010		2009
Cash Flows from Operating Activities				
Excess of revenue over expenses for the year	$	**177,926**	$	139,845
Amortization		**26,045**		23,465
Change in fair value of investments held for trading		**1,589**		4,439
Changes in non-cash working capital balances				
Interest receivable		**(502)**		20,368
Prepaid expenses		**361**		3,149
Accounts payable and accrued liabilities		**(27,099)**		16,139
Deferred revenue		**21,975**		9,367
		200,295		216,772
Cash Flows from Investing Activities				
Purchase of capital assets		**(145,224)**		(75,329)
Proceeds on sale of investments		**116,846**		175,034
Purchase of investments		**(151,510)**		(236,474)
		(179,888)		(136,769)
Increase in cash and cash equivalents for the year		**20,407**		80,003
Cash and cash equivalents, beginning of year		**352,788**		272,785
Cash and cash equivalents, end of year	$	**373,195**	$	352,788
Represented by				
Cash and bank	$	**95,035**	$	78,778
Short-term investments		**278,160**		274,010
	$	**373,195**	$	352,788

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

Financial Instruments

The Council utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the Council is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying amounts approximate fair values.

All transactions related to financial instruments are recorded on a settlement date basis except for investments which are recorded on a trade date basis.

The Council classifies its financial instruments as follows based on the purpose for which the asset was acquired and follows the disclosed accounting policy for each category.

Assets/Liability	Category	Measurement
Cash	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Short-term investments	Held for trading	Fair value
Long-term investments	Held for trading	Fair value
Accounts payable	Other financial liabilities	Amortized cost

- Held for trading items are carried at fair value, with changes in their fair value recognized in the statement of operations.
- Other financial liabilities are carried at amortized cost, using the effective interest method.
- Loans and receivables are carried at amortized cost, using the effective interest rate method, less any provision for impairment.

Transaction costs are expensed as incurred.

Basis of Accounting

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

Capital Assets

Capital assets are recorded at cost and are amortized over their estimated useful lives as follows:

Furniture and fixtures	20 % diminishing balance basis
Computer hardware	30 % diminishing balance basis
Computer software	30 % diminishing balance basis
Website	30 % diminishing balance basis

Information Technology Reserve

The Information Technology Reserve is to be used for funding future upgrades to the Council's information technology system.

Use of Estimates

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

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.

New Accounting Pronouncements

A recent accounting pronouncement that have been issued but is not yet effective, and has a potential implication for the Council, is as follows:

Future for Not-for-Profit Organizations (NPO) - In October 2009, the Accounting Standards Board (AcSB) tentatively decided that it will propose a choice between the accounting standards for private enterprises plus the current NPO accounting standards appropriately modified to fit with those standards, International Financial Reporting Standards or Public Sector Accounting Board standards (PSAB) with NPO standards added. The PSAB agreed that there was sufficient support to develop an NPO series of standards to add onto the PSAB standards similar to the current NPO standards, but appropriately modified to fit with PSAB standards. The two boards are working together and intend to issue an Exposure Draft for comment in the first half of 2010. Until the Boards make a final decision, all NPOs will continue to follow the current Canadian Institute of Chartered Accountants Handbook - Accounting.

The Council continues to monitor the developments in this area and evaluate the implications of the potential changes in financial reporting standards.

For the year ended March 31, 2010

1. Nature of Business

The Council was created under the provisions of the Insurance Act (Manitoba) on October 17, 1991 and commenced activities on May 6, 1992. The purpose of the Council is to administer the examinations for and licencing of insurance agents and adjusters in Manitoba. The Council is exempt from income taxes under section 149(1) of the *Income Tax Act*.

2. Employee Benefits

The Council contributes 5.1 percent of employee salary 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 percent on earnings thereafter up to the maximum level allowed under federal taxation regulations. The Council's contributions to employee RRSP's for the year ended March 31, 2010 were $17,366 ($15,319 in 2009).

3. Short-term Investments

	2010	2009
Bank of Montreal Money Market Fund	**$ 278,160**	$ 274,010

The fair value of the short-term investment approximates the carrying value.

4. Long-term Investments

	2010 Cost	2010 Fair Value	2009 Fair Value
Province of Manitoba Portfolio Allocation Notes, Series 1	$ 35,000	$ 30,800	$ 31,315
Home Trust GIC, 3.35%, due October 22, 2014	73,692	77,800	-
Equitable Trust GIC, 4.41%, due August 7, 2014	77,818	73,675	-
Canadian Western Bank GIC, 4.45%, due August 4, 2009	-	-	32,800
AGF Trust Company GIC, 4.89%, due August 4, 2009	-	-	33,890
AGF Trust Company GIC, 4.175%, due October 20, 2009	-	-	70,842
Manitoba Builder Bonds, 3.70%, due June 15, 2010	100,000	116,354	112,372
Manitoba Hydro Bonds, 4.60%, due June 15, 2010	161,300	161,845	163,828
Wells Fargo Fin Canada, 3.60%, due June 28, 2010	43,000	43,194	42,067
Manitoba Hydro Bonds 4.35%, due June 15, 2011	50,000	59,369	57,056
AGF Trust Company GIC, 4.82%, due November 7, 2011	60,688	66,769	63,644
TD Mortgage Corp GIC, 4.65%, due June 25, 2012	50,000	52,392	49,984
Maple Trust GIC, 4.65%, due June 25, 2012	50,000	52,392	49,984
NTL BK of CDA GIC, 4.83%, due June 24, 2013	75,000	78,731	74,975
Advisor's Advantage Trust GIC, 4.8%, due June 24, 2013	20,038	21,028	20,031
TD Mortgage Corp GIC, 3.65%, due March 18, 2014	41,436	42,945	41,431
	$ 837,972	$ 877,294	$ 844,219

The investments are classified as held for trading and are recorded at fair market value. The investments are classified as long-term since it is the intent of the Council to reinvest the investments when they mature.

5. Related Party Transactions

The Council and the Office of the Superintendent of Insurance of Manitoba (OSIM) levy fees on members. The Council acts as agent and remits 44 percent of licence and other fees and 15 percent of examination fees to the OSIM. These amounts are not included in the financial statements. In 2010, this amount is $652,204 ($620,942 in 2009).

6. Capital Assets

	2010			2009		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer software	$ 103,037	$ 91,436	$ 11,601	$ 99,642	$ 86,930	$ 12,712
Furniture & fixtures	49,635	42,624	7,011	48,442	40,896	7,546
Computer hardware	139,128	108,397	30,731	138,192	95,561	42,631
Website	27,353	11,078	16,275	27,353	4,103	23,250
Construction in process - licence database	139,700	-	139,700	-	-	-
	$ 458,853	$ 253,535	$ 205,318	$ 313,629	$ 227,490	$ 86,139

7. Transfer to Information Technology Reserve

	2010	2009
Information Technology Reserve, beginning of year	$ 200,000	$ 100,000
Transfer from unrestricted net assets	-	100,000
Information Technology Reserve, end of year	$ 200,000	$ 200,000

8. Commitments

The Council leases equipment and office premises under the provisions of operating leases. These commitments to expiry are as follows:

2011	$ 9,645
2012	478

LEAF RAPIDS TOWN PROPERTIES LTD. AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010 WERE NOT AVAILABLE AT THE TIME OF PRINTING THE PROVINCE OF MANITOBA PUBLIC ACCOUNTS VOLUME IV.

Responsibility for Financial Reporting

The accompanying financial statements of Legal Aid Manitoba are the responsibility of management and have been prepared in accordance with the accounting policies stated in Note 2 to the financial statements for the year ended March 31, 2010.

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

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

Gil Clifford
Executive Director
Legal Aid Manitoba

August 17, 2010

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITORS' REPORT

To the Legislative Assembly of Manitoba
To the Management Council of Legal Aid Manitoba

We have audited the balance sheet of Legal Aid Manitoba as at March 31, 2010 and the statements of revenue and expense, changes in net assets and cash flow for the year then ended. These financial statements are the responsibility of Legal Aid Manitoba's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of Legal Aid Manitoba as at March 31, 2010 and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
August 17, 2010

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

LEGAL AID MANITOBA

Balance Sheet
as at March 31

	2010	2009
ASSETS		
Current Assets		
Cash	$ 877,765	$ 2,496,588
Short term investment	1,400,000	1,400,000
Client accounts receivable, net (Note 3)	235,669	192,588
Receivable from the Province of Manitoba	5,237,000	4,043,300
Receivable from the Government of Canada	110,396	-
Other receivables, net (Note 4)	103,848	142,069
Prepaid expenses	181,680	182,716
	8,146,358	8,457,261
Capital Assets (Note 5)	294,369	320,796
Long-term receivable - charges on land, net (Note 6)	714,505	757,549
Long-term receivable - severance - Province of Manitoba (Note 7)	716,166	716,166
Long-term receivable - pension - Province of Manitoba (Note 14)	16,629,700	13,244,586
	$ 26,501,098	$ 23,496,358
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 4,797,734	$ 4,110,061
Accrued vacation pay	992,192	951,364
Deferred revenue from clients	406,357	417,888
Deferred contribution from Province of Manitoba	30,000	30,000
	6,226,283	5,509,313
Severance liability (Note 8)	1,719,000	1,637,600
Provision for employee pension benefits (Note 14)	16,629,700	13,244,586
	18,348,700	14,882,186
Net Assets		
Invested in Capital Assets	294,368	320,796
Restricted Net Assets (Note 15)	78,559	78,559
Unrestricted Net Assets	1,553,188	2,705,504
	1,926,115	3,104,859
	$ 26,501,098	$ 23,496,358

Approved by the Council

Chairperson

Council Member

LEGAL AID MANITOBA

Statement of Revenue and Expense
for the year ended March 31

		2010		2009
Revenue				
Province of Manitoba (Note 9)	$	26,645,026	$	21,286,572
Manitoba Law Foundation (Note 10)		2,147,184		4,009,943
Contributions from clients		1,089,291		973,985
Recoveries from third parties		428,831		686,340
Government of Canada		110,396		1,875
Judgment costs and settlements		78,517		134,690
Interest income		52,383		21,522
Other		6,265		7,222
	$	30,557,893	$	27,122,149
Expense				
Private bar fees and disbursements (Note 13)				
Legal aid certificates	$	9,941,105	$	7,895,270
Duty counsel services		806,424		1,032,273
Transcripts		57,141		68,812
		10,804,670		8,996,355
Community Law Centres, Schedule 1		11,782,461		11,109,909
Public Interest Law Centre, Schedule 1		1,082,053		860,764
University Law Centre, Schedule 1		116,071		122,521
General and Administrative, Schedule 1		7,951,382		5,809,195
	$	31,736,637	$	26,898,744
Excess of Revenue (Expense)	$	(1,178,744)	$	223,405

LEGAL AID MANITOBA

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

	2010				2009
	Invested in Capital Assets	Restricted Net Assets (Note 15)	Unrestricted Net Assets	Total	Total
Balance, Beginning of Year	$ 320,796	$ 78,559	$ 2,705,504	$ 3,104,859	$ 2,881,454
Restricted Net Assets Expenses	-	-	-	-	-
Excess of Revenue over Expense	(112,492)	-	(1,066,252)	(1,178,744)	223,405
Capital Asset Additions	86,064	-	(86,064)	-	-
BALANCE, END OF YEAR	$ 294,368	$ 78,559	$ 1,553,188	$ 1,926,115	$ 3,104,859

LEGAL AID MANITOBA

Statement of Cash Flow
for the year ended March 31

		2010		2009
Cash Flow Provided by (Used In) Operating Activities:				
Excess of Revenue over Expense	$	(1,178,744)	$	223,405
Add items not affecting cash				
Amortization		112,492		98,322
Bad debt expense		231,026		227,500
Changes in working capital:				
Client accounts receivable		(203,187)		(142,866)
Province of Manitoba receivable		(1,193,700)		1,874,700
Government of Canada receivable		(110,396)		73,025
Other receivables		(27,851)		(177,441)
Prepaid expenses		1,036		19,436
Accounts payable and accrued vacation pay		728,501		(182,517)
Deferred revenue		(11,530)		(3,170)
Deferred contribution from Province of Manitoba		-		30,000
Charges on land		38,194		20,278
Long-term funding commitments - pension		(3,385,114)		(1,180,830)
Severance liability		81,400		103,891
Provision for employee pension benefits		3,385,114		1,180,830
		(1,532,759)		2,164,563
Cash Flow Provided by (Used In) Investing Activities:				
Purchase of short term investment		-		(1,400,000)
Purchase of capital assets		(86,064)		(72,375)
		(86,064)		(1,472,375)
Net Increase (Decrease) in Cash for the Year		(1,618,823)		692,188
Cash - Beginning of Year		2,496,588		1,804,400
Cash - End of Year	$	877,765	$	2,496,588

LEGAL AID MANITOBA

SCHEDULE 1

Schedule of Expenses
for the year ended March 31

	COMMUNITY LAW CENTRES		PUBLIC INTEREST LAW CENTRE		UNIVERSITY LAW CENTRE		GENERAL AND ADMINISTRATIVE		TOTAL	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Advertising	$ -	$ -	$ -	$ -	$ -	$ -	$ 30,357	$ 30,213	$ 30,357	$ 30,213
Amortization	69,024	66,857	3,781	3,548	1,452	900	38,235	27,017	112,492	98,322
Bad debts	-	-	-	-	-	-	231,026	227,500	231,026	227,500
Bank charges	-	-	-	-	-	-	2,172	2,565	2,172	2,565
Collection costs	-	-	-	-	-	-	5,996	17,494	5,996	17,494
Computer costs	15,756	2,428	114	692	-	5,720	12,219	37,442	28,089	46,282
Council expenses	-	-	-	-	-	-	147,240	147,584	147,240	147,584
Duty counsel	244,925	174,266	5,228	4,220	-	-	1,207	2,998	251,360	181,484
Equipment maintenance	103,419	92,291	9,858	9,454	939	353	42,486	56,231	156,702	158,329
Expert witnesses and consultants	-	-	-	61,157	-	-	-	-	-	61,157
File disbursements	361,104	283,914	181,406	232,462	806	1,327	24,131	23,424	567,447	541,127
Library	62,437	64,384	12,103	12,901	120	134	2,913	6,152	77,573	83,571
Meetings	17,702	22,848	443	5,214	3,221	265	18,735	25,489	40,101	53,816
Office expenses	193,240	209,255	19,232	13,664	4,657	7,321	122,231	114,556	339,360	344,796
Office relocation	856	3,345	1,226	-	-	-	1,415	-	3,497	3,345
Pension costs (note 14)	-	-	-	-	-	-	4,063,251	1,967,126	4,063,251	1,967,126
Premise costs	668,396	693,687	23,004	26,152	112	1,771	166,108	177,218	857,620	898,828
Professional fees	144,748	100,808	12,447	10,176	570	590	110,012	110,618	267,777	222,192
Salaries, benefits and levy	9,528,420	8,954,988	792,416	463,115	93,494	93,516	2,658,445	2,568,774	13,072,775	12,080,393
Severance benefits	-	-	-	-	-	-	170,333	165,145	170,333	165,145
Staff development	117,757	163,525	3,699	5,994	-	-	16,112	11,569	137,568	181,088
Staff recruitment	21,782	37,353	129	136	10	1,435	1,521	4,581	23,442	43,505
Telephone	103,195	103,808	7,593	6,227	3,207	3,187	60,109	56,103	174,104	169,325
Transcripts	26,370	25,446	75	-	327	63	-	-	26,772	25,509
Travel	103,330	110,706	9,299	5,652	7,156	5,939	25,128	29,396	144,913	151,693
TOTAL	$ 11,782,461	$ 11,109,909	$ 1,082,053	$ 860,764	$ 116,071	$ 122,521	$ 7,951,382	$ 5,809,195	$ 20,931,967	$ 17,902,389

Notes to Financial Statements
for the year ended March 31, 2010

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) General

The financial statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP).

b) New Accounting Policies

Effective April 1, 2009, Legal Aid Manitoba (LAM) adopted changes to CICA handbook section 4400. The primary impact is the applicability of section 1540 "Cash Flow Statements." Adoption of this section has resulted in additional disclosure on the Cash Flow Statement.

c) Financial Instruments and Risk Management

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings. All other financial instruments are subsequently measured at amortized cost.

The financial assets and liabilities of Legal Aid Manitoba are classified and measured as follows:

Financial Asset/Liability	Category	Subsequent Measurement
Cash	Held for trading	Fair value
Short term investment	Held for trading	Fair value
Client accounts receivable	Loans and receivables	Amortized cost
Receivable from the Province of Manitoba	Loans and receivables	Amortized cost
Receivable from the Government of Canada	Loans and receivables	Amortized cost
Other receivables	Loans and receivables	Amortized cost

Notes to Financial Statements
for the year ended March 31, 2010

Financial Asset/Liability	Category	Subsequent Measurement
Long term receivables: – Charges on land – Severance – Province of Manitoba – Pension – Province of Manitoba	 Loans and receivables Loans and receivables Loans and receivables	 Amortized cost Amortized cost Amortized cost
Accounts payable	Other financial liabilities	Amortized cost
Accrued vacation pay	Other financial liabilities	Amortized cost

Amortized cost is determined using the effective interest rate method.

Gains and losses on financial instruments subsequently measured at amortized cost are recognized in the statement of revenue and expense in the period the gain or loss occurs. Changes in fair value on financial instruments classified as held for trading are recognized in the statement of revenue and expense for the current period. Changes in fair value on financial instruments classified as available for sale are recorded in statement of changes in net assets until realized, at which time they are recorded in the statement of revenue and expense.

The Corporation has continued to apply Section 3861: Financial Instruments – Disclosure and Presentation in place of sections 3862 and 3863.

Fair value of financial instruments

The fair value of a financial instrument is the estimated amount that the Corporation would receive or pay to settle a financial asset or financial liability as at the reporting date.

Due to the redeemable nature of cash and short term investment, carrying value is considered to be fair value.

The fair values of the client accounts receivable, receivable from the Province of Manitoba, receivable from the Government of Canada, other receivables and accounts payable and accrued vacation pay approximates their carrying values due to their short-term maturity.

The fair value of the long-term receivable – Charges on land approximates the carrying value because it is estimated from an analysis of expected recoveries based on recent experience and discounted to reflect the time value of money.

The fair value of the long-term receivable from the Province of Manitoba - severance approximates its carrying value as the receivable includes an interest component as described in Note 7.

The fair value of the long-term receivable from the Province of Manitoba - pension approximates its carrying value as the receivable includes an interest component as described in Note 14.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

Notes to Financial Statements
for the year ended March 31, 2010

Financial Asset/Liability	2010 Carrying Amount	2010 Fair Value	2009 Carrying Amount	2009 Fair Value
Cash	$ 877,765	$ 877,765	$ 2,496,588	$ 2,496,588
Short term investment	1,400,000	1,400,000	1,400,000	1,400,000
Client account receivable	235,669	235,669	192,588	192,588
Receivable from Province of Manitoba	5,237,000	5,237,000	4,043,300	4,043,300
Receivable from Government of Canada	110,396	110 396	-	-
Other receivables	103,848	103,848	142,069	142,069
Long-term receivables:				
– Charges on land	714,505	714,505	757,549	757,549
– Severance – Province of Manitoba	716,166	716,166	716,166	716,166
– Pension – Province of Manitoba	16,629,700	16,629,700	13,244,586	13,244,586
Accounts payable	4,797,733	4,797,733	4,110,061	4,110,061
Accrued vacation	992,192	992,192	951,364	951,364

Financial risk management – overview

The Corporation has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity 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, term deposits and accounts receivable.

The maximum exposure of Legal Aid Manitoba to credit risk at March 31, 2010 is:

Cash and short term investment	$ 2,277,765
Client accounts receivable	235,669
Receivable from the Province of Manitoba	5,237,000
Other receivables	103,848
Long-term receivables:	
– Charges on land	714,505
– Severance – Province of Manitoba	716,166
– Pension – Province of Manitoba	16,629,700
	$ 25,914,653

Cash and short term investment: The Corporation is not exposed to significant credit risk as the cash and short term investment are held by a large financial banking institution.

Clients accounts receivable includes clients that contribute toward the cost of their case under the agreements to pay and expanded eligibility 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.

Receivables from the Province of Manitoba: The Corporation is not exposed to significant credit risk as the receivable is from the provincial government.

Other receivables includes court costs, Child and Family Services agencies, Employment and Income Assistance, and miscellaneous. The Corporation is not exposed to significant credit risk related to court costs as 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 receivables – 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 for the remainder.

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.

Liquidity risk

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

Legal Aid Manitoba 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.

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, short term investment and accounts payable.

The interest rate risk is considered to be low on cash and short term investment because of their 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.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect Legal Aid's income or the fair values of its financial instruments. The significant market risks Legal Aid is exposed to are: interest rate risk; foreign currency risk; and other price risk.

d) <u>Use of Estimates</u>

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

e) <u>Revenue Recognition</u>

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.

f) <u>Recognition of Contributions from Clients</u>

Clients may be required to pay a portion or all of the legal costs incurred on their behalf by Legal Aid Manitoba based on the clients' ability to pay.

i) Agreements to Pay

Clients who are able to pay, sign an agreement to pay for their portion of the applicable legal costs. The amount the client is required to pay is specified on the Legal Aid Certificate. The revenue and receivable are recognized when the certificate is signed.

ii) Expanded Eligibility

Under terms of expanded eligibility, clients are required to pay all of the legal costs and an administration fee of 25% of the Corporation's cost of the case up to a maximum of $250. The revenue and receivable are recognized based on the date of the lawyer's billing.

iii) Charges on Land

Charges on Land are registered under Section 17 of the *Corporations Ac*t in a Land Titles Office against property owned by clients. The revenue and receivable are recognized at the later of the date the lien is filed or the date of the lawyer's billing. Collection of these accounts in the future is dependent on the client disposing of the property or arranging for payment.

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 and software – 4 years
- Leasehold improvements – over the term of the lease

Work in progress assets are not amortized until the asset is available to be put into service.

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. Legal Aid Manitoba is a non-matching employer. Under provisions of the *Civil Service Superannuation Act* non-matching employers defer contributing their share of employee pension benefits until they are billed for 50% of the benefit payments processed. The Corporation accrues a provision for the liability for the employer's share of employee pension benefits, including future cost of living adjustments, based on actuarial calculations. When actual experience varies from actuarial estimates, the adjustment needed is recognized immediately in net revenue (expense) in the year that the actuarial gain or loss arises.

LEGAL AID MANITOBA

Notes to Financial Statements
for the year ended March 31, 2010

3. Client Accounts Receivable, net

	2010	2009
Agreements to Pay	$ 64,751	$ 57,974
Expanded Eligibility	570,705	411,211
	635,456	469,185
Less: Allowance for Doubtful Accounts	399,787	276,597
Clients Accounts Receivable, net	$ 235,669	$ 192,588

4. Other Receivables, net

	2010	2009
Court Costs	$ 216,009	$ 205,390
Child and Family Services Agencies	4,419	31,131
Employment and Income Assistance	53,736	78,371
Employee Advances, GST Recoverable, and Miscellaneous	42,216	27,194
	316,380	342,086
Less: Allowance for Doubtful Accounts	212,532	200,017
Other Receivables, net	$ 103,848	$ 142,069

5. Capital Assets

	2010		2009	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and Office Equipment	$ 239,178	$ 115,595	$ 232,691	$ 92,001
Computer Hardware and Software	239,854	137,783	194,032	122,113
Leasehold Improvements	314,736	246,021	314,736	206,549
Work in Progress	-	-	-	-
	$ 793,768	$ 499,399	$ 741,459	$ 420,663
Net Book Value		$ 294,369		$ 320,796

6. Charges on Land, net: see note 2(f)

	2010	2009
Charges on Land	$ 1,394,003	$ 1,432,197
Less: Allowance for Doubtful Accounts	679,498	674,648
Charges on Land, net	$ 714,505	$ 757,549

7. Long-term Receivable - Severance Benefits

The amount recorded as a receivable from the Province 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. Severance Liability

Effective April 1, 1998, Legal Aid commenced recording the estimated liability for accumulated severance pay benefits for their employees. The amount of this estimated liability is based on actuarial calculations. The periodic actuarial valuation of this liability may determine that an adjustment is needed to the actuarial calculation when actual experience is different from that expected and/or because of changes in actuarial assumptions used. The resulting actuarial gains or losses are recognized immediately in net revenue (expense) in the year that the actuarial gain or loss arises.

An actuarial report was completed for the severance pay liability as at March 31, 2010 by Ellement & Ellement Consulting Actuaries. The Corporation's actuarially determined net liability for accounting purposes as at March 31, 2010 was $1,719,000 (2009 - $1,637,600). The report provides a formula to update liability on an annual basis.

Severance pay, at the employee's date of retirement, will be determined using the eligible employee's years of service and based on the calculation as set by the Province of Manitoba. The maximum payout is currently 23 weeks at the employee's weekly salary at the date of retirement. Eligibility will require that the employee has achieved a minimum of nine years of service and that the employee is retiring from the Corporation.

Significant long-term actuarial assumptions used in the March 31, 2010 valuation, and in the determination of the March 31, 2010 present value of the accrued severance benefit obligation were:

Annual rate of return	
Inflation component	2.50%
Real rate of return	4.00%
	6.50%
Assumed salary increase rates	
Annual productivity increase	0.75%
Annual general salary increase	2.50%
	3.25%

9. Revenue from the Province of Manitoba

	2010	2009
Grant	$ 14,052,743	$ 11,473,617
Salaries and other payments	10,866,910	8,861,749
Health and post secondary education tax levy	230,541	195,210
Employer portion of employee benefits	1,464,832	755,996
Other Government Agencies	30,000	-
	$ 26,645,026	$ 21,286,572

Grant revenue from the Province of Manitoba includes the Corporation's share of provisions recorded for unfunded pension liabilities.

LEGAL AID MANITOBA

Notes to Financial Statements
for the year ended March 31, 2010

10. Revenue from the Manitoba Law Foundation

	2010	2009
Statutory Grant	$ 1,881,184	$ 3,743,943
Public Interest Law Centre	180,000	180,000
University Law Centre	86,000	86,000
	$ 2,147,184	$ 4,009,943

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, 2010, there were no funds remaining from these grants.

11. Commitments

a) Lease

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

2011	$ 687,029
2012	471,356
2013	120,229
2014	40,603
Thereafter	-
	$ 1,319,217

b) Private Bar

Estimated total commitments for future billings on outstanding Legal Aid Certificates amount to $2,063,000 as at March 31, 2010 (2009 - $2,284,000).

12. Related Parties Transactions

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

Notes to Financial Statements
for the year ended March 31, 2010

13. Private Bar Fees and Disbursements

	Fees	Disbursements	2010 Total	2009 Total
Legal Aid Certificates	$ 8,549,484	$ 1,391,621	$ 9,941,105	$ 7,895,270
Duty Counsel	806,424	-	806,424	1,032,273
Transcripts and Other	-	57,141	57,141	68,812
Total	$ 9,355,908	$ 1,448,762	$ 10,804,670	$ 8,996,355

Management Council declared a hold back holiday for all certificates processed during the fiscal year April 1, 2009 - March 31, 2010. Certificates issued in this fiscal year were not subject to a hold back.

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 every three years with the balances for the intervening years being determined by a formula provided by the actuary. The most recent valuation was completed as at December 31, 2009 by Ellement & Ellement Consulting Actuaries. The actuary has projected the pension obligation to March 31, 2010.

	2010	2009
Balance at beginning of year	$ 13,244,586	$ 12,063,756
Benefits accrued	656,047	573,555
Interest accrued on benefits	978,127	918,821
Benefits paid	(678,137)	(786,296)
Experience (Gain) Loss	2,429,077	474,750
Balance at end of year	$ 16,629,700	$ 13,244,586

The Corporation's pension costs consist of the following:

	2010	2009
Benefits accrued	$ 656,047	$ 573,555
Interest accrued on benefits	978,127	918,821
Experience (Gain) Loss	2,429,077	474,750
	$ 4,063,251	$ 1,967,126

The key actuarial assumptions were a rate of return of 6.50% (2007 – 6.50%), 2.50% inflation (2007 – 2.50%), salary rate increases of 4.25% (2007 – 4.25%) 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, 2010 using a formula provided by the actuary.

LEGAL AID MANITOBA

Notes to Financial Statements
for the year ended March 31, 2010

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 $16,629,700 (2009 - $13,244,586), and has recorded revenue for 2009/10 equal to its increase in the unfunded pension liability during the year of $3,385,114 (2009 - $1,180,830). The Province makes payments on the receivable when it is determined that the cash is required to discharge the related pension obligation.

15. Restricted Net Assets - Wrongful Conviction Cases

During the fiscal year ended March 31, 2006 the Province of Manitoba approved a reallocation of $130,000 from 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 (2009 - $ nil) for private bar fees and disbursements related to wrongful conviction cases. The balance remaining is $78,559.

16. Capital Management

The Corporation's objective when managing capital is to maintain sufficient capital to cover its costs of operations.

The Corporation's capital consists of the total of the various net asset balances in the amount of $1,926,115 (2009 – $3,104,859).

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.

17. Public Sector Compensation Disclosure

For the purposes of the *Public Sector Compensation Disclosure Act*, all compensation for employees, Management Council members, and the private bar fees and disbursements from Legal Aid Manitoba is disclosed in a separate statement.

18. Legal Aid Manitoba Application System (LAMAS)

A new software application system was installed and implemented fiscal 2006/07 at a cost of $764,850. The system was paid for by the Department of Justice and therefore, a capital asset has not been recorded in these financial statements.

19. Comparative Figures

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

Manitoba Agricultural Services Corporation

Responsibility for Financial Statements

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

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

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

Original signed by

Neil Hamilton
President & Chief Executive Officer

Original signed by

Jim Lewis
Vice President, Finance & Administration

July 13, 2010

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITORS' REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors of Manitoba Agricultural Services Corporation

We have audited the balance sheet of the Manitoba Agricultural Services Corporation as at March 31, 2010, the statements of operations and funds retained and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Original signed by

Office of the Auditor General

Winnipeg, Manitoba
July 13, 2010

CONSOLIDATED BALANCE SHEET

as at March 31, 2010 (in thousands)

	2010	2009
ASSETS		
Cash	$ 1,177	$ 2,764
Investments (Notes 4(B) & 8)	393,687	380,982
Accounts receivable (Note 9)	23,755	52,169
Prepaid expenses	101	99
Loans receivable (Note 10)	310,777	309,477
Real estate	501	501
Property and equipment (Note 13)	267	272
	$ 730,265	$ 746,264
LIABILITIES AND FUNDS RETAINED		
Reinsurance premiums payable (Notes 14 & 15)	$ 2,549	$ 6,265
Claims payable (Note 16)	16,893	35,566
Accounts payable and accrued liabilities (Note 17)	13,043	13,811
Provision for losses on guaranteed loans (Note 23)	15,324	15,146
Advances from the Province of Manitoba (Note 19)	339,372	346,394
Deferred revenue (Note 20)	267	272
Funds retained	342,817	328,810
	$ 730,265	$ 746,264

Approved by the Board:

Original signed by

John S. Plohman
Chair

Original signed by

Frieda Krpan
Vice Chair

CONSOLIDATED STATEMENT OF OPERATIONS AND FUNDS RETAINED

for the year ended March 31, 2010 (in thousands)

	2010	2009
REVENUE:		
Insurance premiums		
Insured producers	$ 92,567	$ 98,588
Government of Canada	65,986	71,769
Province of Manitoba	43,990	47,846
	202,543	218,203
Interest from loans	20,677	20,385
Other contributions - Government of Canada	3,301	24,605
Other contributions - Province of Manitoba	44,319	45,513
Investment income	1,914	7,624
Real estate and other income	156	824
Reinsurance recoveries (Notes 14 & 15)	19	(138)
Total revenue	272,929	317,016
EXPENSES:		
Insurance indemnities and compensation payments (Note 21)	157,347	70,272
Reinsurance premiums (Notes 14 & 15)	32,887	33,494
Interest on borrowed funds	17,278	17,709
Provision for credit losses (Note 12)	1,244	3,778
Provision for guaranteed loan losses (Note 23)	3,000	2,286
Young farmer incentives	1,795	1,825
Loan interest concession (Note 11)	37	1,716
Farmland school tax rebates (Note 6)	33,089	25,121
Other program payments (recovery)(Note 7)	(6,396)	24,766
Administrative expenses (Schedule 2)	18,641	20,425
Total expenses	258,922	201,392
Net income and comprehensive income for the year	14,007	115,624
Funds retained, beginning of year	328,810	213,186
Funds retained, end of year (Schedule 1)	$ 342,817	$ 328,810

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended March 31, 2010 (in thousands)

	2010	2009
Cash provided by (used for)		
Operating activities		
Net income and comprehensive income for the year:		
Income before investment income	$ 12,093	$ 108,000
Investment income	1,914	7,624
	14,007	115,624
Items not involving cash:		
Change in provisions and allowances	768	4,134
Loan interest concession	(1,083)	1,469
Gain on disposal of real estate	-	(133)
Amortization of property and equipment	97	94
Loans disbursed	(78,410)	(94,201)
Loan principal received	77,985	69,556
Changes in:		
Accounts receivable	27,791	(14,660)
Prepaid expenses	(2)	1
Loans receivable	283	420
Reinsurance premiums payable	(3,716)	1,830
Claims payable	(18,673)	6,336
Accounts payable and accrued liabilities	(809)	1,507
Deferred revenue	(5)	(18)
Cash provided by operating activities	18,233	91,959
Investing activities:		
Sale (purchase) of investments	(111,997)	34,821
Net proceeds on sale of real estate	-	390
Purchase of property & equipment	(93)	(76)
Cash provided by (used for) investing activities	(112,090)	35,135
Financing activities:		
Advances borrowed from (repaid to) the Province of Manitoba	(7,022)	21,696
Cash provided by (used for) financing activities	(7,022)	21,696
Net increase (decrease) in cash and equivalents	(100,879)	148,790
Cash and equivalents, beginning of year	345,334	196,544
Cash and equivalents, end of year	$ 244,455	$ 345,334
Cash and equivalents comprised of the following:		
Investments	$ 393,687	$ 380,982
Investments with terms greater than 90 days	(150,409)	(38,412)
Investments with terms of 90 days or less	243,278	342,570
Cash	1,177	2,764
	$ 244,455	$ 345,334

NOTES TO FINANCIAL STATEMENTS

as at March 31, 2010 (tabular amounts in thousands of dollars)

1. AUTHORITY AND PURPOSE

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

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

2. BASIS OF REPORTING

MASC's financial statements are presented in accordance with Canadian generally accepted accounting principles.

3. CHANGES IN ACCOUNTING POLICIES

Financial Instruments - Disclosures
For the year ended March 31, 2010, MASC adopted the amended CICA Handbook section 3862 Financial Instruments Disclosures relating to fair value and liquidity risk disclosures. The new requirements are for disclosure only and did not impact MASC's financial results.

Financial Instruments - Recognition and Measurement
In August 2009, the CICA issued various amendments to Section 3855 including: non-derivative financial assets with fixed or determinable payments that are not quoted in an active market may be classified as loans and receivables; loans and receivables for which MASC may not recover substantially all of the initial investment, other than because of credit deterioration, must be classified as Available for Sale; and loans and receivables that MASC intends to sell immediately or in the near term must be classified as Held for Trading. The amendments also require reversal of impairment losses, and permit reclassifications between certain categories in certain circumstances. The amendments did not have a financial impact on MASC's financial results.

4. SIGNIFICANT ACCOUNTING POLICIES

(A) Programs
Under the provisions of the applicable legislation, MASC delivers lending, insurance and other programs and services. For financial accounting purposes, all programs are treated as separate operations and are accounted for separately.

(B) 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*.

(C) Property and Equipment and Amortization
Property and equipment are reported at cost less accumulated amortization. Property and equipment are amortized on a straight-line basis over their estimated useful life, as follows:

Furniture and Equipment	10 years
Computer Hardware	4 years
Computer Software	4 years
Major Software Development	8 years
Leasehold Improvements	remaining term of lease

(D) Pensions

MASC employees are pensionable under *The Civil Service Superannuation Act*.

Effective April 1, 1998, the former 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.

Prior to amalgamation, 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 former MACC employees prior to the amalgamation on September 1, 2005, that includes future cost of living adjustments based on an actuarial valuation. The Province of Manitoba provides funding for this liability (Note 9). Details of the provision for the pension benefits are outlined in Note 18. Actuarial gains (losses) are recorded in the statement of operations in the fiscal year the actuarial valuation is completed.

As a matching employer, MASC discharges its pension liability on a current basis and, therefore, has no additional pension obligation. MASC's matching contributions for 2009/10 totalled $650,731.

(E) Vacation and Severance Pay

MASC employees are entitled to vacation and severance pay in accordance with the terms of the Collective Agreements and corporate policy. The severance pay liability is recorded based on an actuarial valuation and vacation pay is recorded based on MASC's best estimate. Actuarial gains (losses) on severance pay are recorded in the statement of operations in the fiscal year the actuarial valuation is completed.

(F) Provision for Losses on Loans and Loan Guarantees

The provision for loan losses is determined annually through a review of individual accounts. The provision represents management's best estimate of probable losses on receivables. Where circumstances indicate doubt as to the ultimate collectability of principal or interest, specific provisions are established for individual accounts. These accounts are valued at the lower of their recorded value or the estimated net realizable value of the security held for the accounts. In addition to the provision for 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.

The provisions for losses on loan guarantees are determined annually through a review of each guarantee program. The provisions represent management's best estimate of probable claims against the loan guarantees. Such provisions are intended to cover principal, accrued and unpaid interest, and any additional amounts that are recoverable by the lender.

Current year provisions for losses on loans and loan guarantees are charged as expenses to the provision for credit losses and the provision for guaranteed loan losses, respectively. Actual loan accounts that have been written off and loan guarantee claims that have been paid are charged to the appropriate provision once all security has been realized and all other collection efforts have been exhausted.

(G) Real Estate Acquired in Settlement of Loans

Real estate that is acquired through foreclosure and voluntary transfer of titles in the settlement of loans is recorded at the lower of the recorded value of the loan or the appraised value of the real estate at acquisition date. Real estate is reported net of a provision for a decline in real estate values.

(H) Real Estate Under Long-Term Lease

Real estate that was acquired for the purpose of providing long-term leases to producers through the Land Lease program is recorded at cost.

(I) Premiums and Government Contributions

MASC recognizes as revenue all premiums earned on insurance policies in force during the year.

The Canada-Manitoba AgriInsurance Agreement, which is consolidated in Annex B of "Growing Forward: A Federal Provincial Territorial Framework Agreement on Agriculture, Agri-Food and Agri-Based Products Policy", provides for the cost sharing of AgriInsurance premiums. Premiums for standard crop loss programs are shared between insured producers (40%), the Government of Canada (36%) and the Province of Manitoba (24%).

In addition to the general premium sharing noted above, alternative premium sharing arrangements apply for basic Excess Moisture Insurance (EMI), the EMI zero deductible option and the Fall Frost Insurance pilot program.

(J) Administrative Expenses

Identifiable administrative expenses for all of the programs administered by MASC are charged directly to the specific program. Where the direct charging of administrative expenses to specific programs is not possible, these expenses are allocated to each program on a basis approved by MASC's Board of Directors.

The Canada-Manitoba AgriInsurance Agreement referred to in Section (I) of this note, stipulates that administrative expenses, net of any administrative revenues, will be shared by the Government of Canada (60%) and the Province of Manitoba (40%).

(K) Use of Estimates

Preparing MASC's financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities as of the date of the financial statements, and reported amounts of revenue and expenses during the period. Actual results may differ from these estimates. Significant estimates are made by management in the following balances: accounts receivable, loans receivable, claims payable, accounts payable and the provision for losses on guaranteed loans.

(L) Financial Instruments

Financial assets and liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and MASC's designation of such instruments.

Classifications

MASC has designated its financial instruments as follows:

Held for trading:	Cash
Held to maturity:	Investments
Loans and receivables:	Accounts receivable
	Loans receivable
Other liabilities:	Reinsurance premiums payable
	Claims payable
	Accounts payable and accrued liabilities
	Advances from the Province of Manitoba
	Provision for losses on guaranteed loans

Held for trading

Held for trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held for trading. They are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal, and unrealized gains and losses, are all included in other income.

Held to maturity

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and a fixed maturity, other than loans and receivables that an entity has the positive intention and ability to hold to maturity. These financial assets are measured at amortized cost using the effective interest method.

Loans and receivables

Loans and receivables are accounted for at amortized cost using the effective interest method.

Other liabilities

Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities other than derivative instruments.

MASC uses the effective interest method to recognize interest income or expense, which includes discounts recognized on loans with concessionary terms. Transaction costs related to all financial instruments are expensed as incurred.

Fair Value of Financial Instruments

Certain financial instruments are valued at cost, with adjustments for any applicable allowance for doubtful accounts. This applies to investments, accounts receivable (excluding receivables related to pension and severance pay liabilities), reinsurance premiums payable, claims payable, accounts payable and accrued liabilities (excluding pension and severance pay liabilities). Cost approximates fair market value for these instruments due to their short-term nature. The fair value of financial assets designated as held for trading (cash) are determined based on quoted prices in active markets for identical assets and categorized as "Level One of the Fair Value Hierarchy" as described in CICA Handbook Section 3862.

The carrying values of MASC's pension and severance pay liabilities are based on actuarial valuations adjusted over time for the effect of interest and payouts since the valuations were performed. The carrying value of these liabilities approximates their fair values as the interest component is comparable to current market rates. The carrying values of the related pension and severance receivables approximates their fair values as their carrying values are derived from the related pension and severance liabilities.

Differences between the book value and the fair value of loans receivable and advances from the Province of Manitoba are caused by deviations between the interest rate at the time of the original loan and the current interest rate for the same loan product.

While fair value amounts are designed to represent estimates of the amounts at which assets and liabilities could be exchanged in a current transaction between arm's-length willing parties, MASC normally holds all of its loans receivable and amounts received from the Province of Manitoba to their maturity date. Consequently, the fair values presented are estimates derived by taking into account changes in interest rates and may not be indicative of net realizable value. Furthermore, as many of MASC's financial instruments lack an available trading market, the fair value of loans with fixed rates are estimated using a discounted cash flow model with discount rates that are based on current market interest rates for similar types of loans. For loans receivable, the discount rate is MASC's current lending rates for similar loan products, and for advances from the Province of Manitoba, MASC's current borrowing rate from the Province of Manitoba for similar loan products is used.

The fair value of the provision for losses on guaranteed loans has also been calculated using a discounted cash flow model using the current Bank of Canada Treasury Bill rate as the discount rate.

The book values and the fair values for each category of financial instruments are presented in the following table:

	As at March 31, 2010			As at March 31, 2009		
	Financial assets/ liabilities at cost or amortized cost	Estimated fair value	Fair value greater (less than) book value	Financial assets/ liabilities at cost or amortized cost	Estimated fair value	Fair value greater (less than) book value
Financial assets:						
Loans receivable	$ 342,353	$ 353,282	$ 10,929	$ 342,211	$ 373,236	$ 31,025
Financial liabilities:						
Advances from the Province of Manitoba	$ 339,372	$ 360,405	$ 21,033	$ 346,394	$ 365,661	$ 19,267
Provision for losses on guaranteed loans	$ 15,324	$ 14,501	$ (823)	$ 15,146	$ 14,580	$ (566)

5. WILDLIFE DAMAGE COMPENSATION PROGRAM

MASC administers the Wildlife Damage Compensation Program, which pays producers for 80% of damage to agricultural crops and related products caused by waterfowl or wildlife (big game animals), and the injury or death of domestic livestock caused by natural predators. Compensation and all administrative expenses are shared by the Government of Canada (60%) and the Province of Manitoba (40%).

6. 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 was increased from 70% for the 2008 property tax year to 75% in 2009. The program provides a three-year time frame for claiming rebates. Recorded rebate payments for the 2009 tax year of $33,089,000 include a provision of $3,799,000 for rebates that have not yet been applied for. A provision of $1,145,000 remains for prior year rebates that remain unclaimed. The Province of Manitoba pays for the full cost of the Farmland School Tax Rebate Program.

7. OTHER PROGRAMS

Inspection Services

In support of Manitoba's agricultural sector, MASC provides inspection services at a reasonable cost (i.e. on a breakeven basis). These services include: grain audits for cash advances issued by the Canadian Wheat Board, production loss assessments for windmill construction and maintenance, certificates of local production for vendors at the St. Norbert Farmers Market, third-party loss appraisals for private sector property insurers, and on-farm livestock inspections for the Manitoba Livestock Cash Advance Program. Such services totalled $68,000 (2009 - $152,100).

Manitoba Bovine T.B. Mustering Compensation Program

In April 2008, MASC became responsible for the administration of the Manitoba Bovine T.B. Mustering Compensation Program. The program is being funded by the Government of Manitoba for the purpose of providing for the cost of gathering animals for the Canadian Food Inspection Agency testing for bovine tuberculosis (T.B.). Compensation payments totalled $77,000 (2009 - $235,400) with administrative expenses of $2,000 (2009 - $10,000).

Manitoba Forage Assistance Program

In September 2008, MASC became responsible for the administration of the Manitoba Forage Assistance Program. The purpose of the program is to provide financial assistance for the transport of feed and livestock for farmers affected by excess moisture and drought conditions. Funding is provided 60% by the Government of Canada and 40% by the Province of Manitoba (as an AgriRecovery initiative). A provision of $2,000,000 was accrued at March 31, 2009 for the estimated costs of the program. Actual compensation payments and administrative expenses were $2,245,000 and $115,000, respectively, for a total cost of $2,360,000. This resulted in an additional expenditure of $360,000 in 2009/10.

Manitoba Livestock Feed Assistance Program

In March 2009, MASC became responsible for the administration of the Manitoba Livestock Feed Assistance Program. The purpose of the program was to provide assistance to livestock producers in the Interlake/Westlake area who were short of feed due to excess moisture conditions in 2008. Funding as an AgriRecovery initiative was provided 60% by the Government of Canada and 40% by the Province of Manitoba. A provision of $15,200,000 was accrued at March 31, 2009 for the estimated cost of the program, comprised of $14,800,000 for program payments and $400,000 for administrative expenses. Actual compensation payments and administrative expenses were $11,177,000 and $282,000, respectively, for a total cost of $11,459,000. This resulted in a net recovery of $3,741,000 for the year ended March 31, 2010, causing less funding to be required from the two levels of government.

Manitoba Forage Restoration Assistance Program

In March 2009, MASC became responsible for the administration of the Manitoba Forage Restoration Assistance Program. The purpose of the program was to provide assistance to forage producers in the Interlake/Westlake area in order to restore forage crops damaged by excess moisture in 2008. Funding as an AgriRecovery initiative was provided 60% by the Government of Canada and 40% by the Province of Manitoba. A provision of $10,284,000 was accrued at March 31, 2009 for the estimated cost of the program, comprised of $9,884,000 for program payments and $400,000 for administrative expenses. Actual compensation payments and administrative expenses were $5,645,000 and $315,000, respectively, for a total cost of $5,960,000. This resulted in a net recovery of $4,324,000 for the year ended March 31, 2010, causing less funding to be required from the two levels of government.

Manitoba Interlake Unseeded Land Restoration Program

In March 2010, MASC became responsible for the administration of the Manitoba Interlake Unseeded Land Restoration Program. The purpose of the program is to provide financial assistance in the northern Interlake area so that land affected by extended periods of excess moisture can be rehabilitated to facilitate the planting of the 2010 crop. Funding as an

AgriRecovery initiative was provided 60% by the Government of Canada and 40% by the Province of Manitoba. As of March 31, 2010, the funding from the Province of Manitoba had been committed and a provision of $1,100,000 was set up, comprised of $1,020,000 for program payments and $80,000 for administrative expenses. The Government of Canada approved their $1,650,000 share of the program funding in May 2010, with $1,530,000 for program payments and $120,000 for administration.

Discontinued Programs
For the year ended March 31, 2010, MASC recovered $75,000 for provisions for claims on emergency assistance programs that have been discontinued.

8. INVESTMENTS

MASC's investments as of March 31, 2010 consist of the following:

Investment Maturity Terms	Average Interest Rate	AgriInsurance Program	Hail Insurance Program	Farmland School Tax Rebate Program	Other Programs	2010 Total	2009 Total
1 year	0.334%	$ 339,270	43,002	3,588	727	$ 386,587	$ 373,682
2 years	4.180%	-	1,500	-	-	1,500	2,700
3 years	4.474%	-	3,100	-	-	3,100	1,500
4 years	2.800%	-	625	-	-	625	3,100
5 years	2.961%	-	1,875	-	-	1,875	-
	0.720%	$ 339,270	50,102	3,588	727	$ 393,687	$ 380,982

9. ACCOUNTS RECEIVABLE

MASC's accounts receivable as of March 31, 2010 consist of the following:

	Lending Programs	AgriInsurance Program	Hail Insurance Program	Farmland School Tax Rebate Program	Other Programs	2010 Total	2009 Total
Insured producers	$ -	2,648	1,204	-	-	$ 3,852	$ 4,347
Government of Canada	-	6,224	-	-	401	6,625	23,760
Province of Manitoba	5,974	3,762	-	1,736	1,361	12,833	23,495
Accrued investment interest	-	243	121	-	-	364	401
Reinsurance receivable	-	9	-	-	-	9	11
Other	23	49	-	-	-	72	155
	$ 5,997	12,935	1,325	1,736	1,762	$ 23,755	$ 52,169

Receivables from the Province of Manitoba related to:

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 amalgamation 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 $5,974,000 as of March 31, 2010 (2009 - $5,917,000), and has recorded a reduction in revenue for 2009/10 equal to the related pension expense reduction of $57,000 (2009 – $295,000).

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 carrying value of the receivable approximates its fair value as the interest component described above is comparable to current market rates.

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, 2010, the receivable for vacation pay liability was $169,000 (2009 - $169,000).

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, 2010, the receivable for severance pay liability was $429,000 (2009 - $429,000).

The carrying value of the receivable approximates its fair value as the interest component described above is comparable to current market rates.

10. LOANS RECEIVABLE

MASC's loans receivable as of March 31, 2010 consist of the following:

Amounts are due over the following terms:		Regular Program Loans	Special Assistance Loans*	2010	2009
1 year	Accrued interest	$ 6,733	$ 1,527	$ 8,260	$ 8,804
	Arrears	7,769	5,069	12,838	12,584
	Prepayments	(6,114)	(680)	(6,794)	(7,740)
	Regular instalments	32,715	5,333	38,048	34,801
		41,103	11,249	52,352	48,449
2 years	Regular instalments	19,113	6,697	25,810	25,264
3 years	Regular instalments	18,526	13,273	31,799	25,907
4 years	Regular instalments	18,078	14,106	32,184	31,695
5 years	Regular instalments	17,032	10,706	27,738	31,552
Over 5 years	Regular instalments	148,007	24,463	172,470	179,344
		261,859	80,494	342,353	342,211
Less: Unamortized discount on loans with concessionary interest rates		-	606	606	1,690
		261,859	79,888	341,747	340,521
Less: Provisions for credit losses		12,280	18,690	30,970	31,044
		$ 249,579	$ 61,198	$ 310,777	$ 309,477

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

A portion of the loans receivable will be paid through funding for the Young Farmer Rebate (YFR) program that is provided by the Province of Manitoba. Clients earn the rebate in equal payments over the first five years of the loan. Over the next five years, YFR will provide approximately $5.4 million in payments towards the loan receivable balance.

Terms of Loans Receivable

All loans have fixed rates, with an interest rate breakdown as follows:

	Regular Program Loans	Special Assistance Loans*	2010	2009
2.0% and lower	$ -	$ 100	$ 100	$ 3,190
2.01% to 3.0%	14,217	1,247	15,464	30,828
3.01% to 4.0%	14,727	2,039	16,766	6,517
4.01% to 5.0%	13,369	34,971	48,340	9,569
5.01% to 6.0%	30,165	30,308	60,473	60,440
6.01% to 7.0%	151,745	11,648	163,393	180,945
7.01% to 8.0%	35,986	178	36,164	48,006
More than 8.0%	1,650	3	1,653	2,716
Average rate of 5.887%	$ 261,859	$ 80,494	$ 342,353	$ 342,211

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

Loans maturities are as follows:

	Regular Program Loans	Special Assistance Loans*	2010	2009
Less than 5 years	$ 43,831	$ 25,416	$ 69,247	$ 66,373
5 years to up to 10 years	53,077	50,384	103,461	109,527
10 years to up to 15 years	77,646	4,694	82,340	77,901
15 years to up to 20 years	62,818	-	62,818	65,895
20 years to up to 25 years	24,487	-	24,487	22,515
	$ 261,859	$ 80,494	$ 342,353	$ 342,211

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

Impaired 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 below provides the amount of impaired loans and the specific provision for credit losses on these loans as of March 31, 2010.

	Regular Program Loans	Special Assistance Loans*	2010	2009
Total impaired loans	$ 20,941	$ 17,397	$ 38,338	$ 33,887
Less: Specific provision	5,636	11,132	16,768	14,122
	$ 15,305	$ 6,265	$ 21,570	$ 19,765

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

A total of $2,205,000 (2009 - $2,086,000) of interest on impaired loans was included in revenue for the year ended March 31, 2010.

Loans Receivable by Economic Sector

	Regular Program Loans	Special Assistance Loans*	2010	2009
Grains and oilseeds	$ 142,069	$ 8,814	$ 150,883	$ 147,098
Potatoes	746	77	823	1,250
Other crops	7,402	141	7,543	8,799
Cattle	94,571	25,131	119,702	127,296
Hogs	6,777	40,129	46,906	45,090
Poultry	33	17	50	106
Dairy	4,064	313	4,377	3,554
Other	6,197	5,872	12,069	9,018
	$ 261,859	$ 80,494	$ 342,353	$ 342,211

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

11. UNAMORTIZED DISCOUNT ON LOANS WITH CONCESSIONARY INTEREST

Loans receivable includes loans made under the Manitoba Hog Assistance Loans program implemented in February 2008, which have an interest concession for the first three years of the eight-year amortization period. Interest rates were 2.25% (with a one percentage point discount for young farmers under the age of 40 years) for the first year, rising to 4.5% (with a one percentage point discount for young farmers carried forward) for the next two years. The full amount of the net present value of the interest concessions was expensed when the loans were disbursed and is recorded as interest revenue over the term of the interest concession. The balance of Manitoba Hog Assistance Loans was $42,685,000 on March 31, 2010 and after a present value discount of $606,000 (net of amortization for interest write-back) for the loan interest concessions was applied, the balance was reduced to $42,079,000. The present value discount of $606,000 is the net of the total loan interest concession expense of $1,974,000 (2010 - $37,000; 2009 - $1,716,000 and 2008 - $221,000) less the present value discount amortization of $1,368,000 (2010 - $1,121,000 and 2009 - $247,000), which was included in interest revenue.

12. PROVISION FOR CREDIT LOSSES

The provision for credit losses for lending programs consists of:

	Regular Program Loans	Special Assistance Loans*	2010	2009
Specific provision	$ 5,636	$ 11,132	$ 16,768	$ 14,122
General provision	6,644	7,558	14,202	16,922
Ending provision balance	$ 12,280	$ 18,690	$ 30,970	$ 31,044

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

The expense for the provision of credit losses of $1,244,000 (2009 - $3,778,000) is made up of $358,000 (2009 - $3,286,000) for lending programs and a total of $886,000 (2009 - $492,000) for the AgriInsurance and Hail Insurance programs. The change in the provision for credit losses for lending programs is as follows:

	Regular Program Loans	Special Assistance Loans*	2010	2009
Beginning provision balance	$ 12,861	$ 18,183	$ 31,044	$ 28,996
Loans written off	(150)	(282)	(432)	(1,238)
Provision expense (recovery)	(431)	789	358	3,286
Ending provision balance	$ 12,280	$ 18,690	$ 30,970	$ 31,044

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

Loans Past Due But Not Impaired

Loans that are past due but not impaired are generally loans for which 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 puts 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 their term, which is generally one year. Any delay in the sale of the cattle at the end of the term may put the loan in arrears; however, these loans are normally paid in full once the associated cattle are sold.

	Regular Program Loans	Special Assistance Loans*	2010	2009
Less than 1 year in arrears	$ 6,013	$ 1,383	$ 7,396	$ 8,542
1 to 2 years in arrears	2,578	1,472	4,050	6,806
Over 2 years in arrears	176	111	287	668
Total past due	$ 8,767	$ 2,966	$ 11,733	$ 16,016

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

13. PROPERTY AND EQUIPMENT

Property and equipment owned at March 31, 2010, include the following:

	2010		2009	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and equipment	$ 398	$ 245	$ 342	$ 213
Computer hardware	243	177	214	151
Computer software	195	180	195	157
Major software development	2,907	2,907	2,907	2,907
Leasehold improvements	344	311	344	302
	$ 4,087	$ 3,820	$ 4,002	$ 3,730
Net book value		$ 267		$ 272

14. REINSURANCE – AGRIINSURANCE PROGRAM

In accordance with the terms of the reinsurance agreement between the Government of Canada and the Province of Manitoba, the two levels of government maintain separate reinsurance accounts. MASC pays reinsurance premiums to the Crop Reinsurance Fund of Canada for Manitoba and to the Crop Reinsurance Fund of Manitoba, based on the amount of premiums collected and the cumulative financial balance of the 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 neither credited nor charged to the respective reinsurance funds by the Government of Canada or the Province of Manitoba. Surpluses in the Crop Reinsurance Fund of Canada for Manitoba and the Crop Reinsurance Fund of Manitoba are held by the Government of Canada and the Province of Manitoba, respectively.

	Crop Reinsurance Fund of Canada for Manitoba		Crop Reinsurance Fund of Manitoba	
	2010	2009	2010	2009
Opening surplus (deficit)	$ 3,152	$ 2,174	$ 25,171	$ 24,193
Current year premium contributions (net)*	905	978	905	978
Net book value	$ 4,057	$ 3,152	$ 26,076	$ 25,171

*Current year reinsurance premium contributions are shown net of an allowance for uncollectible accounts, which is a recovery of $5,800 (2009 - $6,000).

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. The private sector reinsurance agreement involves 24 reinsuring companies assuming 90% of losses (including a deemed loss adjustment expense) from 15.0% to 27.5% of AgriInsurance liability (coverage). Reinsurance premiums were $29,743,000 (2009 - $30,171,000). Private sector reinsurance recoveries were $19,000 (2009 - $138,000 reimbursement), which were for outstanding prior year claims.

15. REINSURANCE – HAIL INSURANCE PROGRAM

Starting in 2007/08, MASC entered into a three-year agreement with private sector reinsurers for the Hail Insurance program. The agreement involves eight reinsuring companies assuming 80% of hail insurance losses (including actual loss adjustment expenses) from 4.25% to 7.00% of hail insurance liability (coverage). Reinsurance premiums were $1,340,000 (2009 - $1,361,000) with no reinsurance recoveries (2009 - nil).

16. CLAIMS PAYABLE

Claims payable of $16,893,000 (2009 - $35,566,000) includes: a provision of $9,300,000 (2009 - $3,530,000) for the AgriInsurance program, which represents the liability associated with unpaid claims and the over-winter deterioration of unharvested crops; a provision of $4,944,000 (2009 - $4,297,000) for outstanding Farmland School Tax Rebate payments; a provision of $309,000 (2009 - $539,000) for the Wildlife Damage Compensation Program; and provisions of $1,047,000 (2009 - $25,678,000) for outstanding payments for Other Programs, of which $1,020,000 relates to the Manitoba Interlake Unseeded Land Restoration Program (an AgriRecovery initiative) outlined at the end of Note 7.

17. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at March 31, 2010, include the following:

		Lending Programs	AgriInsurance Program	Wildlife Damage Compensation Program	Other Programs		2010 Total		2009 Total
Province of Manitoba	$	-	1,252	9	653	$	1,914	$	1,763
Accrued vacation pay		-	1,096	-	-		1,096		1,027
Provision for pension obligations (Note 18)		5,974	37	-	-		6,011		5,935
Provision for severance obligations		-	2,228	-	-		2,228		2,036
Other		408	1,294	-	92		1,794		3,050
	$	6,382	5,907	9	745	$	13,043	$	13,811

18. PROVISION FOR EMPLOYEE PENSION BENEFITS

MASC's employees are eligible for defined benefit pensions under *The Civil Service Superannuation Act*. As outlined in Note 4(D), 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 a pension liability for employees whose earnings are out of the scope of the Civil Service Superannuation Fund plan.

Actuarial valuations are to be carried out every three years to provide an estimate of the accrued liability for unfunded pension benefits. An actuarial valuation of the pension obligations as of December 31, 2007 was conducted by Ellement & Ellement. The key actuarial assumptions include a rate of return of 6.50% (2004 - 6.50%), inflation of 2.5% (2004 - 2.5%), salary rate increases of 3.25% (2004 - 3.25%) and post retirement indexing at two-thirds of the inflation rate. The accrued benefit cost method with salary projection was used and the liabilities have been extrapolated to March 31, 2010 using a formula provided by the actuary. The following table provides the calculation of the liability for pension benefits of $6,011,000 (2009 - $5,935,000):

		2010		2009
Accrued pension liability – beginning of year	$	5,935	$	6,225
Experience loss (gain)		(88)		(439)
Benefits accrued		13		4
Interest accrued on benefits		419		398
Benefits paid		(268)		(253)
Accrued pension liability – end of year	$	6,011	$	5,935

19. ADVANCES FROM THE PROVINCE OF MANITOBA

Following 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 semi-annual non-callable Province of Manitoba bond rate for a bond with the same term to maturity.

Advances are repayable in equal annual blended instalments of principal and interest, with interest rates ranging from 1% to 8%. The average interest rate for MASC's entire portfolio as of March 31, 2010 was 4.826% (2009 - 4.973%).

Maturities of principal over the following terms		2010		2009
1 year	$	67,877	$	72,790
2 years		48,016		44,547
3 years		44,092		44,554
4 years		32,782		40,486
5 years		28,932		29,016
More than 5 years		117,673		115,001
	$	339,372	$	346,394

20. DEFERRED REVENUE

Deferred revenue represents administrative subsidies provided by the Government of Canada and the Province of Manitoba and is used to acquire property and equipment. Deferred revenue is recognized as revenue when amortization is recorded on property and equipment.

21. INDEMNITIES

AgriInsurance indemnities of $146,694,000 (2009 - $57,834,000) represent $146,762,000 for the 2009/10 crop year and a reduction of $68,000 as a result of an excess in the estimate of claims payable as of March 31, 2009.

22. CONTRACTUAL OBLIGATIONS

MASC has entered into a number of long-term lease agreements. The minimum payments under these leases are as follows:

Year Ending March 31		Lease Agreement Amounts
2011	$	66
2012		22
2013		6
2014 and beyond		-
	$	94

23. LOAN GUARANTEES AND CONTINGENCIES

(A) Contingent liabilities and the corresponding provisions for MASC's loan guarantee programs as of March 31, 2010 are shown below:

	Contingent Liability				Provision for Losses			
		2010		2009		2010		2009
Operating Credit Guarantees for Agriculture	$	10,554	$	11,156	$	1,079	$	1,343
Operating Credit Guarantees for Rural Small Business		83		-		8		-
Manitoba Livestock Associations Loan Guarantees		5,613		5,234		1,403		1,308
Diversification Loan Guarantees		4,391		5,254		659		788
Enhanced Diversification Loan Guarantees		56,593		58,116		12,175		11,707
	$	77,234	$	79,760	$	15,324	$	15,146

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

		2010		2009
Beginning provision balance	$	15,146	$	13,240
Guaranteed loan claims paid (net)		(2,614)		(302)
Provision expense		2,792		2,208
Ending provision balance	$	15,324	$	15,146

Rural Entrepreneur Assistance (REA) guaranteed loan claims of $208,000 (2009 - $78,000) were added to the $2,792,000 (2009 - $2,208,000) in provision expense for a total cost of $3,000,000 (2009 - $2,286,000). (When REA administration was transferred to MASC in 2005, the Manitoba Government agreed to maintain the contingent liability associated with existing and future REA loan guarantees. Therefore, MASC's expenditure for REA is the guaranteed loan claims that are paid by MASC and subsequently recovered from the Province of Manitoba.)

The Operating Credit Guarantee for Agriculture program was introduced in 2003, replacing the Guaranteed Operating Loan program. Participating lending institutions are provided a guarantee of 25% of each individual loan made under the program. The maximum allowable loan is $450,000 for individuals and $700,000 for partnerships, corporations and co-operatives.

The Operating Credit Guarantee for Rural Small Business program was introduced in June 2009. Participating lending institutions are provided a guarantee of 25% of each individual loan made under the program. To be eligible for the program, annual sales have to be less than $2.0 million. The maximum allowable loan is $200,000.

The Manitoba Livestock Associations Loan Guarantee program was introduced in 1991. For each association, MASC provides a 25% guarantee to an association's lending institution with a maximum of $5,000,000 in loans for each 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 $3.0 million.

In 2001, the Diversification Loan Guarantee program was replaced by the Enhanced Diversification Loan Guarantee program. Under the new program, guarantees are based on 25% of the original principal amount of each individual loan, with no maximum loan amount.

(B) As of March 31, 2010, MASC had approved but not disbursed loans in the amount of $13,660,580 (2009 - $22,179,566).

(C) Various legal actions for additional indemnity payments have been commenced by insured producers against MASC. The outcome of these claims cannot be determined at this time.

24. CAPITAL MANAGEMENT

MASC's objective when managing capital is to maintain sufficient funds to cover current and future insurance and lending related cash outflows, and to fund its other initiatives. MASC's capital consists of its funds retained.

MASC meets its capital objectives through revenues taken in, grants, and advances from the Province of Manitoba and the Government of Canada. *The Manitoba Agricultural Services Corporations Act* establishes MASC's borrowing authority, based on the approval of the Lieutenant-Governor in Council.

MASC is not subject to externally imposed capital requirements, however, for the AgriInsurance program, MASC must meet the financial self-sustaining criteria defined by the Government of Canada in its related regulation. The current financial self-sustaining criteria requires that premiums be set so that the AgriInsurance program can recover from a defined worst case deficit within a specified number of years. MASC's most recent actuarial review (Note 26) indicates that MASC's AgriInsurance program meets the Government of Canada's financial self-sustaining criteria.

There were no changes in MASC's approach to capital management during the period.

25. RISK MANAGEMENT

Financial instruments comprise the majority of MASC's assets and liabilities. For its lending operations, MASC borrows from the Province of Manitoba at fixed rates and then provides fixed term loans to its clients at rates that earn a reasonable interest rate margin. For its insurance operations, MASC invests the programs' funds retained mainly in short-term funds, in order to have sufficient capital available to make insurance payments when losses exceed the available funds in the current year (premium income plus interest revenue less reinsurance premiums).

MASC's risk management policies are designed to identify and analyse risk, to set appropriate risk limits and controls, and to 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 to ensure that the policies are properly carried out. The Board 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 risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments that potentially subject MASC to credit risk consist principally of investments, accounts receivable, loans receivable and guarantees on loans.

MASC's maximum possible exposure to credit risk is as follows:

	2010	2009
Investments	$ 393,687	$ 380,982
Accounts receivable	23,755	52,169
Loans receivable	310,777	309,477
Loan guarantees	77,481	79,760
	$ 805,700	$ 822,388

Investments - MASC is not exposed to significant credit risk as the investments are held by the Province of Manitoba, and the Province of Manitoba guarantees the associated payments of principal and interest.

Accounts Receivable - MASC is not exposed to significant credit risk as 82% of the accounts receivable is from the Government of Canada and the Province of Manitoba, with payment in full typically collected when due. The remainder of the accounts receivable consists 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. March 31 is the final payment deadline. Producers who have not made acceptable arrangements to pay will have their insurance contracts cancelled for the upcoming year.
The importance of insurance programs to the financial well being of an ongoing farming operation serves to mitigate the credit risk associated with insurance premiums.

Loans Receivable - Impairment provisions are provided for losses that have been incurred as of the balance sheet date. Significant changes in Manitoba's agricultural economy or deterioration in specific sectors of the industry, which represent a concentration within the overall loan portfolio, may result in losses that are different from those provided for at the balance sheet date. Management of credit risk is an integral part of MASC's activities and it is monitored carefully with appropriate remedial actions being taken.

The Board of Directors is responsible for approving and monitoring MASC's tolerance for credit exposures, which it does through review and approval of the lending and guarantee program guidelines and setting limits on credit exposures to individual clients. MASC has comprehensive policy and procedure manuals in place for all 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, which fall outside the normal limits set out in the regular loan policies. These special assistance loans have a provision for credit losses that is established at the inception of the program, which represents a best estimate of probable losses. In addition, an increased level of monitoring is carried out in an effort to mitigate losses. Special assistance loans make up 24% of the MASC's lending portfolio.

MASC's lending exposure to the various agricultural sectors, as provided in Note 10, is summarized as follows:

	2010	2009
Grains/oilseeds	45%	43%
Cattle	36%	37%
Hogs	14%	13%
Other	5%	7%
	100%	100%

The Province of Manitoba provides funding for the full amount of loans that are written off; therefore, the risk to MASC is minimal.

Loans Guaranteed - MASC also provides loan guarantees to financial institutions, which encourage the provision of credit that the financial institutions consider to be higher risk. Each 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 three separate programs: the Operating Credit Guarantee for Rural Small Business is directed at non-agricultural businesses with less than $2.0 million in annual sales; the Manitoba Livestock Associations Loan Guarantees are directed at the cattle industry; with Operating Credit Guarantees for Agriculture and Diversification Loan Guarantees being generally available to Manitoba's agricultural industry. MASC's loan guarantee exposure by agricultural sector is summarized below:

	Diversification Loan Guarantees		Operating Credit Guarantees	
	2010	2009	2010	2009
Grains/oilseeds	-	-	52%	52%
Cattle	-	-	14%	17%
Hogs	47%	48%	10%	11%
Dairy	28%	21%	1%	-
Poultry	7%	7%	1%	1%
Potatoes	5%	5%	15%	13%
Other	13%	19%	7%	6%
	100%	100%	100%	100%

The Province of Manitoba provides funding for all claims on loan guarantees resulting in minimal risk to MASC.

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. Subsequently, MASC has minimal liquidity risk relating to MASC's lending portfolio and its relation to the 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 claims payments are funded firstly out of current revenue, which normally exceeds cash requirements. In addition, insurance program funds are retained and invested in short-term investments that are available to pay claims in excess of current 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, the AgriInsurance program has a reinsurance agreement with the Government of Canada and the Province of Manitoba, which provides for unlimited additional funding for claim payments. (Notes 14 and 15 provide a summary of the reinsurance programs.) Both insurance programs also have the capacity to borrow funds from the Province of Manitoba, if required.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect MASC's income or the fair values of its financial instruments. Of these, MASC is only exposed to 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 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. The investments are classified as held to maturity financial instruments and therefore, changes in interest rates do not affect the value of the investments on the financial statements. All of MASC's investments are placed through Manitoba Finance.

Loans Receivable/Advances 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. All advances from the Province of Manitoba have fixed interest rates for the full term of the advances and MASC only offers fixed interest rate loans to its clients. Due to this corresponding arrangement, MASC does not incur significant interest rate risk. However, some interest rate risk is imparted due to 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.

26. ACTUARIAL REVIEW

An actuarial certification of MASC's AgriInsurance program was completed by Tillinghast - Towers Perrin, consulting actuaries, in March 2008. The actuarial review concluded that: the methodologies used to establish the probable yields for insured crops do not exceed productive capabilities; the premium rate methodologies are actuarially sound and therefore sufficient to meet expected claim costs over time; and that the program meets the financial self-sustaining criteria as defined by the Government of Canada. Any program changes require actuarial review prior to implementation.

27. RELATED PARTY TRANSACTIONS

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

Interest earned on investments held by the Province of Manitoba amounted to $1,625,000 (2009 - $7,158,000). Included in accounts receivable (Note 9) is $364,000 (2009 - $401,000) of accrued interest related to these investments.

28. COMPARATIVE FIGURES

Certain 2009 figures have been reclassified to conform to the 2010 financial statement presentation.

29. SUBSEQUENT EVENT

The Government of Canada approved their $1.65 million share of the Manitoba Interlake Unseeded Land Restoration program funding in May 2010, with $1,530,000 for program payments and $120,000 for administration.

Schedule 1

STATEMENT OF OPERATIONS AND FUNDS RETAINED

for the year ended March 31, 2010 (in thousands)

	Lending Programs		AgriInsurance Program		Hail Insurance Program	
	2010	2009	2010	2009	2010	2009
REVENUE:						
Insurance premiums						
Insured producers	$ -	$ -	$ 70,426	$ 76,571	$ 22,141	$ 22,017
Government of Canada	-	-	65,986	71,769	-	-
Province of Manitoba	-	-	43,990	47,846	-	-
	-	-	180,402	196,186	22,141	22,017
Interest from loans	20,677	20,385	-	-	-	-
Other contributions (recoveries) - Government of Canada	-	-	6,188	6,327	-	-
Other contributions (recoveries) - Province of Manitoba	7,590	5,731	4,143	4,241	-	-
Investment income	31	180	1,294	6,206	584	1,119
Real estate and other income	88	229	-	-	-	-
Reinsurance recoveries (Notes 14 & 15)	-	-	19	(138)	-	-
Total revenue (recovery)	28,386	26,525	192,046	212,822	22,725	23,136
EXPENSES:						
Insurance indemnities and compensation payments (Note 21)	-	-	146,694	57,834	8,181	9,916
Reinsurance premiums (Notes 14 & 15)	-	-	31,547	32,133	1,340	1,361
Interest on borrowed funds	17,278	17,709	-	-	-	-
Provision for credit losses (Note 12)	358	3,286	873	494	13	(2)
Provision for guaranteed loan losses (Note 23)	3,000	2,286	-	-	-	-
Young farmer incentives	1,776	1,805	19	20	-	-
Loan interest concession (Note 11)	37	1,716	-	-	-	-
Farmland school tax rebates (Note 6)	-	-	-	-	-	-
Other program payments (recovery) (Note 7)	-	-	-	-	-	-
Administrative expenses (recovery) (Schedule 2)	4,957	5,146	10,313	10,547	2,764	2,608
Total expenses (recovery)	27,406	31,948	189,446	101,028	12,298	13,883
Income (loss) for the year	980	(5,423)	2,600	111,794	10,427	9,253
Funds retained, beginning of year	(45,187)	(39,764)	333,085	221,291	40,912	31,659
Funds retained, end of year	$ (44,207)	$ (45,187)	$ 335,685	$ 333,085	$ 51,339	$ 40,912

Schedule 2

CONSOLIDATED SCHEDULE OF ADMINISTRATIVE EXPENSES

for the year ended March 31, 2010 (in thousands)

	2010	2009
Adjustors' wages, benefits and expenses	$ 4,323	$ 4,824
Advertising	177	302
Amortization expense	97	94
Appeal Tribunal	10	21
Audit fees and legal	232	320
Directors' remuneration and expense	126	122
Furniture and equipment	52	108
Information technology	423	486
Office rental and utilities	1,048	1,032
Other administrative expenses	371	592
Other administrative recoveries	(661)	(623)
Postage	152	185
Printing and office supplies	226	209
Salaries and employee benefits	11,460	12,079
Telephone	199	211
Travel and vehicle expenses	406	463
Total administrative expenses	$ 18,641	$ 20,425
Administrative expenses allocation:		
Lending Programs	$ 4,957	$ 5,146
AgriInsurance Program	10,313	10,547
Hail Insurance Program	2,764	2,608
Wildlife Damage Compensation Program	419	458
Farmland School Tax Rebate Program	322	411
Other Programs expense (recovery) (Note 7)	(134)	1,255
Total administrative expenses	$ 18,641	$ 20,425

May 12, 2010

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The preparation of the financial statements and other information contained in this Annual Report is the responsibility of management of the Manitoba Arts Council.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles using management's estimates and judgments where appropriate. The financial information shown elsewhere in this Annual Report is consistent with information contained in the financial statements.

Management of the Manitoba Arts Council has developed and maintains accounting systems and internal controls designed to provide reasonable assurance of the reliability of the financial information, and that assets are appropriately accounted for and adequately safeguarded.

The financial statements for the year ended March 31, 2010 have been audited by Magnus & Buffie in accordance with Canadian generally accepted auditing standards. The Auditors' Report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.

The Council, through its Audit/Finance/Human Resource Committee, carries out its responsibility for the review and approval of the financial statements and the Annual Report. The Audit/Finance/Human Resource Committee reports to Council who approves these financial statements and the Annual Report prior to release.

Douglas Riske
Executive Director

AUDITORS' REPORT

To the Members of the Council
Manitoba Arts Council

We have audited the statement of financial position of Manitoba Arts Council as at March 31, 2010 and the statements of revenues and expenses and changes in fund balances for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2010 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Magnus & Buffie

May 12, 2010 CHARTERED ACCOUNTANTS

MANITOBA ARTS COUNCIL
Statement of Financial Position
As at March 31, 2010

	Grants & Programs Fund	Bridges Fund	2010 Total	2009 Total
ASSETS				
Current Assets				
Cash and short-term investments (note 4)	$99,100	$0	$99,100	$317,963
Accrued interest income	3,014	0	3,014	8,871
Accounts receivable	17,507	0	17,507	25,540
Prepaid expenses	9,474	0	9,474	17,601
	$129,095	**$0**	**$129,095**	**$369,975**
Recoverable, Province of Manitoba (note 12)	36,000	0	36,000	36,000
Recoverable, Province of Manitoba	0	0	0	175,720
Long term investments (note 5)	193,900	0	193,900	403,000
Musical instruments	104,796	0	104,796	104,796
Works of visual art	329,995	0	329,995	329,995
Capital assets (note 6)	109,483	0	109,483	121,813
Interfund balances	(47,500)	47,500	0	0
TOTAL ASSETS	**$855,769**	**$47,500**	**$903,269**	**$1,541,299**
LIABILITIES AND FUND BALANCES				
Current Liabilities				
Accounts payable and accrued liabilities	120,129	0	120,129	127,410
Commitments for grants and programs	255,814	7,500	263,314	498,462
Deferred grant revenue	0	0	0	300,720
	375,943	**7,500**	**383,443**	**926,592**
Investments in musical instruments and works of visual art	434,791	0	434,791	434,791
	810,734	**7,500**	**818,234**	**1,361,383**
Fund Balances				
Invested in capital assets	109,483	0	109,483	121,813
Internally restricted (note 8)	0	40,000	40,000	60,000
Unrestricted	(64,448)	0	(64,448)	(1,897)
	45,035	**40,000**	**85,035**	**179,916**
Lease Commitment (note 9)				
TOTAL LIABILITIES AND FUND BALANCES	**$855,769**	**$47,500**	**$903,269**	**$1,541,299**

On behalf of Council

Chair

Executive Director

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

MANITOBA ARTS COUNCIL
Statement of Revenues and Expenses
As at March 31, 2010

	Grants & Programs Fund	Bridges Fund	2010 Total	2009 Total
REVENUES				
Province of Manitoba - Operating Grant (note 10)	$8,588,300	$0	$8,588,300	$8,483,500
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
Grant Revenue - VANOC	0	300,720	300,720	75,000
Investment Income	5,011	0	5,011	84,925
Other	55,000	0	55,000	143,230
	8,648,311	**1,325,720**	**9,974,031**	**9,811,655**
EXPENSES				
ORGANIZATIONS				
Annual & Operating Grants				
Arts Training Schools	154,550	0	154,550	151,000
Arts Service Organizations	146,000	0	146,000	146,500
Dance Companies	985,500	0	985,500	975,500
Music Organizations	1,199,000	0	1,199,000	1,218,500
Theatre Companies	1,659,000	150,000	1,809,000	1,785,000
Visual Arts Organizations	888,500	0	888,500	873,000
Book Publishers	271,000	0	271,000	262,300
Periodical Publishers	210,225	0	210,225	210,000
	5,513,775	**150,000**	**5,663,775**	**5,621,800**
2010 Vancouver Olympic Games	0	300,720	300,720	75,000
Touring Grants	324,500	0	324,500	329,500
Presentation Grants	305,218	0	305,218	298,036
Technical Assistance Grants	0	0	0	17,793
Special Grants	1,000	0	1,000	1,000
Management & Governance	0	25,000	25,000	35,690
	6,144,493	**475,720**	**6,620,213**	**6,378,819**
INDIVIDUALS				
Professional Development Grants	247,729		247,729	258,136
Creation and Production Grants	794,785		794,785	873,642
Touring Grants	20,000		20,000	43,400
Aboriginal Arts Grants		83,728	83,728	87,511
	1,062,514	**83,728**	**1,146,242**	**1,262,689**
ARTS DEVELOPMENT				
Residencies	326,508		326,508	345,092
ArtsSmarts Projects	52,000		52,000	57,420
Award of Distinction	30,000		30,000	30,000
Special Projects	16,854		16,854	13,484
Special Opportunities	50,000		50,000	85,050
Community Connections & Access		150,762	150,762	151,470
Arts Education Initiatives		15,000	15,000	25,000
French Language (NB/MB Residency)		0	0	19,965
	475,362	**165,762**	**641,124**	**727,481**
	7,682,369	725,210	8,407,579	8,368,989
Arts Program Delivery Expenses (Schedule)	848,137	162,884	1,011,021	1,037,652
	8,530,506	**888,094**	**9,418,600**	**9,406,641**
Administrative Expenses (Schedule)	652,361	0	652,361	694,919
	9,182,867	**888,094**	**10,070,961**	**10,101,560**
Rescinded Commitments	(2,049)	0	(2,049)	(7,463)
Total expenses	**9,180,818**	**888,094**	**10,068,912**	**10,094,097**
Excess (Expenses) Revenues for the Year	**(532,507)**	**437,626**	**(94,881)**	**(282,442)**

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

MANITOBA ARTS COUNCIL
Statement of Changes in Fund Balances
As at March 31, 2010

	Grants & Program Fund Invested In Capital Assets	Grants & Program Fund General (Note 8)	Bridges Fund (Note 8)	2010 Total	2009 Total
Fund Balances, Beginning of Year	121,813	(1,897)	60,000	179,916	462,358
(Expenses) excess revenues for the year	(83,870)	(448,637)	437,626	(94,881)	(282,442)
Additions to capital assets	71,540	(71,540)	0	0	0
Interfund transfer (note 8)	0	457,626	(457,626)	0	0
Fund Balances, End of Year	109,483	(64,448)	40,000	85,035	179,916

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

1. Authority & Purpose

The Arts Council Act established the Manitoba Arts Council in 1965 to "…promote the study, enjoyment, production and performance of works in the arts." The Council is a registered charity (public foundation) and, as such, is exempt from income taxes under the Income Tax Act (Canada).

2. Change in Accounting Policies

New Accounting Policies

Section 3064 Goodwill and Intangible Assets

Effective April 1, 2009, the Council adopted the recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook section 3064 Goodwill and Intangible Assets and the updates to CICA Handbook section 1000 Financial Statement Concepts.

This guidance establishes updated standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets.

These changes did not have an impact on the Council's financial statements for the year ended March 31, 2010.

Credit Risk and Fair Value of Financial Assets and Financial Liabilities

During 2009 the Council adopted the Emerging Issues Committee (EIC) 173 and amendments to Section 3855, Financial Instruments - Recognition and Measurement and 3862, Financial Instruments - Disclosures:

- Section 3855 - Effective Interest Method
- Section 3855 - Embedded Derivatives on Reclassification of Financial Assets
- Section 3855 - Impairment of Financial Assets
- Section 3862 - Fair Value and Liquidity Risk Disclosure

Due to the nature of the Council's financial instruments, the adoption of these standards and amendments had no material impact on the financial statements of the Council.

3. Summary of Significant Accounting Policies and Reporting Practices

(a) Basis of Presentation
These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles within the framework of the accounting policies summarized in these notes to the financial statements.

(b) Fund Accounting
The financial statements disclose the activities of the following funds maintained by the Council:

(i) Grants & Program Fund
This fund reflects the disbursement and administration of grants and programs in the spirit of the aims and objects of Council defined in The Arts Council Act.

(ii) Bridges Fund
This fund was established in June 1999 to generate new initiatives in art development and practice, enhance public access to the arts and enhance administrative and governance skills for arts organizations. As well, the program will encourage new partnerships, provide more opportunities for professional development and assist in audience development. The excess of revenues over expenditures, if any, is transferred to the Grants & Programs Fund at an amount determined by the Council to fulfill similar goals and objectives.

(c) Revenue Recognition

The Council follows the deferral method accounting for revenues. Externally restricted revenues are deferred and recognized as revenue in the applicable fund in the year in which the related expenses are incurred. Unrestricted and internally restricted revenues are recognized as revenue in the applicable fund when received or receivable.

(d) Grant Commitments

Grants and program commitments are reflected as expenses when funding is formally approved and committed by Council. Cancellations of prior years' grant expenses are reflected as rescinded grant commitments.

(e) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Office furniture and equipment	5-10 years
Computer hardware and software	3 years

(f) Musical instruments and works of visual art

Musical instruments and works of visual art are shown on the Statement of Financial Position as assets at cost with an offsetting credit to investments in musical instruments and works of visual art. The art bank collection was re-appraised in 2005, at a current market value of $449,222.00.

(g) Capital Disclosures

The Council's capital consists of Fund balances. The Council's capital management policy is to maintain sufficient capital to meet its objectives through its fund balances by managing its grants and operational expenses against its funding revenue. There were no changes in the Council's approach to capital management during the period.

The Council is not subject to externally imposed capital requirements.

(h) Financial Instruments - recognition and measurement

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The financial assets and liabilities of the Council are classified and measured as follows:

Financial Asset/Liability	Category	Subsequent Measurement
Cash and short-term investments	Held for trading	Fair value
Accrued interest income	Held for trading	Fair value
Accounts receivable	Held for trading	Fair value
Recoverable, Province of Manitoba	Held for trading	Fair value
Long term investments	Held for trading	Fair value
Accounts payable and accrued liabilities	Held for trading	Fair value
Commitments for grants and programs	Held for trading	Fair value

Amortized cost is determined using the effective interest rate method.

Gains and losses on financial instruments subsequently measured at amortized cost are recognized in the statement revenues and expenses and fund balances in the period the gain or loss occurs. Changes in the fair value on financial instruments classified as held for trading are recognized in the statement of revenues and expenses and fund balances for the current period. Changes in fair value on financial instruments classified as available for sale would be recorded in other comprehensive income until realized, at which time they are recorded in the combined statement of revenues, expenses and comprehensive income and fund balances.

(i) Fair Value of Financial Instruments

The fair value of cash and short-term investments, accrued interest income, accounts receivable, long term investments, accounts payable and accrued liabilities and commitments for grants and programs approximate their carrying values due to their short-term maturity.

The fair value of the recoverable, Province of Manitoba is not practical to determine due to their underlying terms and conditions.

(j) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenses during the year. Actual results could differ from these estimates.

4. Cash and short term investments

Cash and short term investments consist of $69,041 cash (2009 - $30,601) and a short term investment of $30,059 (2009 - $287,362). The short term investment matures June 21, 2010 with a yield of 0.15 %.

5. Long Term Investments

	2010		2009	
	Cost	Market	Cost	Market
Farm Credit Canada (Due Sept. 15, 2009, yielding 3.3%)	0	0	100,000	101,225
ICICI Bank (GIC Annual) (Due Jul. 26, 2011, yielding 4.64%)	28,400	29,295	0	0
Manitoba Hydro Bonds (Due June 15, 2011, yielding 1.0%)	103,000	103,816	103,000	106,168
Royal Bank Mortgage Corp. (GIC Non-Redeemable) (Due Oct. 7, 2011, yielding 4.35%)	62,500	63,804	0	0
Royal Bank of Canada Issuer Extendible Step-Up Med. Term Notes (Yielding 3.20%-4.25%, Maturing September 2006 to September 2010)	0	0	100,000	103,179
Manulife Bank Investment Savings	0	0	100,000	100,925
	193,900	196,915	403,000	411,497

As the difference between costs and market is insignificant, Council has not adjusted its carrying value to market.

6. Capital Assets

	2010			2009
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office furniture and equipment	129,105	99,308	29,797	37,649
Computer hardware and software	429,915	350,229	79,686	84,164
	559,020	449,537	109,483	121,813

7. Works of Visual Art

The Manitoba Arts Council moved selected works from the Visual Art Bank to the Art Gallery of Southwestern Manitoba. The Manitoba Foundation for the Arts awarded a grant to the Manitoba Arts Council to provide to the Art Gallery of Southwestern Manitoba for the care, storage and exhibition of those works. An art bank loan agreement between the Council and the Art Gallery of Southwestern Manitoba is currently being negotiated.

8. Interfund Transfers and Internally Restricted Fund Balances

In 2010, the Council members internally restricted $40,000 to be used as follows:

	Grants & Programs	Bridges
French Language Programs	0	40,000
	0	40,000

These internally restricted amounts are not available for unrestricted purposes without the approval of the members of Council. In addition, $457,626 (2009 - $409,872) was transferred from the Bridges Fund to the Grants & Programs Fund in order to fund the cash outlays for Grants to Individual Artists and Arts Development Grants.

9. Lease Commitment

Council has entered into an agreement to lease office premises until March 31, 2012. The 2010 basic annual rent was $113,684. The 2011 basic annual rent is estimated to be the same as 2010 ($113,684). Expenses arising from an escalation clause for taxes, insurance, utilities and building maintenance are in addition to the basic rent.

10. Funding Agreement

The funding agreement with the Province of Manitoba established the terms and conditions of funding for five years ended March 31, 2000. During the term of the agreement, Council was entitled to retain proceeds up to $1,000,000 from the Province of Manitoba. Any proceeds retained in excess of $1,000,000 except for proceeds exempted in the funding agreement, would have been repaid to the Province of Manitoba on demand. In accordance with this agreement, there were no proceeds repayable to the Province. As at March 31, 2010, the Council was in discussions with the Province regarding the terms of a new funding agreement.

11. Pension Plan

Eligible employees are participants in the Manitoba Civil Service Superannuation Fund. The Council participates on a fully funded basis and its contributions of $24,841 (2009 - $13,257) represent the total obligations for the year.

12. Severance Liability

Effective March 31, 1999, the Manitoba Arts Council, as a Crown organization, is required to record a severance liability. The Province of Manitoba has recognized an opening liability of $36,000 as at April 1, 1998. Any subsequent changes to the severance liability will be the responsibility of Council. As at March 31, 2010, Council recorded a liability of $27,719 (2008 - $34,706). This liability is included in accounts payable and accrued liabilities.

13. Statement of Cash Flow

A statement of cash flow is not presented as part of the financial statements as Council has determined that cash flow information is readily determinable from the other financial statements.

14. Economic Dependence

A substantial portion of the Council's total revenue is derived from the Province of Manitoba in the form of an operating grant.

15. Financial Instruments - Risk Management

In the normal course of operations the Council is exposed to various financial risks. The financial risk management objectives and policies are as follows:

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 short-term investments, accrued interest income, accounts receivable and long term investments.

The maximum exposure of the Council to credit risk at March 31, 2010 is:

Cash and short-term investments	$99,100
Accrued interest income	3,014
Accounts receivable	17,507
Long term investments	193,900
	$313,521

Cash and short-term investments and accrued interest income: The Council is not exposed to significant credit risk as these are primarily held by financial institutions and the Province of Manitoba.

Long term investments: The Council is not exposed to significant credit risk as these consist of interest bearing bonds and accounts from financial institutions and Manitoba Hydro, a provincial Crown corporation.

Accounts receivable: The Council is not exposed to significant credit risk as the nature of the accounts receivable is with the Province of Manitoba.

Liquidity risk

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

Management monitors the Council's liquidity and is of the opinion that it is unlikely that the Council will encounter difficulty in raising funds to meet commitments associated with financial instruments.

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 income or the fair values of its financial instruments. The significant market risks the Council 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 short-term investments and long term investments.

The interest rate risk on short-term investments are considered to be low because of their short-term nature.

The interest rate risk on long term investments are considered to be low because this consists mainly of fixed interest bearing bonds.

SCHEDULE OF ADMINISTRATIVE EXPENSES
For the year ended March 31, 2010

	GRANTS & PROGRAMS FUND 2010 TOTAL	GRANTS & PROGRAMS FUND 2009 TOTAL
Salaries and benefits	$379,639	$403,355
Council meetings	49,042	60,040
Rent	49,204	50,608
Amortization	64,843	63,288
Office supplies, printing and stationery	11,077	11,237
Postage, courier and telephone	14,918	13,737
Staff travel and expenses	21,269	28,676
Insurance and sundry	6,223	6,525
Memberships & Subscriptions	10,270	9,838
Professional fees	10,788	23,224
Equipment repairs and maintenance	18,028	2,389
Loss on Disposal of Capital Equipment	0	2,814
Total Administrative Expenses	**$635,301**	**$675,731**
Other Administrative Expenses (Art Bank Administration)	$17,060	$19,188
	$652,361	**$694,919**

SCHEDULE OF ARTS PROGRAM DELIVERY EXPENSES
For the year ended March 31, 2010

	GRANTS & PROGRAMS FUND	BRIDGES FUND	2010 TOTAL	2009 TOTAL
Salaries and benefits	$532,810	$135,837	$668,647	$682,012
Jurors' fees and expenses	73,771	7,429	81,200	106,941
Rent	54,568	11,368	65,936	63,037
Communication	64,116	0	64,116	42,371
Professional Fees	19,716	0	19,716	48,079
Advocacy	23,653	0	23,653	26,252
Community consultations	2,904	0	2,904	14,429
Staff travel and expenses	10,335	5,809	16,144	17,874
Postage, courier and telephone	8,809	2,264	11,073	13,694
Office supplies	955	177	1,132	2,035
Touring development	20,000	0	20,000	20,000
Sundry	1,198	0	1,198	928
Memberships & Partnerships	35,302	0	35,302	0
	$848,137	**$162,884**	**$1,011,021**	**$1,037,652**

KWB CHARTERED ACCOUNTANTS INC.

800-125 Garry Street
Winnipeg, MB R3C 3P2
T 204 982 3878
F 204 982 3888
www.kwb.ca

AUDITORS' REPORT

To the Board of Commissioners
Manitoba Boxing Commission

We have audited the statement of financial position of Manitoba Boxing Commission as at March 31, 2010 and the statement of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Commissioners. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In common with many not-for-profit organizations the organization derives revenue from commissions, licenses and permits, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to these revenues, excess of revenue over expense, assets and surplus.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2010 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

KWB

KWB CHARTERED ACCOUNTANTS INC.

June 17, 2010

MANITOBA BOXING COMMISSION
STATEMENT OF FINANCIAL POSITION
March 31, 2010

	2010	2009
ASSETS		
Current Assets		
Cash	$ 4,646	$ 11,420
Property, Plant And Equipment - Note 3	-	-
	$ 4,646	$ 11,420
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$ 3,500	$ 3,725
Performance bond deposits	-	2,000
	3,500	5,725
NET ASSETS		
Unrestricted	1,146	5,695
	$ 4,646	$ 11,420

ON BEHALF OF THE BOARD:

........................Chairman

Commissioner
........................~~Treasurer~~

MANITOBA BOXING COMMISSION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
Year ended March 31, 2010

	2010	2009
Revenue		
Administration fees	$ 7,500	$ 13,500
Commissions, licenses and permits	5,085	5,422
Grant - Province of Manitoba	18,900	14,700
Events	4,640	-
Interest	4	24
	36,129	33,646
Operating expenses		
Administration	2,066	1,280
Amortization	616	-
Card expenses - boxing	4,956	2,462
Conferences	24,100	13,257
Dues and subscriptions	204	409
Honoraria	6,000	6,200
Professional fees	3,136	3,980
	41,078	27,588
Income (loss) from operations	(4,949)	6,058
Other revenue		
Gain on sale of property, plant and equipment	400	-
Excess (deficiency) of revenues over expense	(4,549)	6,058
Unrestricted net assets (deficiency), beginning of year	5,695	(363)
Unrestricted net assets, end of year	$ 1,146	$ 5,695

MANITOBA BOXING COMMISSION
STATEMENT OF CASH FLOWS
Year ended March 31, 2010

	2010	2009
From operating activities		
Excess (deficiency) of revenues over expenses	($ 4,549)	$ 6,058
Items not affecting cash		
Amortization expense	616	-
Gain on disposal of property, plant and equipment	(400)	-
	(4,333)	6,058
Net changes in non-cash working capital items	(2,225)	(1,830)
	(6,558)	4,228
From investing activities		
Acquisition of property, plant and equipment	(616)	-
Proceeds from the disposal of property, plant and equipment	400	-
	(216)	-
Cash increase (decrease)	(6,774)	4,228
Cash, beginning of year	11,420	7,192
Cash, end of year	$ 4,646	$ 11,420

	2010	2009
Net changes in non-cash working capital items		
Accounts payable and accrued liabilities	($ 225)	170
Performance bonds	(2,000)	(2,000)
	($ 2,225)	($ 1,830)

MANITOBA BOXING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2010

1. Statutes of Incorporation and Nature of Activities

The commission was incorporated under the provisions of the Province of Manitoba by a proclamation dated October 16, 1983.

The Manitoba Boxing Commission is a commission, pursuant to the Boxing Commission Act, Cap. B80, C.C.S.M., of the Province of Manitoba. The purpose of the organization is to regulate professional boxing matches in the Province of Manitoba in accordance with regulations as set down in the Act.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting policies for not-for-profit organizations and reflect the following policies:

Financial Instruments

The company's financial instruments consist of cash, and accounts payable. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Revenue recognition

Revenues are recognized when they are received or receivable if the amount can be reasonably estimated and its collection is reasonably assured.

Amortization

Property, plant and equipment are accounted for at cost and are amortized 100% in the year of acquisition.

Use of Estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

3. Property, Plant And Equipment

	Original Cost	Accumulated Amortization	Net Book Value
March 31, 2010			
Computer equipment	$ 616	$ 616	$ -
March 31, 2009			
Computer equipment	$ 2,573	$ 2,573	$ -

4. Economic Dependence

The Commission is economically dependent on the Province of Manitoba which provides funding through an annual grant.

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 generally accepted accounting principles. We understand that fair presentations of these financial statements include: 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 the Office of the Auditor General is to express an independent, professional opinion on whether the financial statements of the Corporation are fairly presented in accordance with Canadian generally accepted accounting principals. The Auditors' Report outlines the scope of the audit examination and provides their opinion.

On behalf of Management,

Bob Sochasky, CMA, FCMA
Chief Executive Officer

Laura Proulx, CMA
Director, Finance and Administration

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITORS' REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors of the Manitoba Centennial Centre Corporation

We have audited the statement of financial position of the Manitoba Centennial Centre Corporation as at March 31, 2010, and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
June 11, 2010

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

MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Financial Position

March 31, 2010, with comparative figures for 2009

	2010	2009
Assets		
Current assets:		
Cash	$ 575,551	$ 70,530
Term deposits - Province of Manitoba	771,968	873,283
Accounts receivable	203,260	249,011
Capital grant receivable - Province of Manitoba	550,180	283,313
Inventory	29,629	36,049
Prepaid expenses	60,516	73,970
Vacation pay recoverable from the Province of Manitoba (note 5)	199,964	199,964
	2,391,068	1,786,120
Amounts recoverable - Province of Manitoba:		
Severance (note 5)	307,561	307,561
Pension (note 6)	5,482,000	5,283,000
Capital assets (note 7)	991,258	1,131,991
Other investments (note 10)	114,396	116,350
	$ 9,286,283	$ 8,625,022

Liabilities, Deferred Contributions and Fund Balances

	2010	2009
Current liabilities:		
Accounts payable and accrued liabilities	$ 1,098,750	$ 560,412
Accrued vacation pay	237,944	248,866
Capital advances (note 11)	98,434	95,079
Deferred income and rental deposits	38,987	37,290
	1,474,115	941,647
Accrued severance pay (note 5)	464,875	523,665
Pension liability (note 6)	5,482,000	5,283,000
Deferred contributions related to capital assets (note 8)	869,704	985,523
Fund balances		
Invested in capital assets (note 9)	121,554	146,468
Internally restricted funds (note 10)	114,396	116,350
Unrestricted funds:		
General fund	759,639	628,369
	995,589	891,187
	$ 9,286,283	$ 8,625,022

See accompanying notes to financial statements.

On behalf of the Board:

_______________ Director _______________ Director

MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2010, with comparative figures for 2009

	General	Capital	Internally restricted	2010 Total	2009 Total
Revenue:					
Concert Hall	$ 949,964	$ –	$ –	$ 949,964	$ 836,254
Studio rental	133,485	–	–	133,485	107,700
Concession sales	411,100	–	–	411,100	324,532
Parking fees	808,422	–	–	808,422	789,863
Miscellaneous	109,654	–	–	109,654	110,955
	2,412,625	–	–	2,412,625	2,169,304
Province of Manitoba grants:					
Operating	3,059,400	–	–	3,059,400	3,019,900
Amortization of deferred contributions (note 8)	–	255,552	–	255,552	241,579
Province of Manitoba - pension, net (note 6)	183,024	–	–	183,024	(33,282)
	3,242,424	255,552	–	3,497,976	3,228,197
City of Winnipeg grant:					
Strategic Economic Development grant	29,725	–	–	29,725	29,725
Recoveries of expenses	209,805	–	–	209,805	215,162
Investment income (note 10)	–	–	136	136	2,311
Total revenues, grants and recoveries	5,894,579	255,552	136	6,150,267	5,644,699
Expenses:					
Administration and general	582,607	–	–	582,607	547,408
Amortization of capital assets	–	280,466	–	280,466	266,490
Concession operations	242,884	–	–	242,884	193,725
Building services and maintenance	1,326,857	–	–	1,326,857	1,301,407
Host service and special projects	265,496	–	–	265,496	244,522
Manitoba Production Centre	246,360	–	–	246,360	209,715
Parking service	212,551	–	–	212,551	259,792
Pension (note 6)	401,605	–	–	401,605	168,180
Security services	481,829	–	–	481,829	465,036
Stage operations	365,871	–	–	365,871	359,499
Grant (note 10)	–	–	2,090	2,090	2,950
	4,126,060	280,466	2,090	4,408,616	4,018,724
Expenses incurred on behalf of The Manitoba Museum (note 12)	1,637,249	–	–	1,637,249	1,683,155
Total expenses (schedule - operating expenses)	5,763,309	280,466	2,090	6,045,865	5,701,879
Excess (deficiency) of revenue over expenses	131,270	(24,914)	(1,954)	104,402	(57,180)
Fund balance, beginning of year	628,369	146,468	116,350	891,187	948,367
Fund balance, end of year	$ 759,639	$ 121,554	$ 114,396	$ 995,589	$ 891,187

See accompanying notes to financial statements.

MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Cash Flows

Year ended March 31, 2010, with comparative figures for 2009

	2010	2009
Cash provided by (used in):		
Operating:		
Excess (deficiency) of revenue over expenses	$ 104,402	$ (57,180)
Adjustments for:		
Amortization of deferred contributions	(255,552)	(241,579)
Amortization of capital assets	280,466	266,490
	129,316	(32,269)
Change in other investments	1,954	639
Change in accrued severance pay	(58,790)	55,134
Change in non-cash working capital balances:		
Accounts receivable	45,751	(83,488)
Inventory	6,420	(9,443)
Prepaid expenses	13,454	(2,490)
Accounts payable and accrued liabilities	41,690	(131,605)
Accrued vacation pay	(10,922)	6,918
Capital advances	3,355	26,916
Deferred income and rental deposits	1,697	6,300
	173,925	(163,388)
Financing:		
Capital assets grants and advances - Province of Manitoba	396,818	381,305
Investing:		
Purchase of capital assets	(167,037)	(385,482)
Increase (decrease) in cash and cash equivalents	403,706	(167,565)
Cash and cash equivalents, beginning of year	943,813	1,111,378
Cash and cash equivalents, end of year	$ 1,347,519	$ 943,813
Cash and cash equivalents consist of:		
Cash	$ 575,551	$ 70,530
Term deposits - Province of Manitoba	771,968	873,283
	$ 1,347,519	$ 943,813
Supplementary disclosure:		
Non-cash financing and investing activities - purchase of capital assets in accounts payable	$ 103,231	$ 130,535
Interest received	1,084	24,313

See accompanying notes to financial statements.

1. Nature of the Corporation's operations:

The Manitoba Centennial Centre Corporation (the Corporation) was established in 1968 for the development and management of the 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, 2010 registered titles to these properties, being the Concert Hall, 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 between Manitoba Culture, Heritage, Tourism and Sport and the Manitoba Centennial Centre Corporation dated December 14, 2005, in which the Corporation agreed to manage the Manitoba Production Centre for the Province.

3. Significant accounting policies:

(a) Fund accounting:

The Corporation's financial statements have been prepared on a fund basis, using Canadian generally accepted accounting principles.

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. Internally restricted funds cannot be expended without the approval of the Board of Directors.

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to capital assets other than buildings that are funded by the Province of Manitoba (notes 2, 3 (e) and 9).

3. Significant accounting policies (continued):

(b) 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 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.

(c) Term deposits:

Term deposits are recorded at cost plus accrued interest, which approximates fair value due to the short-term nature of these deposits.

(d) Inventory:

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

(e) Capital assets:

Capital assets are recorded at cost and are being amortized using the straight-line method over their estimated useful lives as follows:

Asset	Rate
Computer equipment	20%
Concert hall refurbishments	10%
Concrete replacement	8%
Equipment and furnishings	20%
Marquee	20%
Office renovations	10%
Physical plant and building controls	10%
Stage equipment	20%
System and motor controls	10%

Assets under construction are included in the appropriate asset category. Assets under construction are not amortized until asset construction is complete.

3. Significant accounting policies (continued):

The financial statements of the Corporation exclude capital assets related to buildings and associated assets, as title to these assets is held by the Province of Manitoba (note 2) and these assets are reflected in the financial statements of the Province of Manitoba. Expenditures on these excluded assets, and the related advances from the Province of Manitoba, are presented in note 11. Effective April 1, 2006, the Corporation began reflecting all other capital asset expenditures in its financial statements, and such assets have been accounted for in accordance with the requirements of Canadian Institute of Chartered Accountants (CICA) Handbook Section 4430.

(f) Cash:

Cash includes cash on hand and balances with banks.

(g) Revenue recognition:

Revenue is recognized when services are rendered and when collectibility is reasonably assured.

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.

Deferred contributions related to capital assets represent the unamortized amount of capital grants received for the purchase of capital assets. The amortization of deferred contributions is recorded as revenue in the statement of operations on the same basis as the amortization of 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.

(h) Financial instruments:

Financial assets and liabilities classified as held-for-trading are measured at fair value with gains and losses recognized in excess of revenue over expenses. Financial instruments classified as held-to-maturity, loans and receivables and other liabilities are measured at amortized cost. Available-for-sale financial instruments are measured at fair value, with unrealized gains and losses recognized directly in unrestricted funds.

3. Significant accounting policies (continued):

The Corporation designated cash and term deposits as held-for-trading; accounts and grants receivable and amounts recoverable from the Province of Manitoba as loans and receivables; and accounts payable and accrued liabilities and accrued vacation pay as other liabilities. The Corporation has neither available-for-sale nor held-to-maturity instruments.

Except for held-for trading designated financial instruments, transaction costs that are directly attributable to the acquisition or issuance of financial assets or liabilities are accounted for as part of the respective asset or liability's carrying value at inception and amortized over the expected life of the financial instrument using the effective interest method. For held-for trading financial assets and liabilities, transaction costs are recorded in the statement of operations as incurred.

The Corporation has adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3861, *Financial Instruments - Disclosure and Presentation.* In accordance with the Accounting Standards Board's decision to exempt not-for-profit organizations from the disclosure requirements with respect to financial instruments contained within Section 3862, *Financial Instruments - Disclosures,* and Section 3863, *Financial Instruments - Presentation*, the Corporation has elected not to adopt these standards in the financial statements.

(i) 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. New accounting policies:

Effective April 1, 2009, the Corporation adopted the following new Handbook sections issued by the CICA:

Effective April 1, 2009, the Corporation adopted the CICA's amendments to the 4400 Sections of the CICA Handbook. These amendments affect the financial statement presentation and disclosure requirements for not-for-profit organizations. Adoption of these recommendations had no significant impact on the financial statements of the Corporation for the year ending March 31, 2010.

4. New accounting policies (continued:

Effective April 1, 2009 the Corporation adopted the CICA's amendments to Section 1000 of the CICA Handbook. These amendments clarified the definitions and recognition criteria of assets, liabilities and expenses. Adoption of these recommendations had no effect on the financial statements of the Corporation for the year ending March 31, 2010.

5. Employee benefits:

(a) Accrued vacation pay:

The cost of the Corporation's vacation benefits is accrued when the benefits are earned by the employees.

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) Severance:

Effective April 1, 1998, the Corporation commenced recording the estimated liability for accumulated severance pay benefits for its employees. At March 31, 2010, based on an actuarial estimate, the obligation for accrued severance pay is $464,875 (2009 - $523,665). The significant actuarial assumptions include an interest rate of 7 percent (2009 - 7 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.

6. 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, 2007, the Corporation has recorded an amount of $5,482,000 (2009 - $5,283,000) in its financial statements, representing the estimated unfunded liability for the Corporation's employees as at March 31, 2010. Total pension expense of $493,832 (2009 - $258,030) has been recorded in the statement of operations (see schedule), or $401,605 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 $5,482,000 (2009 - $5,283,000) equal to the estimated value of its actuarially determined liability in its financial statements, and has recorded associated net revenue of $183,024 (2009 - net expense of $33,282). The Province makes payments on the receivable when it is determined that the funding is required to discharge the related pension obligation.

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

	2010	2009
Balance, beginning of year	$ 5,283,000	$ 5,301,000
Decrease (increase) in trust account held by the Province of Manitoba	(20,880)	27,620
Benefits accrued	153,004	155,191
Interest accrued (7 percent; 2009 - 7 percent)	375,303	353,852
Benefits paid	(308,427)	(288,463)
Actuarial gains[1]	–	(266,200)
Balance, end of year	$ 5,482,000	$ 5,283,000

[1]The actuarial valuation as at December 31, 2007 was completed in April 2009, and the resulting adjustment recorded in the year ended March 31, 2009.

7. Capital assets:

	Cost	Accumulated amortization	2010 Net book value	2009 Net book value
Computer equipment	$ 59,615	$ 35,769	$ 23,846	$ 35,769
Concert hall refurbishments	171,032	51,310	119,722	136,828
Concrete replacement	10,060	2,414	7,646	8,450
Equipment and furnishings	134,115	68,610	65,505	92,328
Marquee	382,230	229,338	152,892	229,338
Office renovations	437,851	171,350	266,501	309,829
Physical plant and building controls	235,633	46,230	189,403	76,503
Stage equipment	350,442	241,625	108,817	178,904
System and motor controls	71,158	14,232	56,926	64,042
	$ 1,852,136	$ 860,878	$ 991,258	$ 1,131,991

8. Deferred contributions:

	2010	2009
Balance, beginning of year	$ 985,523	$ 947,318
Capital grants received and receivable	139,733	279,784
Less amortized to revenue	(255,552)	(241,579)
Balance, end of year	$ 869,704	$ 985,523

9. Invested in capital assets:

	2010	2009
Capital assets (note 7)	$ 991,258	$ 1,131,991
Amounts financed by deferred contributions (note 8)	(869,704)	(985,523)
	$ 121,554	$ 146,468

10. Internally restricted funds and other investments:

	2010	2009
Balance, beginning of year	$ 116,350	$ 116,989
Investment income	136	2,311
Grant expense	(2,090)	(2,950)
Balance, end of year	$ 114,396	$ 116,350

Internally restricted funds are held in term deposits with the Province of Manitoba.

11. Capital advances:

Capital funds in the amount of $98,434 (2009 - $95,079) were drawn in advance on projects awarded but not yet undertaken by March 31, 2010 (as follows):

	2010	2009
Capital advances - Province of Manitoba:		
Advances brought forward from previous years	$ 95,079	$ 68,163
Received during the year	984,395	513,817
	1,079,474	581,980
Capital expenditures not reflected on the Corporation's financial statements [note 3(e)]:		
Courtyard renovations	(8,771)	(486,901)
Parkade resurfacing	(366,146)	–
Stage sound and lighting	(123,210)	–
Stage acoustic system	(8,977)	–
Systems motor control	(473,936)	–
	(981,040)	(486,901)
Advances carried forward to future years	$ 98,434	$ 95,079

The Corporation had no outstanding contractual commitments to complete capital improvements at March 31, 2010 or 2009.

12. Grant of service:

The Manitoba Centennial Centre Corporation incurs expenses such as cleaning, utilities and maintenance on behalf of the Manitoba Museum. These expenses amount to $1,637,249 for the year ended March 31, 2010 (2009 - $1,683,155). Included in these expenses is $194,481 (2009 - $190,028) of administration and general expenses of the Corporation that are allocated to the Manitoba Museum proportionately on a predetermined basis.

13. Financial instruments:

The Corporation's financial instruments consist of cash, term deposits, accounts receivable, amounts recoverable from the Province of Manitoba, accounts payable and accrued liabilities and accrued vacation pay. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted. The carrying values of the amounts recoverable from the Province approximate their fair value because the annual interest accretion is funded, as described in notes 5(b) and 6.

14. Economic dependence:

The Corporation is economically dependent on funding received from the Province of Manitoba.

15. Capital management:

The Corporation's objective when managing its capital is to maintain sufficient capital to cover its costs of operations, while fulfilling its mandate under the *Manitoba Centennial Centre Corporations Act*. The Corporation's capital consists of unrestricted funds, internally restricted funds and funds invested in capital assets. The Corporation's ability to meet its capital objectives is dependent on its cash flows, including operating and capital grants received from the Province of Manitoba.

The Corporation is not subject to externally imposed capital requirements.

There were no changes in the Corporation's approach to capital management during the period.

16. Comparative figures:

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

MANITOBA CENTENNIAL CENTRE CORPORATION

Schedule - Operating Expenses

Year ended March 31, 2010, with comparative figures for 2009

	2010	2009
Administration and general:		
Salaries and employee benefits	$ 470,165	$ 494,925
Insurance	96,552	91,122
Telephone and fax	25,097	20,866
Audit and legal	21,927	16,329
Other	129,374	98,454
Payroll service	6,362	6,361
Marketing	27,611	9,379
	777,088	737,436
Concession operations:		
Salaries and employee benefits	77,896	70,591
Cost of goods sold	126,040	105,477
Other	38,948	17,657
	242,884	193,725
Building services and maintenance:		
Salaries and employee benefits	1,274,345	1,284,155
Utilities	854,937	936,780
Repairs, maintenance and supplies	487,722	426,082
	2,617,004	2,647,017
Host services and special projects:		
Salaries and employee benefits	237,952	230,520
Other	27,544	14,002
	265,496	244,522
Manitoba Production Centre:		
Salaries and employee benefits	7,667	11,483
Administration costs	67,420	35,072
Repairs, maintenance and supplies	24,769	19,494
Property taxes	82,496	81,998
Utilities	64,008	61,668
	246,360	209,715
Parking services:		
Salaries and employee benefits	138,105	137,831
Agency fees and expenses	65,949	73,772
Other	8,497	48,189
	212,551	259,792
Pension	493,832	258,030
Security services:		
Salaries and employee benefits	522,037	509,221
Other	20,186	13,482
	542,223	522,703
Stage operations:		
Salaries and employee benefits	299,066	292,485
Repairs, supplies and equipment	66,805	67,014
	365,871	359,499
Total expenses of general fund	5,763,309	5,432,439

Thomas Tasker Chartered Accountant Inc.

Thomas Tasker, CA

200-960 Portage Avenue
Winnipeg, MB R3G 0R4

Telephone (204) 783-3118
Fax (204) 772-7541

Del Halliday, CMA

AUDITOR'S REPORT

To the Members of
Manitoba Community Services Council Inc.

I have audited the balance sheet of Manitoba Community Services Council Inc. as at March 31, 2010 and the statements of changes in net assets and financial activities for the year then ended. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Manitoba Community Services Council Inc. as at March 31, 2010 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Thomas Tasker

Winnipeg, Manitoba
May 17, 2010

Chartered Accountant

MANITOBA COMMUNITY SERVICES COUNCIL INC.

BALANCE SHEET

MARCH 31, 2010

Assets	2010	2009
Current assets		
Cash	$ 66,914	$ 18,865
Accrued interest	10,433	15,629
GST refund	2,640	3,539
Prepaid expense	11,134	8,869
Guaranteed investment certificates (note 3)	442,927	622,471
	534,048	669,373
Guaranteed investment certificates (note 3)	278,486	267,081
Capital assets (note 4)	6,518	10,762
	$ 819,052	$ 947,216
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 2,711	$ 10,054
Allocations not yet paid	469,821	551,737
	472,532	561,791
Net assets		
Invested in capital assets	6,518	10,762
Funds for future allocation	340,002	374,663
	346,520	385,425
	$ 819,052	$ 947,216

Approved on Behalf of the Board

____________________________ Director

Thomas Tasker
Chartered Accountant Inc.

MANITOBA COMMUNITY SERVICES COUNCIL INC.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2010

	Invested in Capital Assets	Funds for Future Allocation	Total 2010	Total 2009
Balance, beginning of year	$ 10,762	$ 374,663	$ 385,425	$ 827,228
Excess (deficiency) of revenue over allocations and expenses	(4,244)	(34,661)	(38,905)	(146,779)
Funds for Priority Area Strategy	-	-	-	(295,024)
Invested in capital assets	-	-	-	-
Balance, end of year	$ 6,518	$ 340,002	$ 346,520	$ 385,425

Thomas Tasker
Chartered Accountant Inc.

MANITOBA COMMUNITY SERVICES COUNCIL INC.

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED MARCH 31, 2010

	2010	2009
Revenue		
Province of Manitoba		
Manitoba Culture, Heritage, Tourism and Sport	$ 2,004,000	$ 1,998,800
Interest	29,080	50,843
	2,033,080	2,049,643
Allocations and expenses		
Administrative expenses		
Bank charges	1,088	1,040
Communications	16,465	25,319
Computer expense	4,868	13,681
Consulting	258	2,652
Courier	1,147	868
Equipment rental	10,556	10,682
Insurance	5,155	5,003
Meeting costs and volunteer travel	24,353	26,576
Office supplies	7,871	6,999
Postage	3,226	1,504
Professional fees	4,947	4,489
Telephone	5,232	4,842
	85,166	103,655
Amortization	4,244	5,510
Occupancy	30,493	29,730
Salaries and benefits	236,347	240,267
Grant allocations	1,773,673	2,133,107
Grant allocations (recovered)	(57,938)	(70,958)
Priority Area Strategy allocations	-	50,135
Priority Area Strategy (recovery)	-	(295,024)
	2,071,985	2,196,422
Deficiency of revenue over allocations and expenses	$ (38,905)	$ (146,779)

Thomas Tasker
Chartered Accountant Inc.

MANITOBA COMMUNITY SERVICES COUNCIL INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2010

1. Incorporation

Manitoba Community Services Council Inc. (Council) was incorporated under The Corporations Act of Manitoba on March 13, 1990 without share capital, created for the purpose of distributing bingo events and provincial funds to non-profit community organizations on behalf of the Province of Manitoba.

2. Summary of significant accounting policies

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

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:

Furniture and equipment	20%
Computer equipment	30%
Computer software	50%

d) Revenue recognition

Funding for programs and grant allocations comes from the Province of Manitoba, Minister of Culture, Heritage, Tourism and Sport. 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.

Thomas Tasker
Chartered Accountant Inc.

MANITOBA COMMUNITY SERVICES COUNCIL INC.

NOTES TO THE FINANCIAL STATEMENTS, CONT'D

MARCH 31, 2010

2. Summary of significant accounting policies, cont'd

e) Measurement uncertainty (use of estimates)

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results may differ from management's best estimates.

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.

f) Financial instruments

The organization classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired or liability incurred. The organization's accounting policy for each category is as follows:

Financial instruments classified as assets held-for-trading are reported at fair value at each balance sheet date, and any change in fair value is recognized in net income (loss) in the period during which the change occurs. Transaction costs are expensed when incurred. In these financial statements, cash and cash equivalents have been classified as held-for-trading.

Financial instruments classified as held-to-maturity are financial assets with fixed or determinable payments and fixed maturities that the organization's management has the positive intention and ability to hold to maturity. These assets are initially recorded at fair value and subsequently carried at amortized costs, using the effective interest rate method. Transaction costs are included in the amount initially recognized. In these financial statements, guaranteed investment certificates have been classified as held-to-maturity.

Financial instruments classified as other financial liabilities are carried at amortized cost using the effective interest method. Transaction costs are expensed when incurred. In these financial statements, accounts payable, accrued liabilities and allocations not yet paid have been classified as other financial liabilities.

The company's financial instruments consist of cash, guaranteed investment certificates, accrued interest, accounts payable and allocations not yet paid. Unless otherwise noted, it is management's opinion that the Council is not exposed to significant interest, currency or credit risks arising from these financial instruments.

MANITOBA COMMUNITY SERVICES COUNCIL INC.

NOTES TO THE FINANCIAL STATEMENTS, CONT'D

MARCH 31, 2010

3. Guaranteed investment certificates

	2010	2009
Due within one year, interest rates of .79% to 5.35%	$ 442,927	$ 622,471
Long-term investment certificates, due October, 2011, interest rate of 2.04%.	$ 278,486	$ 267,081

4. Capital assets

	2010		2009	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and equipment	$ 22,962	$ 22,962	$ 22,962	$ 22,917
Computer equipment	11,047	4,971	11,047	1,657
Computer software	11,040	10,598	11,040	9,713
	$ 45,049	$ 38,531	$ 45,049	$ 34,287
Cost less accumulated amortization		$ 6,518		$ 10,762

5. Provincial funding

The Province of Manitoba has committed funding in the amount of $2,004,000 for the year ended March 31, 2011.

6. Commitment

The Council has leased realty pursuant to a lease agreement, until March 31, 2015. 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 next year is as follows:

2011	$ 13,080
2012	13,080
2013	13,080
2014	13,080
2015	13,080

Thomas Tasker
Chartered Accountant Inc.

MANITOBA COMMUNITY SERVICES COUNCIL INC.

NOTES TO THE FINANCIAL STATEMENTS, CONT'D

MARCH 31, 2010

7. Pension plan

The employees of the organization participate in the United Way Agencies Employees' Retirement Plan, a multi-employer, defined benefit pension plan. The Council's pension contribution and expense for the year was $11,618 (2009 - $8,443).

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 solvency basis. The basis assumes the plan will be wound up and settled on the valuation date. The most recent actuarial valuation estimated a solvency excess at December 31, 2006.

A triennial actuarial valuation at December 31, 2009 is currently being prepared. The results are not available. It is anticipated that there may be a solvency deficiency at December 31, 2009. The amount of a deficiency, if any, is unknown at this time.

If there is a solvency deficiency it will be funded by additional Manitoba Community Services Council Inc. contributions in excess of the minimum required contributions. The deficiency would be paid quarterly over a five year period (10 years if solvency relief is available).

8. 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 Lotteries Corporations to the above organizations. These funds are not reflected on the statement of financial activities.

Manitoba
Entrepreneurship, Training and Trade
Manitoba Development Corporation
1040 - 259 Portage Avenue
Winnipeg MB R3B 3P4

THE MANITOBA DEVELOPMENT CORPORATION

Responsibility for Financial Statements

The accompanying financial statements are the responsibility of management and have been prepared in conformity with the generally accepted accounting principles. The statements are examined by BDO Dunwoody LLP, Chartered Accountants, whose opinion is included herein.

To fulfill 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.

BDO Dunwoody LLP have 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 to the Board.

James F. Kilgour, C.A.
General Manager

Amy Thiessen, CGA
Acting Secretary-Treasurer

Manitoba
spirited energy

BDO

Tel/Tél.: 204 956 7200
Fax/Téléc.: 204 926 7201
Toll-free/
Sans frais: 800 268 3337
www.bdo.ca

BDO Canada LLP/s.r.l.
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Auditors' Report

To the Shareholder of
MANITOBA DEVELOPMENT CORPORATION

We have audited the balance sheet of **MANITOBA DEVELOPMENT CORPORATION** as at March 31, 2010 and the statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
June 1, 2010

MANITOBA DEVELOPMENT CORPORATION
Balance Sheet

For the year ended March 31

	PNP-B	MDC Part I	MDC Part II	2010 Total	2009 Total
ASSETS					
Current Assets					
Cash	$ 465,334	$ 569,231	$ -	$ 1,034,565	$ 3,746,005
Cash held in trust	-	-	78,291	78,291	87,711
Short-term investments (Note 2)	15,504,087	4,250,000	-	19,754,087	15,629,623
Accounts receivable (Note 3)	914,051	46,631	-	960,682	39,700
	16,883,472	4,865,862	78,291	21,827,625	19,503,039
Assets Managed for the Province of Manitoba					
Loans receivable (Note 4)	-	-	88,447,357	88,447,357	74,123,948
Equity investments (Note 5)	-	-	5,685,134	5,685,134	6,140,981
Trust Funds (Note 6)	57,856,704	-	-	57,856,704	40,018,383
	$ 74,740,176	$ 4,865,862	$ 94,210,782	$ 173,816,820	$ 139,786,351
LIABILITIES AND SHAREHOLDER'S EQUITY					
Current Liabilities					
Accounts payable	$ 1,080,225	$ 284,264	$ -	$ 1,364,489	$ 2,511,357
Funds provided by the Province of Manitoba	-	-	94,200,217	94,200,217	80,348,075
Trust liabilities (Note 6)	57,856,704	-	-	57,856,704	40,018,383
	58,936,929	284,264	94,200,217	153,421,410	122,877,815
Commitments (Note 8)					
Shareholder's Equity					
Share capital - authorized and issued 100 shares at $10 per share	-	1,000	-	1,000	1,000
Restricted surplus (Note 1)	4,921,259	-	-	4,921,259	4,506,078
Retained earnings	10,881,988	4,580,598	10,565	15,473,151	12,401,458
	15,803,247	4,581,598	10,565	20,395,410	16,908,536
	$ 74,740,176	$ 4,865,862	$ 94,210,782	$ 173,816,820	$ 139,786,351

Approved on behalf of the Board:

____________________ Director

____________________ Director

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

MANITOBA DEVELOPMENT CORPORATION
Statement of Operations and Retained Earnings

For the year ended March 31

	PNP-B	MDC Part I	MDC Part II	2010 Total	2009 Total
Income					
Interest	$ 1,271,305	$ 121,584	$ 4,405,143	$ 5,798,032	$ 4,090,528
Deposit Retentions (Note 6)	4,464,172	-	-	4,464,172	4,425,269
Recovery of Program Administration Expenses (Note 7)	32,915	-	-	32,915	20,053
Recovery (reimbursement) of Part II expenses from (to) the Province of Manitoba					
Provision for doubtful accounts (recovery)	-	-	6,245,525	6,245,525	4,899,382
Provision for decline in value of investments	-	-	1,613,487	1,613,487	310,445
Pro-rata share of partnership losses (income)	-	-	(493,930)	(493,930)	2,365,210
Foreign currency translation loss (gain)	-	-	1,739,156	1,739,156	(269,360)
	5,768,392	121,584	13,509,381	19,399,357	15,841,527
Expenses					
Program administration	1,239,237	94,635	-	1,333,872	1,211,159
Payment of Part II interest on loan receivable to the Province of Manitoba	-	-	4,399,143	4,399,143	2,823,352
Provision for doubtful accounts (recovery)	-	-	6,245,525	6,245,525	4,899,382
Provision for decline in value of investments	-	-	1,613,487	1,613,487	310,445
Pro-rata share of partnership losses (income)	-	-	(493,930)	(493,930)	2,365,210
Foreign currency translation loss (gain)	-	-	1,739,156	1,739,156	(269,360)
	1,239,237	94,635	13,503,381	14,837,253	11,340,188
Transfers to the Department of Labour and Immigration (Note 9)	524,200	-	-	524,200	351,600
Transfers to the Department of Entrepreneurship, Training and Trade (Note 9)	551,029	-	-	551,029	1,866,400
	2,314,466	94,635	13,503,381	15,912,482	13,558,188
Net income and comprehensive income for the year	3,453,926	26,949	6,000	3,486,875	2,283,339
Retained earnings, beginning of year	7,843,244	4,553,649	4,565	12,401,458	10,648,040
Transfer from (to) Restricted Surplus	(415,182)	-	-	(415,182)	(529,921)
Retained earnings, end of year	$ 10,881,988	$ 4,580,598	$ 10,565	$ 15,473,151	$ 12,401,458

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

MANITOBA DEVELOPMENT CORPORATION
Statement of Cash Flows

For the year ended March 31	2010	2009
Cash Flows from Operating Activities		
Net income and comprehensive income for the year	**$ 3,486,875**	$ 2,283,339
Adjustments for		
Foreign currency translation loss (gain)	**1,739,156**	(269,360)
Provision for doubtful accounts (recovery)	**6,245,525**	4,899,382
Provision for decline in value of investments	**1,613,487**	310,445
Pro-rata share of partnership losses	**(493,930)**	2,365,210
Provision for Deposit Retentions	**(4,464,172)**	(4,425,269)
Recovery (reimbursement) of Part II expenses from (to) the Province of Manitoba	**(9,104,238)**	(7,305,677)
	(977,297)	(2,141,930)
Changes in non-cash working capital balances		
Accounts receivable	**(920,982)**	139,430
Accounts payable	**(1,146,868)**	1,569,217
	(2,067,850)	1,708,647
Net cash flow from operating activities	**(3,045,147)**	(433,283)
Cash Flows from Investing Activities		
Loans receivable		
Principal repayments	**2,107,549**	3,453,697
Loans issued	**(24,164,020)**	(25,247,861)
Change in accrued interest receivable	**(251,620)**	(101,786)
Equity investments		
Investments made	**(663,710)**	(2,374,705)
Provincial Nominee Program for Business Trust Funds	**(14,739,257)**	(6,675,740)
	(37,711,058)	(30,946,395)
Funds provided by the Province of Manitoba		
Part II	**22,956,380**	23,795,505
Provincial Nominee Program for Business	**22,302,493**	11,101,009
Net cash flow from investing activities	**7,547,815**	3,950,119
Net increase in cash and cash equivalents	**4,502,668**	3,516,836
Cash and cash equivalents, beginning of year	**19,463,339**	15,946,503
Cash and cash equivalents, end of year	**$ 23,966,007**	$ 19,463,339
Represented by:		
Cash	**$ 1,034,565**	$ 3,746,005
Short-term investments	**19,754,087**	15,629,623
Cash held in trust	**78,291**	87,711
Cash held in trust included in Trust Funds	**3,099,064**	-
	$ 23,966,007	$ 19,463,339

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

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

Loans Receivable Under Part II

Loans are carried at the unpaid principal plus accrued interest, less allowance for doubtful loans. Loans considered uncollectible are written-off.

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

The allowance for doubtful loans is maintained at a level considered adequate to absorb credit losses existing in the portfolio. Specific allowances reduce the carrying value of loans identified as impaired to their net realizable amounts. In addition to specific allowances against identified impaired loans, the corporation maintains a non-specific allowance to cover impairment which is inherent in the loan portfolio which is consistent with industry practice.

Equity Investments Under Part II

The Corporation's equity in investments related to share capital investments are recorded at cost. The Corporation's investments in the Vision Capital Fund, CentreStone Vision Fund, Manitoba Capital Fund, Manitoba Science and Technology Fund, Renaissance Capital Fund, Western Life Sciences Venture Fund LLP and the Canterbury Park Capital Limited Partnership Fund are accounted for using the equity method of accounting. These investments were originally recorded at cost and the carrying value is adjusted thereafter to include the Corporation's pro-rata share of post acquisition earnings. Such adjustments are correspondingly reflected in the balance sheet caption "Funds provided by the Province of Manitoba under Part II."

An allowance for Equity Investments is maintained at a level considered adequate to absorb the investment risk in the portfolio. Specific allowances reduce the carrying value of individual fund investments to their net realizable amounts at year end.

Financial Instruments

The Corporation utilizes various financial instruments.

All transactions related to financial instruments are recorded on a settlement date basis.

The Corporation classifies its financial instruments as follows based on the purpose for which the asset was acquired and follows the disclosed accounting policy for each category.

Assets/Liability	Category	Measurement
Cash	Held for trading	Fair value
Cash held in trust	Held for trading	Fair value
Short-term investments	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Loans receivable	Loans and receivables	Amortized cost
Trust Funds	Held to maturity	Amortized cost
Equity investments (share capital)	Available for sale	Cost
Accounts payable	Other financial liabilities	Amortized cost
Funds provided by Province of Manitoba	Other financial liabilities	Amortized cost
Trust liabilities	Other financial liabilities	Amortized cost

- Held for trading items are carried at fair value, with changes in their fair value recognized in the statement of operations.
- Available for sale items are carried at fair value, with changes in their fair value, when determinable, recognized in comprehensive income. Any provision for impairment is recognized immediately in net income. Given that the shares in all equity investments do not have a quoted market price in an active market, they are carried at cost.
- Other financial liabilities are carried at amortized cost, using the effective interest method.
- Loans and receivables are carried at amortized cost, using the effective interest rate method, less any provision for impairment.
- Held to maturity items are carried at amortized cost, using the effective interest rate method, less any provision for impairment.

Transaction costs are expensed as incurred.

Financial Instruments (cont'd)

The financial risk is the risk to the Corporation's Part I and PNPB earnings that arise from fluctuations in interest rates and degree of volatility of these rates. Because Part II activities are directed by the Province of Manitoba, any exposure for these financial assets and liabilities to interest rate fluctuations or changes to their fair value would be borne by the Province. Credit risk relating to the realization of assets managed for the Province of Manitoba under Part II is borne by the Province.

All financial instruments are denominated in Canadian dollars.

The Corporation does not participate in derivative financial instrument trading.

Other comprehensive income includes, in particular, unrealized gains and losses on available for sale financial assets and the change in the effective portion of a cash flow hedge transaction. The Corporation had no other comprehensive income items for the year. Because the Corporation has no items related to other comprehensive income, comprehensive income is equivalent to net income.

Operating Losses

Losses under Part I and under Part II of the Corporation are the responsibility of the Province and are charged directly against advances received from the Province.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash includes cash and term deposits with the Province of Manitoba with maturities of up to three months.

Foreign Currency Translation

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in income in the current period.

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.

Program Administration and Recoveries

Program administration expenses are recognized in the same period that they are incurred. Recovery of Program Administration Expenses revenue is recognized in the same period as the corresponding expense is incurred.

New Accounting Pronouncement

Effective April 1, 2011 the Corporation will be adopting Public Sector Accounting Standards by the Public Sector Accounting Board. The Corporation is currently in the process of quantifying the impact these changes will have on its financial position.

For the year ended March 31, 2010

1. Nature of Operations and Economic Dependence

The Manitoba Development Corporation (the Corporation) provides loans and guarantees under Part I and Part II of the Development Corporation Act. The activities under Part I and Part II are accounted for separately. Part I activities are undertaken at the initiative of the Corporation, while Part II activities are at the direction of the Province of Manitoba.

The Corporation's lending operations under Part I were suspended effective November 15, 1977 except at the direction of the Province of Manitoba. The Corporation's lending and investment operations under Part II continue under the direction of the Province of Manitoba. The Province provides all financing for these initiatives and ultimately bears all costs, including any exposure for these financial assets to interest rate fluctuations, changes to their fair value or credit risk relating to the realization of these assets.

The Corporation considers its capital to comprise its shareholder's equity (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 are 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 years actual expenses) plus 25% 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 retained earnings. For the year ended March 31, 2010, the Corporation has complied with these restrictions.

2. Short-Term Investments

Short-term investments are comprised of marketable securities, and include term deposits, provincial bonds, and GIC's. Effective interest rates range from 0.2% to 5.5%. Maturity dates range from April 2010 to December 2015. Fair values are considered to approximate cost.

3. Accounts Receivable

	2010	2009
Other	$ 2,084	$ 3,311
Accrued Interest - PNPB	780,022	36,389
Prepaid Interest - PNPB	131,945	-
Accrued Interest - MDC Part I	46,631	-
	$ 960,682	$ 39,700

4. Loans Receivable Managed for the Province of Manitoba Under Part II

	2010	2009
Business Support		
Manitoba Industrial Opportunities Program		
- Repayable	$ 92,014,944	$ 75,506,908
Other Loans Receivable	11,480,001	11,230,001
	103,494,945	86,736,909
Allowance for doubtful accounts	(15,047,588)	(12,612,961)
	$ 88,447,357	$ 74,123,948

The Manitoba Industrial Opportunities Program provides flexible repayable financing to encourage companies to expand or locate in Manitoba. Loan principal is due as follows:

	2010	2009
2010	$ -	$ 3,018,646
2011	5,829,942	14,555,356
2012	14,595,886	19,859,817
2013	12,409,586	8,860,514
2014	12,554,778	6,936,327
2015	12,595,917	5,729,638
Subsequent to 2015	33,477,535	16,246,930
Accrued interest	551,300	299,680
	92,014,944	75,506,908
Allowance	(15,047,588)	(12,612,960)
	$ 76,967,356	$ 62,893,948

4. **Loans Receivable Managed for the Province of Manitoba Under Part II** (continued)

Interest rates charged for Manitoba Industrial Opportunities 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:

	2010	2009
Greater than Nil, less than 5%	**$ 25,935,315**	$ 27,248,661
5% or greater, less than 6%	**39,591,184**	27,517,761
6% or greater, less than 7%	**4,625,000**	4,791,667
7% or greater, less than 8%	**12,300,000**	2,000,000
8% or greater, less than 9%	**8,216,204**	12,530,256
9% or greater, less than 10%	**403,678**	726,620
Royalty-based interest repayment	**392,263**	392,263
Accrued interest	**551,300**	299,680
	92,014,944	75,506,908
Allowance	**(15,047,588)**	(12,612,960)
	$ 76,967,356	$ 62,893,948

When possible, the Corporation obtains various forms of security on the Manitoba Industrial Opportunities loans with priority ranking subject to any prior existing charges.

5. Equity Investments Managed for the Province of Manitoba Under Part II

	2010	2009
Share capital investments		
Inspyre Solutions Inc. (formerly Faneuil ISG Inc.)	$ 1	$ 1
	1	1
Less: Allowance for forgiveness of shares	1	1
	-	-
Limited Partnership Investments		
Canterbury Park Capital Fund LLP	3,918,881	3,630,881
CentreStone Vision Fund	2,772,639	2,415,672
Manitoba Capital Fund	4,363,200	4,363,200
Manitoba Science and Technology Fund	1,798,846	1,780,103
Renaissance Capital Fund	3,000,000	3,000,000
Western Life Sciences Venture Fund LLP	5,800,000	5,800,000
	21,653,566	20,989,856
Vision Capital Fund	1	1
	21,653,567	20,989,857
Less:		
Allowance for decline in value of investments	(11,793,062)	(10,179,575)
Pro-rata share of partnership losses	(4,175,371)	(4,669,301)
	(15,968,433)	(14,848,876)
	$ 5,685,134	$ 6,140,981

The investment in preference shares of Inspyre Solutions Inc. (formerly Faneuil ISG Inc.) has been recorded in the books of the Corporation at a nominal value of $1. Any funds received upon redemption of the preference shares will accordingly result in the recognition of an equal amount of income at that time.

6. Trust Funds/Liabilities - Provincial Nominee Program for Business

	2010	2009
Gross Trust Liabilities	**$ 57,856,704**	$ 40,018,383

The Corporation, Manitoba Entrepreneurship, Training and Trade and Labour and Immigration operate a program known as the Provincial Nominee Program for Business, which offers individuals who wish to immigrate to the Province of Manitoba to establish and operate a business the opportunity to obtain a nominee certificate. During the 2003 fiscal year, the Corporation first entered into agreements with qualified immigrants whereby the immigrants committed to invest specified amounts to establish approved businesses in Manitoba within specified periods of time. As evidence of their commitments, the immigrants are required to deposit $75,000 with the Corporation. These deposits are held in trust 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 residency 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.

At March 31, 2010, deposits held in trust under the Provincial Nominee Program for Business and invested with the Province of Manitoba totaled $54,757,640 (2009 - $40,018,383) and with a chartered bank totaled $3,099,064 (2009 - $NIL). Interest earned on these deposits during the year and retained by the Corporation totaled $1,271,305 (2009 - $1,115,088). Actual deposits retained during the year amounted to $4,814,198 (2009 - $4,550,319) and are presented net of an allowance adjustment of $350,026 (2009 - $125,050). Net deposits retained are $4,464,172 (2009 - $4,425,269).

7. Recovery of Program Administration Expenses and Related Party Transactions

The Corporation receives recoveries for certain Program Administration Expenses, paid for by the Provincial Nominee Program for Business, from the following source.

	2010	2009
Program participants	**$ 32,915**	$ 20,053

8. Commitments

Commitments and undisbursed balances of approved loans and equity investments under Part II:

	2010	2009
Manitoba Industrial Opportunities Program	**$ 32,639,817**	$ 26,162,759
Manitoba Science & Technology Fund	**701,154**	719,897
Canterbury Park Capital	**6,081,119**	6,369,119
CentreStone Venture Fund Limited	**1,977,361**	2,374,374
Manitoba Capital Fund	**353,334**	353,334
	$ 41,752,785	$ 35,979,483

9. Growing Through Immigration Strategy Support

Funds transferred to support the Growing Through Immigration Strategy are made up of the following, as approved by the Treasury Board:

	2010	2009
Department of Entrepreneurship, Training and Trade	**$ 551,029**	$ 1,866,400
Department of Labour and Immigration	**524,200**	351,600
	$ 1,075,229	$ 2,218,000

10. Financial Instruments

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

11. Comparative Figures

Certain of the comparative figures have been reclassified to provide better comparison with the current year's presentation. Net income and comprehensive income for the year remain as previously reported.

To the Board of Directors of Manitoba Film & Sound Recording Development Corporation:

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 generally accepted accounting principles and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles 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 and the Finance and Planning Committee are composed entirely of Directors who are neither management nor employees of the Organization. The Finance and Planning Committee also undertakes the responsibilities of an Audit Committee. The Finance and Planning Committee is appointed by the Board to review the financial statements in detail with management and to recommend them to the Board prior to their approval of the financial statements for publication.

External auditors are appointed to audit the financial statements and report directly to the Finance and Planning Committee; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Finance and Planning Committee and management to discuss their audit findings.

April 30, 2010

Carole Vivier, CEO

Auditors' Report

To the Board of Directors of Manitoba Film & Sound Recording Development Corporation:

We have audited the statement of financial position of Manitoba Film & Sound Recording Development Corporation as at March 31, 2010 and the statements of revenues and expenses, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Manitoba

April 30, 2010

Meyers Norris Penny LLP

Chartered Accountants

Manitoba Film & Sound Recording Development Corporation
Statement of Financial Position
As at March 31, 2010

	2010	2009
Assets		
Current		
Cash *(Note 3)*	**146,759**	416,735
Restricted cash *(Note 3)*	**2,150,993**	1,616,595
Accounts receivable	**158,327**	5,801
Prepaid expenses	**34,572**	48,455
	2,490,651	2,087,586
Capital assets *(Note 4)*	**132,017**	137,405
	2,622,668	2,224,991
Liabilities		
Current		
Accounts payable and accruals	**54,297**	53,528
Carry-over commitments *(Note 3), (Note 5)*	**2,150,993**	1,488,805
	2,205,290	1,542,333
Net Assets		
Invested in capital assets	**132,017**	137,405
Unrestricted	**285,361**	417,463
Internally restricted *(Note 6)*	**-**	127,790
	417,378	682,658
	2,622,668	2,224,991

Approved on behalf of the Board

Director **Director**

The accompanying notes are an integral part of these financial statements

Manitoba Film & Sound Recording Development Corporation
Statement of Revenues and Expenses
For the year ended March 31, 2010

	2010	*2009*
Revenues		
Province of Manitoba *(Note 10)*	**5,194,600**	3,677,700
Program recoupments	**156,201**	194,168
Interest	**7,401**	53,268
Other	**34,700**	9,028
	5,392,902	3,934,164
Expenses		
Film and Television Programs	**3,468,519**	1,918,710
Sound Programs	**669,711**	661,147
Program Delivery *(Note 9)*	**611,375**	553,914
Film Commission/Location Services	**391,807**	357,261
Industry Support	**294,665**	260,302
Corporate Administration	**222,105**	220,188
	5,658,182	3,971,522
Deficiency of revenues over expenses	**(265,280)**	(37,358)

The accompanying notes are an integral part of these financial statements

Manitoba Film & Sound Recording Development Corporation
Statement of Changes in Net Assets
For the year ended March 31, 2010

	Invested in capi	*Internally restric*	*Unrestricted*	***2010***	*2009*
Net assets, beginning of year	137,405	127,790	417,463	**682,658**	720,016
Deficiency of revenues over expenses	(21,381)	(127,790)	(116,109)	**(265,280)**	(37,358)
Investment in capital assets	16,413	-	(16,413)	-	-
Loss on disposal of capital assets	(420)	-	420	-	-
Net assets, end of year	**132,017**	-	**285,361**	**417,378**	682,658

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, 2010

	2010	*2009*
Cash provided by (used for) the following activities		
Operating activities		
Deficiency of revenues over expenses	**(265,280)**	(37,358)
Amortization	**21,381**	18,644
Loss on disposal of capital assets	**420**	-
	(243,479)	(18,714)
Changes in working capital accounts		
Accounts receivable	**(152,526)**	(3,638)
Prepaid expenses	**13,883**	(12,571)
Accounts payable and accruals	**769**	(19,483)
Carry-over commitments	**662,188**	304,908
	280,835	250,502
Investing activity		
Purchase of capital assets	**(16,413)**	(94,883)
Increase in cash resources	**264,422**	155,619
Cash resources, beginning of year	**2,033,330**	1,877,711
Cash resources, end of year	**2,297,752**	2,033,330
Cash resources are composed of:		
Cash	**146,759**	416,735
Restricted cash	**2,150,993**	1,616,595
	2,297,752	2,033,330

The accompanying notes are an integral part of these financial statements

1. Nature of business

Manitoba Film and 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. The chief objective of the Organization is to foster growth of the Manitoba film and music recording industries by providing financial 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 registration of productions and review of tax credit applications.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Capital assets

Capital assets are recorded at cost. Amortization is provided using the straight-line method at rates intended to amortize the cost of the assets over their estimated useful lives. The annual rates are as follows:

	Rate
Computer equipment	30 %
Equipment	20 %
Furniture	20 %
Leasehold improvements	5 %
Website	30 %

Program funding

The Organization provides grant funding to Manitoba companies and individuals in order to promote Manitoba's film and music recording artists and industries. The grant may nominally take the form of equity financing from which, in the future, there may be a recovery of principal or return on investment.

Revenue recognition

a) Program recoupments

Any recovery of principal or return on investment of programs funded is recorded as program recoupments when received.

b) 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 when received.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization of capital assets is provided 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.

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

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 Organization 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 operations for the year.

Financial instruments

Held for trading:

The Organization has classified cash and restricted cash as held for trading. These instruments are initially recognized at fair value. Fair value is approximated by the instruments' initial cost in a transaction between unrelated parties.

Held for trading financial instruments are subsequently measured at their fair value. Net gains and losses arising from changes in fair value are recognized immediately in income.

Loans and receivables:

The Organization has classified accounts receivable as loans and receivables. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Amortized cost is the amount at which the financial asset is measured at initial recognition less any reduction for impairment or uncollectability. Net gains and losses arising from changes in fair value are recognized in net income upon impairment.

Other financial liabilities:

The Organization has classified accounts payable as other financial liabilities. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Other financial liabilities are subsequently measured at amortized cost. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments. Net gains and losses arising from changes in fair value are recognized in net income upon derecognition.

3. Cash

Cash on deposit earns monthly interest at the Chartered Bank's commercial rates. The Organization's internally restricted cash represents the carry-over commitments as described in Note 5 and the internally restricted net assets as described in Note 6.

4. Capital assets

	Cost	***Accumulated amortization***	***2010 Net book value***	*2009 Net book value*
Computer equipment	**45,115**	**36,702**	**8,413**	7,539
Equipment	**6,381**	**3,719**	**2,662**	3,754
Furniture	**55,363**	**51,871**	**3,492**	4,663
Leasehold improvements	**139,154**	**33,201**	**105,953**	112,911
Website	**37,862**	**26,365**	**11,497**	8,538
	283,875	**151,858**	**132,017**	137,405

5. Carry-over commitments

Due to lead times required to obtain all the resources necessary to complete film, video 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, 2010 and prior years, which were not fully advanced as at March 31, 2010 are as follows:

	Year of Commitment		Prior	Total	2009
Film					
Development Financing Programs	63,113	6,010	1,000	70,123	47,907
Production Financing Programs	770,116	191,014	48,517	1,009,647	1,040,106
Jump Start Program	625,000	-		625,000	-
Emerging Talent Matching Funds	2,050	2,000	3,000	7,050	8,000
Feature Film Marketing Program	1,800	-		1,800	3,000
Portfolio Investment Envelope	10,000			10,000	30,750
Access to Markets/Festivals	13,000	4,000		17,000	3,000
Industry Support	32,000	-	500	32,500	20,900
	1,517,079	203,024	53,017	1,773,120	1,153,663
Music					
Sound Recording Production Fund Level 1	13,178			13,178	7,600
Sound Recording Production Fund Level 2	64,476	7,250	(496)	71,230	55,852
Sound Recording Production Fund Level 3	135,761	31,680	(201)	167,240	140,564
Sound Recording - Out-of-Province Artists	16,000	5,000		21,000	32,500
Music Video Fund	5,281			5,281	10,179
Record Product Marketing Fund	30,535	5,803		36,338	54,734
Recording ArtistTouring Fund	47,606	1,000		48,606	23,713
Portfolio Investment Envelope	10,000		1,000	11,000	6,000
Market Access Fund	4,000			4,000	4,000
	326,837	50,733	303	377,873	335,142
Total Commitments:	**1,843,916**	**253,757**	**53,320**	**2,150,993**	**1,488,805**

6. Net assets

Internally restricted assets are comprised of funding for activities of the Organization received from the Province of Manitoba. Of the total amount, $0 (2009 - $21,500) has been directed to the Sound Portfolio Investment Envelope Program, $0 (2009 - $20,000) to the Film Portfolio Investment Envelope Program and $0 (2008 - $86,290) to the Film Production Funds.

7. 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 Manitoba Music, On Screen Manitoba, the National Screen Institute Canada and the Winnipeg Film Group. Programs supported include the Aboriginal Music Program, Features First, Drama Prize, Totally Television, Global Marketing, New Voices, NSI Storytellers, Post-Production and Marketing funds.

8. Lease commitments

The Organization occupies leased premises subject to minimum monthly rent of $5,196 until August 2013 plus various equipment leases with quarterly payments until September 2014. Future minimum annual payments as follows:

2011	74,005
2012	68,808
2013	74,005
2014	32,435
2015	3,128

9. Program delivery

Program delivery also includes the expenses associated with the delivery of the Manitoba Film & Video Production Tax Credit Program (MTC). While the value of the MTC does not flow through the Organization, the management of it does and is therefore determined to be worth noting. A total of 120 applications were received for processing during the 2010 fiscal year (2009 - 109). This represents production activity for projects which took place in the current and prior years, in excess of $151 million worth of production activity (2009 - $205 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 $61,500.

10. Economic dependence

The Organization's primary source of income is derived from the Province of Manitoba in the form of an operating grant.

11. 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 its 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 to economic conditions and the risk 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:

	2010	*2009*
Invested in capital assets	**132,017**	137,405
Internally restricted net assets	**-**	127,790
Unrestricted net assets	**285,361**	417,463
	417,378	682,658

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.

12. Comparative figures

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

Manitoba Film & Sound Recording Development Corporation
Schedule 1 - Schedule of Expenses
For the year ended March 31, 2010

	2010	2009
Expenses		
Film and Television Programs		
Development Financing	**229,084**	156,662
Production Financing	**1,659,311**	1,684,206
Access to Markets	**-**	30,000
Emerging Talent Matching Funds	**24,000**	28,150
Feature Film Marketing	**25,524**	19,692
Jump Start	**1,525,000**	-
Film PIE Program	**5,600**	-
	3,468,519	1,918,710
Sound Programs		
Market Access	**40,000**	40,000
Sound Recording Production Level III	**177,016**	208,251
Sound Recording Production Level II	**94,052**	73,855
Sound Recording Production Level I	**39,786**	25,515
Music Video	**30,432**	9,779
Sound Recording Production Level - Out of Province	**40,000**	45,000
Record Product Marketing Support	**70,230**	108,003
Recording Artist Touring Support	**158,195**	150,744
Sound PIE Program	**20,000**	-
	669,711	661,147
Program Delivery		
Salaries	**121,441**	148,086
Marketing/Operating	**489,934**	405,828
	611,375	553,914
Film Commission/Location Services	**391,807**	357,261
Industry Support		
Film industry associations	**121,500**	87,518
Film sponsorships/partnerships	**59,665**	60,733
Sound industry associations	**75,000**	75,000
Sound sponsorships/partnerships	**38,500**	37,051
	294,665	260,302
Corporate Administration		
Salaries *(Note 9)*	**132,034**	124,179
Marketing/Operating *(Note 9)*	**90,071**	96,009
	222,105	220,188
Total expenses	**5,658,182**	3,971,522

AUDITORS' REPORT

To the Minister of Finance of the
Province of Manitoba and the Directors of the
Manitoba Floodway and East Side Road Authority

We have audited the balance sheet of the **Manitoba Floodway and East Side Road Authority** as at March 31, 2010 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the management of the Authority. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Winnipeg, Canada,
May 14, 2010.

Chartered Accountants

Manitoba Floodway and East Side Road Authority
Balance Sheet
As at March 31, 2010

	2010	2009 (restated-Note 1)
ASSETS		
Current Assets		
Funds on deposit with Minister of Finance	$ 28,317,835	$ 21,071,000
Total Assets	$ 28,317,835	$ 21,071,000
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$ 11,784,138	$ 18,367,980
Interest payable	1,180,611	591,742
Due to the Province of Manitoba (Note 3)	15,353,086	2,111,278
	28,317,835	21,071,000
Total Liabilities	$ 28,317,835	$ 21,071,000

Contractual Obligations and Contingencies (Notes 6 and 9)

(see accompanying notes and schedules to the financial statements)

On behalf of the Board:

Board of Directors Chair

Audit & Risk Committee Chair

Manitoba Floodway and East Side Road Authority
Statement of Operations
Year ended March 31, 2010

	2010	2009 (restated-Note 1)
Expenses		
Salaries and Benefits	$ 3,126,888	$ 2,682,924
Other Operating Expenses		
Transportation	366,088	269,524
Communications	276,939	286,349
Supplies and Services	1,129,376	909,763
Minor Capital	813,136	4,468
Other Operating	433,966	311,200
	3,019,505	1,781,304
Total Expenses	6,146,393	4,464,228
Recoveries		
Capital Assets under Construction on behalf of the Province (Schedule 1)		
Floodway Expansion	3,400,286	3,540,393
East Side Transportation Initiative	1,812,585	38,640
Operating Grants (Note 5)	933,522	885,195
	6,146,393	4,464,228
Net Operating Results	$ -	$ -

(see accompanying notes and schedules to the financial statements)

Manitoba Floodway and East Side Road Authority
Statement of Cash Flows
Year Ended March 31, 2010

	2010	2009 (restated-Note 1)
Operating transactions		
Net operating results	$ -	$ -
Net changes in non-cash working capital balances related to operations		
Accounts receivable - Province of Manitoba	13,411	283,559
Accounts payable and accrued liabilities	(3,028)	424,049
Cash provided by operating transactions	10,383	707,608
Financing transactions		
Due to the Province of Manitoba	13,212,631	6,332,951
Capital transactions		
Capital assets constructed on behalf of the Province	(86,913,536)	(114,694,831)
Net changes in non-cash working capital balances related to capital		
Accounts payable and accrued liabilities	(6,565,048)	(8,401,721)
Interest payable	588,869	(603,533)
Contributions related to capital assets	86,913,536	114,694,831
Cash used in capital transactions	(5,976,179)	(9,005,254)
Increase (decrease) in funds on deposit with Minister of Finance	$ 7,246,835	$ (1,964,695)
Funds on deposit with Minister of Finance, beginning of year	21,071,000	23,035,695
Funds on deposit with Minister of Finance, end of year	$ 28,317,835	$ 21,071,000

(see accompanying notes and schedules to the financial statements)

Manitoba Floodway and East Side Road Authority
Schedule of Capital Assets Constructed on Behalf of the Province of Manitoba
Year ended March 31, 2010

	2010	2009 (restated-Note 1)
Funding from the Province of Manitoba (Note 4)	$ 86,913,536	$ 114,694,831
Capital Expenditures by Component (Note 4):		
Administration	3,400,286	3,540,393
Contract Administration and Final Design	5,768,605	9,724,945
Environmental Mitigation	5,892,007	1,184,691
Floodway Channel	5,081,575	21,040,670
Inlet Structure	5,417,593	3,013,562
Insurance	830,472	389,131
Interest	929,640	1,124,082
Land	1,878,783	689,551
Outlet Structure	2,140,576	25,405,545
Railway Bridges	13,797,865	35,210,982
Roadway Bridges	17,874,536	708,838
Seine River Siphon	2,150,621	34,745
Utility Relocations	835,385	984,122
West Dike	8,651,911	10,700,368
	74,649,855	113,751,625
East SideTransportation Initiative	12,263,681	943,206
	86,913,536	114,694,831
Net Expenditures	$ -	$ -

(see accompanying notes and schedules to the financial statements)

Manitoba Floodway and East Side Road Authority
Schedule of Capital Assets
As at March 31, 2010

	Cost	Federal Contributions	Cost net of Federal Contributions	Accumulated Amortization	2010 Net Book Value
Land	$ 6,975,528	$ -	$ 6,975,528	$ -	$ 6,975,528
Floodway Infrastructure - 1969	49,905,100	28,804,900	21,100,200	18,990,180	2,110,020
Floodway Infrastructure -					
Improvements - 2001	1,943,000	-	1,943,000	97,150	1,845,850
Improvements - 2000	3,348,116	2,338,951	1,009,165	75,687	933,478
Improvements - 1997	1,830,607	915,304	915,303	137,295	778,008
	64,002,351	32,059,155	31,943,196	19,300,312	12,642,884
Assets Under Construction - 2004	850,424	-	850,424	-	850,424
Assets Transferred from the Province March 31, 2004	64,852,775	32,059,155	32,793,620	19,300,312	13,493,308
Manitoba Floodway Authority - Assets Under Construction - 2004	4,248,615	2,105,742	2,142,873	-	2,142,873
Capital Assets at March 31, 2004	69,101,390	34,164,897	34,936,493	19,300,312	15,636,181
Assets Transferred to the Province April 1, 2004	69,101,390	34,164,897	34,936,493	19,300,312	15,636,181
Capital Assets at March 31, 2005	$ -	$ -	$ -	$ -	$ -
Manitoba Floodway Authority - Capital Assets Constructed on behalf of the Province - 2005	$ 9,854,899	$ 4,658,228	$ 5,196,671	$ -	$ 5,196,671
Manitoba Floodway Authority - Capital Assets Constructed on behalf of the Province - 2006	$ 58,274,527	$ 28,842,008	$ 29,432,519	$ -	$ 29,432,519

Schedule 2
(cont'd)

Manitoba Floodway and East Side Road Authority
Schedule of Capital Assets
As at March 31, 2010

	Cost	Accumulated Amortization	2010 Net Book Value
Manitoba Floodway Authority - Capital Assets Constructed on behalf of the Province - 2007	$ 145,664,474	$ -	$ 145,664,474
Manitoba Floodway Authority - Capital Assets Constructed on behalf of the Province - 2008	$ 149,945,209	$ -	$ 149,945,209
Manitoba Floodway Authority - Capital Assets Constructed on behalf of the Province - 2009			
Floodway Expansion	$ 113,751,625	$ -	$ 113,751,625
East Side Transportation Initiative	$ 943,206	$ -	$ 943,206
Manitoba Floodway and East Side Road Authority - Capital Assets Constructed on behalf of the Province - 2010			
Floodway Expansion	$ 74,649,855	$ -	$ 74,649,855
East Side Transportation Initiative	$ 12,263,681	$ -	$ 12,263,681

Note: Due to changes in public sector accounting standards in 2007, applied on a prospective basis, Federal contributions are no longer netted against the cost of the assets.

Manitoba Floodway and East Side Road Authority
Notes to the Financial Statements
For the Year ended March 31, 2010

Note 1 - Nature of Operations and Basis of Presentation

The Manitoba Floodway Authority Act was proclaimed into effect on November 1, 2004. The Act established a crown corporation, the Manitoba Floodway Authority (MFA) and dissolved the Manitoba Floodway Expansion Authority Inc. (MFEA) which had been incorporated October 3, 2003. The one outstanding share of the MFEA was redeemed upon dissolution for $1. The purpose of the Authority is to assume the existing operations of the MFEA and to act as the agent of the Manitoba Government in the construction and maintenance of the Red River Floodway.

On December 1, 2009, Bill 31, the Manitoba Floodway Authority Amendment Act was officially proclaimed establishing the Manitoba Floodway and East Side Road Authority (the Authority). The expanded mandate includes constructing and maintaining an all-season road on the east side of Lake Winnipeg, ensuring that the expansion of the floodway and east side road construction are carried out in a manner that provides increased benefits, and maximizes the benefits provided.

The creation of the Authority reflects the merger of the MFA and the East Side Road Authority. The merger was accounted for using the continuity of interests basis of accounting. The financial statements reflect the assets, liabilities, operations and cash flows of the MFA and the East Side Road Authority at their carrying values as if they had always been combined on a historical basis.

Note 2 - Significant Accounting Policies

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

Capital Assets

Purchased capital assets in excess of $10,000 are recorded at cost and are amortized on a straight line basis according to their estimated useful life. Purchases under $10,000 are expensed in the year of purchase. The Authority follows the same capital asset policy as the Province of Manitoba.

Pension Plan

In accordance with the provisions of The Civil Service Superannuation Act (Act), employees of the Authority are eligible for pension benefits in accordance with 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 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 Authority is required to make contributions equal to the amounts contributed to the Fund by the employees. Under this Act, the Authority has no further pension liability. Contributions during the year amounted to $121,876 (2009 - $101,240).

Accounting Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenditures recorded in the period, and the disclosure of contingencies at the date of the financial statements. Actual results could differ from those estimates.

Financial Instruments

Financial instruments include funds on deposit with the Minister of Finance, amounts due to/from the Province of Manitoba, account payable and accrued liabilities. It is management's opinion that the Authority is not exposed to significant interest, currency or credit risks arising from these financial instruments. The book value of the Authority's financial assets and liabilities approximates their fair value.

Note 3 - Due to the Province of Manitoba

The Authority receives interest bearing advances of approved funding from the Province of Manitoba at rates established by the Minister of Finance. At March 31, 2010, $15,353,086 was payable to the Province of Manitoba (2009 - $2,111,278).

Note 4 - Capital Assets Constructed on behalf of the Province of Manitoba

As an agent of the Province of Manitoba, capital expenditures incurred and transferred to the Province of Manitoba during 2010 and 2009 for the floodway expansion are as follows:

	2010	2009
Administration	$ 3,400,286	$ 3,540,393
Contract Administration and Final Design	5,768,605	9,724,945
Environmental Mitigation	5,892,007	1,184,691
Floodway Channel	5,081,575	21,040,670
Inlet Structure	5,417,593	3,013,562
Insurance	830,472	389,131
Interest	929,640	1,124,082
Land	1,878,783	689,551
Outlet Structure	2,140,576	25,405,545
Railway Bridges	13,797,865	35,210,982
Roadway Bridges	17,874,536	708,838
Seine River Siphon	2,150,621	34,745
Utility Relocations	835,385	984,122
West Dike	8,651,911	10,700,368
Total	$ 74,649,855	$113,751,625

Capital expenditures incurred and transferred to the Province of Manitoba during 2010 and 2009 for the east side road transportation initiative are as follows:

	2010	2009
Administration	$ 1,812,585	$ 38,640
Environmental Assessment and Licensing	3,560,275	-
Preconstruction Activities	3,326,447	-
Interest	250,971	-
Preliminary Designs and Studies	2,239,001	904,566
Temporary Bridges	1,074,402	-
Total	$ 12,263,681	$ 943,206

Note 5 - Transactions related to Operations and Capital

The Province of Manitoba has a shared cost agreement with the Government of Canada for both capital and operating expenditures related to the Red River floodway expansion project. All eligible costs are shared equally. The Authority receives its funding from the Province of Manitoba. Claims under the shared cost agreement are submitted by the Authority on behalf of the Province of Manitoba with funds received from the Government of Canada recorded in the Operating Fund of the Province of Manitoba.

Government transfers from the Government of Canada under this shared cost agreement in the amount of $35,571,286 (2009 - $55,084,547) are recorded as revenue in the Operating Fund of the Province of Manitoba.

Grants from the Province of Manitoba of $587,515 (2009 - $462,226) related to operating expenses were reflected in the operations of the Authority. In addition, $346,007 (2009 - $422,969) of operating grants were received as government transfers under the shared cost agreement and were recorded as revenue of the Authority.

Note 6 - Contractual Obligations

As an agent of the Province of Manitoba, the Authority has entered into various contracts in all phases of the projects. Contractual obligations relating to the projects totaled $52,526,844 at March 31, 2010 (2009 - $45,855,971).

Contractual obligations for the lease of office space to the Province of Manitoba Department of Transportation and Government Services for the next year are as follows:

2011	$ 151,350

Note 7 - Economic Dependence

The Authority is economically dependent on funding received from the Province of Manitoba.

Note 8 - Public Sector Compensation Disclosure

For the purpose of the Public Sector Compensation Disclosure Act, all compensation for employees is disclosed in a separate audited statement available on request.

Note 9 - Contingencies

Three individual accident claims are pending filing against the Authority. As the outcomes of these matters are not determinable and amounts cannot be reasonably estimated at this time, liabilities have not been recorded in the financial statements.

Note 10 - Comparative figures

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

Management Report

The Management of the Manitoba Gaming Control Commission (MGCC) is responsible for the integrity, objectivity and reliability of the financial statements, accompanying notes and other financial information that it has prepared for this 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 judgments are made based on a careful assessment of the available data.

The financial statements and accompanying notes are examined by Manitoba's Office of the Auditor General (OAG), whose opinion is included herein. The OAG has access to the Board of Commissioners, with or without Management present, to discuss the results of their audit and the quality of financial reporting at the MGCC.

F.J.O. (Rick) Josephson
EXECUTIVE DIRECTOR

Dale Fuga
CHIEF OPERATING OFFICER

June 18, 2010

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Board of Commissioners of the Manitoba Gaming Control Commission:

We have audited the balance sheet of the Manitoba Gaming Control Commission as at March 31, 2010, and the statements of operations and surplus and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Manitoba Gaming Control Commission as at March 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
June 18, 2010

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

Balance Sheet

MARCH 31		2010		2009
ASSETS				
Current Assets				
Cash	$	222,655	$	50,301
Short-term investments		1,377,596		1,126,515
Accounts receivable (Note 5)		30,429		60,221
Prepaid expenses		31,532		30,923
		1,662,212		1,267,960
Long-Term Investment (Note 8)		146,079		146,079
Capital Assets (Note 6)		344,177		376,865
Intangible Assets (Note 7)		6,016		8,595
	$	2,158,484	$	1,799,499
LIABILITIES AND SURPLUS				
Current Liabilities				
Accounts payable and accrued liabilities	$	523,259	$	547,783
		523,259		547,783
Provision for employee severance benefits (Note 8)		565,743		538,793
Provision for employee pension benefits (Note 11)		34,900		52,751
		1,123,902		1,139,327
Surplus		1,034,582		660,172
	$	2,158,484	$	1,799,499

On behalf of the Board:

DIRECTOR DIRECTOR

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

Manitoba Gaming Control Commission

Statement of Operations and Surplus

FOR THE YEAR ENDED MARCH 31		**2010**		2009
Revenue				
Registration fees	$	**4,108,250**	$	3,825,776
License fees		**1,151,408**		994,036
		5,259,658		4,819,812
Expenses				
Salaries and benefits		**3,601,071**		3,596,806
Rent		**331,414**		310,988
Legal and professional fees		**163,984**		169,573
Transportation		**131,421**		123,237
Public Education		**119,418**		145,833
Communications		**104,252**		115,637
Supplies and services		**102,519**		118,571
Education, training, and conference		**97,923**		97,515
Amortization – capital assets		**73,722**		80,189
– intangible assets		**2,578**		3,684
Commission Board		**59,789**		123,245
Accommodations		**56,463**		54,120
Other expenses		**45,913**		15,905
HR/Systems support		**21,426**		21,728
First Nations legal and professional		**7,381**		92,000
		4,919,274		5,069,031
Income (loss) before other items		**340,384**		(249,219)
Other Items				
Interest income		**2,622**		40,002
Other income		**31,404**		26,240
		34,026		66,242
Excess revenue (expenses) and comprehensive income (loss)		**374,410**		(182,977)
Surplus, beginning of year		**660,172**		843,149
Surplus, end of year	$	**1,034,582**	$	660,172

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

Statement of Cash Flows

FOR THE YEAR ENDED MARCH 31		2010		2009
Cash Flows from Operating Activities				
Excess of revenue over expenses	$	374,410	$	(182,977)
Items not involving cash				
Amortization of capital assets		73,722		80,189
Amortization of intangible assets		2,578		3,684
Amortization of capital/intangible assets related to the Commission Board		1,470		1,615
		452,180		(97,489)
Changes in non-cash working capital balances				
Accounts receivable		29,792		(27,087)
Prepaid expenses		(609)		(1,644)
Accounts payable and accrued liabilities		(24,524)		87,708
Deferred revenue		0		(1,922,525)
Provision for employee severance benefits		26,950		51,231
Provision for employee pension benefits		(17,851)		7,350
		465,938		(1,902,456)
Cash Flows from Investing Activities				
Purchase of capital assets		(42,503)		(81,496)
Increase (decrease) in cash and cash equivalents during the year		423,435		(1,983,952)
Cash and cash equivalents, beginning of year		1,176,816		3,160,768
Cash and cash equivalents, end of year	$	1,600,251	$	1,176,816
Represented by				
Cash	$	222,655	$	50,301
Short-term investments		1,377,596		1,126,515
	$	1,600,251	$	1,176,816

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

Notes to Financial Statements

FOR THE YEAR ENDED MARCH 31, 2010

1 Nature of Business

The Manitoba Gaming Control Commission was established by The Gaming Control Act. The organization's objectives are to regulate and control gaming activity in the province with the aims of ensuring that gaming activity is conducted honestly, with integrity and in the public interest. The organization began its operations on October 20, 1997.

2 Change in Accounting Policies

Effective April 1, 2009, the Manitoba Gaming Control Commission (MGCC) adopted the following new handbook sections issued by the Canadian Institute of Chartered Accountants (CICA):

SECTION 3064 GOODWILL AND INTANGIBLE ASSETS

Effective April 1, 2009, the Commission adopted the recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook section 3064 Goodwill and Intangible Assets and the updates to CICA Handbook section 1000 Financial Statement Concepts. This guidance establishes updated standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The adoption of these standards affects financial statement presentation only.

Accordingly, the Commission has reclassified $66,443 (2009 - $66,443) of Capital Assets to intangible assets.

CREDIT RISK AND FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

During 2009 the Commission adopted the Emerging Issues Committee (EIC) 173 and amendments to Section 3855, Financial Instruments - Recognition and Measurement Section 3855 – Effective Interest Method.

Section 3855 – Embedded Derivatives on Reclassification of Financial Assets

Section 3855 – Impairment of Financial Assets

Due to the nature of the Commission's financial instruments, the adoption of these standards and amendments had no material impact on the financial position of the Commission.

SECTION 3862 FINANCIAL INSTRUMENTS – DISCLOSURE

The MGCC has adopted the amendment to the CICA standard, Section 3862 Financial Instruments – Disclosures. This amended section, which was effective January 1, 2009, requires an entity to classify fair value measurements into a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the MGCC's investments. The hierarchy of inputs is summarized below:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), or

Level 3 – inputs for the asset or liability that are not based on observable market data.

Changes in valuation methods may result in transfer into and out of an investment's assigned level.

The above noted new standards have no impact on the recognition, measurement or presentation of financial instruments in the MGCC's year-end financial statements. The only financial statement impact is to note disclosure.

FUTURE ACCOUNTING CHANGES

Convergence with Public Sector Accounting Standards as issued by the Public Sector Accounting Board.

Effective April 1, 2011 the Commission will be adopting Public Sector Accounting Standards issued by the Public Sector Accounting Board. The Commission is currently in the process of quantifying the impact these changes will have on its financial position.

3 Significant Accounting Policies

A. GENERAL

These financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP).

B. 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. Actual results could differ from these estimates.

C. 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 (82 months)

D. INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

Computer software	30% declining balance basis

E. REVENUE RECOGNITION

Revenue and expenses are recorded on an accrual basis except for license and supplier registration fees, which are recognized on a cash receipt basis.

F. CAPITAL DISCLOSURES

In the context of the MGCC, capital is defined as the surplus of the MGCC. Externally-imposed capital requirements relate to the administration of the MGCC in accordance with The Gaming Control Act and accompanying regulations. The MGCC has developed appropriate risk management strategies, as described in note 4, to preserve the surplus of the MGCC. The MGCC has complied with externally-imposed capital requirements during the year.

4 Financial Instruments and Financial Risk Management

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The financial assets and liabilities of MGCC are classified and measured as follows:

Financial Asset/Liability	Category	Subsequent Measurement
Cash and Short-Term Investments	Held for trading	Fair value
Long-Term Investment	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable	Other financial liabilities	Amortized cost
Accrued liabilities	Other financial liabilities	Amortized cost

Amortized cost is determined using the effective interest rate method.

Gains and losses on financial instruments subsequently measured at amortized cost are recognized in the statement of operations and surplus in the period the gain or loss occurs. Changes in fair value on financial instruments classified as held for trading are recognized in the statement of operations and surplus for the current period. Changes in fair value on financial instruments classified as available for sale would be recorded in a statement of changes in net assets or other comprehensive income until realized, at which time they are recorded in the statement of operations and surplus.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of accounts receivable, receivable from the Province of Manitoba, accounts payable and accrued liabilities approximates their carrying values due to their short-term maturity.

It has been determined that the MGCC's investments would be classified as Level 2 because they are invested with the Department of Finance.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Balance Sheet are as follows:

	2010		2009	
	Carrying Value	**Fair Amount**	Carrying Value	Fair Amount
Financial Asset/Liability				
Cash and Short-Term Investment	**$ 1,600,251**	**$ 1,600,251**	$ 1,176,816	$ 1,176,816
Accounts receivable	**30,429**	**30,429**	60,221	60,221
Long-Term Investment	**146,079**	**146,079**	146,079	146,079
Accounts payable	**45,991**	**45,991**	116,062	116,062
Accrued liabilities	**477,268**	**477,268**	431,721	431,721

FINANCIAL RISK MANAGEMENT - OVERVIEW

The MGCC has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- interest risk and
- foreign currency risk

The MGCC manages its exposure to risks associated with financial instruments that have the potential to affect its operating performance in accordance with its risk management framework. The MGCC's Board of Commissioners has overall responsibility for the establishment and oversight of the MGCC's objectives, policies and procedures for measuring, monitoring and managing these risks.

The MGCC has exposure to the following risks associated with its financial instruments. Analysis of sensitivity to specified risks is provided where there may be an effect on the results of operations or financial position. Sensitivity analysis is performed by relating the reasonably possible changes in risk variables as at March 31, 2010 to the financial instruments outstanding on that date.

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 MGCC to credit risk consist principally of cash, Short-Term Investments and accounts receivable.

The maximum exposure of MGCC to credit risk at March 31, 2010 is:

Cash and Short-Term Investments	$1,600,251
Accounts receivable	30,429
Long-Term Investment	146,079
	$1,776,759

Cash and funds on deposits: MGCC is not exposed to significant credit risk as the cash, short-term investments and long-term investments are held by the Minister of Finance.

Accounts receivable: MGCC is not exposed to significant credit risk as license and registration fees from charities, Manitoba Lotteries Corporation (MLC), First Nations casinos, and suppliers are typically collected when they are due. Employee advances are collected upon retirement. Other trade receivables are not typical and have been collected subsequent to year end. As such, no specific allowance for doubtful accounts has been created as the potential for any receivable impairment is negligible.

LIQUIDITY RISK

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

MGCC manages liquidity risk by maintaining adequate cash balances and by appropriately utilizing working capital advances if required. MGCC 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. MGCC 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 MGCC's income or the fair values of its financial instruments. The significant market risks MGCC is exposed to are: interest rate risk; foreign currency risk; and other price 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 short-term investments and long-term debt.

The interest rate risk on short-term investments is considered to be low because of their short-term nature. The interest rate risk on long-term investments is considered low as the original deposit is reinvested annually at rates for investments 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. MGCC is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency.

5 Accounts Receivable

	2010	2009
Charitable Licensees	$ **2,470**	$ 1,318
Manitoba Lotteries Corporation	**9,300**	17,450
First Nations Casinos	**3,100**	3,600
Employee Advances	**9,819**	9,819
Supplier Investigations	**3,161**	2,777
Other trades	**2,579**	25,257
	$ **30,429**	$ 60,221

6 Capital Assets

2010

	Cost	Accumulated Amortization	Net Book Value
Equipment	$ 64,367	$ 53,709	$ 10,658
Furniture and fixtures	412,482	244,401	168,081
Computer equipment	939,622	823,575	116,047
Leasehold Improvements	57,318	7,927	49,391
	$ 1,473,789	$ 1,129,612	$ 344,177

2009

	Cost	Accumulated Amortization	Net Book Value
Equipment	$ 62,740	$ 51,282	$ 11,458
Furniture and fixtures	403,713	226,619	177,094
Computer equipment	928,332	796,638	131,694
Leasehold improvements	57,318	699	56,619
	$ 1,452,103	$ 1,075,238	$ 376,865

7 Intangible Assets

2010

	Cost	Accumulated Amortization	Net Book Value
Computer software	$ 66,443	$ 60,427	$ 6,016

2009

	Cost	Accumulated Amortization	Net Book Value
Computer software	$ 66,443	$ 57,848	$ 8,595

8 Long-Term Investment - Provision for Employee Severance Benefits

Effective April 1, 1998, the Commission commenced recording the estimated liability for accumulated severance pay benefits for certain of its employees. During the last collective bargaining session it was negotiated that effective April 1, 2007 all employees would be eligible for severance pay benefits. The amount of this estimated liability is determined using the annual actuarial report of severance obligations as at March 31, 2010.

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 17 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 Commission.

An actuarial report was completed for the severance pay liability as of March 31, 2010. The Commissions' actuarially determined net liability for accounting purposes as at March 31, 2010 was $565,743 (2009 - $538,793). An actuarial gain of $40,650 will be amortized over the 15 year expected average remaining service life of the employee group.

Significant long-term actuarial assumptions used in the March 31, 2010 valuation and in the determination of the March 31, 2010 present value of the accrued severance benefit obligation were:

Annual rate of return	
(i) inflation component	2.50%
(ii) real rate of return	4.00%
	6.50%
Annual salary escalation rates	
(i) general increases	
a) salary increase	2.50%
b) real rate	0.75%
	3.25%

The Province of Manitoba had accepted responsibility for the severance pay benefits of $146,079 accumulated to March 31, 1998 for certain of its employees. Effective March 31, 2010 the Province of Manitoba placed the amount of $146,079 into an interest bearing trust account to be held on the Commission's behalf until the cash is required to discharge the related liabilities.

9 Commitments

The organization has an operating lease for its premises expiring in 2016.

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

2011	272,855
2012	281,329
2013	291,497
2014	291,497
2015	296,581

10 Economic Dependence

A substantial portion of the organization's total revenue is derived from Manitoba Lotteries Corporation in the form of registration fees. The Manitoba Lotteries Corporation is related to the Commission through common ownership by the Province of Manitoba. The registration fees are recorded at the amount prescribed by MGCC regulation.

11 Pension Plans

Effective April 1, 2005, all employees are members of the Province of Manitoba's defined benefit Superannuation Fund ("the Fund").

In accordance with the provisions of the Civil Service Superannuation Act (Act), employees of the Commission are eligible for pension benefits. Plan members are required to contribute to the 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 Commission is required to match contributions contributed to the Fund by the employees at prescribed rates, which is recorded as an operating expense. Under this Act, the Commission has no further pension liability.

The Commission's portion of contributions to the Fund is recognized as an operating expense in the period of contribution. Total contributions for the year are $173,601. Contributions for the 2009 year were $184,790.

For employees whose annual earnings exceed the limit under the Fund, a pension liability is established. Based on the triennial actuarial report of pension obligations as at March 31, 2010, a reserve of $34,900 has been established as a pension liability for these employees. Actuarial gains and losses are recognized in income immediately. Significant long-term actuarial assumptions used in the March 31, 2009 Valuation and in the determination of the March 31, 2010 present value of the accrued basic pension benefit obligations were:

Annual rate of return	
(i) inflation component	2.50%
(ii) real rate of return	4.00%
	6.50%
Annual salary escalation rates	
(i) general increases	
a) salary increase	2.50%
b) productivity component	0.75%
	3.25%

12 Working Capital advance

The Minister of Finance, with Lieutenant-Governor-in-Council approval by Orders in Council (341/1997) has arranged for working capital advances to be available to the commission. The aggregate of the outstanding advances is not to exceed $2,000,000 (2009 - $2,000,000). As at March 31, 2010 $2,000,000 (2009 - $2,000,000) of these advances were unused and available.

13 Comparative Figures

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

14 Subsequent Event

The MGCC will extend its independent regulatory oversight to include lottery ticket retailers as a result of amendments to the Gaming Control Act subsequent to the year end.

Responsibility for Financial Reporting

The Manitoba Habitat Heritage Corporation

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 May 27, 2010.

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 generally accepted accounting principles. The auditors' report outlines the scope of the auditors' examination and provides the audit opinion.

Chief Executive Officer

Business Manager

May 27, 2010

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Board of Directors of the Manitoba Habitat Heritage Corporation

We have audited the statement of financial position of The Manitoba Habitat Heritage Corporation as at March 31, 2010 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
May 27, 2010

500 - 330 Portage Avenue Winnipeg, Manitoba, CANADA R3C 0C4

THE MANITOBA HABITAT HERITAGE CORPORATION

Statement of Financial Position
as at March 31, 2010
(with comparative figures for 2009)

	North American Waterfowl Management Plan	Riparian Program	Wetland Restoration Incentive Program	Capital Assets	Land Management/Legal Fund	Inter Plan/ Program Eliminations	2010	2009
ASSETS								
Current Assets								
Cash	$72,996	$59,174	$225,055	$122,005	$60,145		$539,375	$673,082
Funds on deposit with Province of Manitoba (Note 3)	201,283	50,963		100,000			352,246	641,590
Accounts receivable								
Government of Canada	365,735			3,997			369,732	151,302
Province of Manitoba	135,000	30,000					165,000	237,935
U.S. Governments				130,759			130,759	8,175
Ducks Unlimited Canada	2,940			11,760			14,700	197,630
Other	51,005						51,005	5,525
RP – Account Receivable	2,743					$(2,743)		
NAWMP – Accounts Receivable								
Prepaid expenses	22,189						22,189	27,873
	853,891	140,137	225,055	368,521	60,145	(2,743)	1,645,006	1,943,112
Capital Assets (Note 6)				9,243,866			9,243,866	8,326,552
Trust Assets (Note 11)							1,062,618	1,081,387
TOTAL ASSETS	$853,891	$140,137	$225,055	$9,612,387	$60,145	$(2,743)	$11,951,490	$11,351,051
LIABILITIES								
Current Liabilities								
Accounts payable and accrued liabilities	$145,950	$6,562	$4,286	$52,350			$209,148	$181,649
Due to North American Waterfowl Management Plan		2,743				$(2,743)		
Due to Riparian Program								
Deferred contributions related to operations (Note 4)	135,000	130,832	225,055				490,887	514,095
Deferred contributions related to capital assets (Note 5)				309,127			309,127	544,904
	280,950	140,137	229,341	361,477		(2,743)	1,009,162	1,240,648
FUND BALANCES								
Invested in Capital Assets				9,250,910			9,250,910	8,333,597
Unrestricted	572,941		(4,286)				568,655	695,419
Land Management/Legal Fund (Note 1 d))					$60,145		60,145	
Trust Liabilities (Note 11)							1,062,618	1,081,387
TOTAL LIABILITIES & FUND BALANCES	$853,891	$140,137	$225,055	$9,612,387	$60,145	$(2,743)	$11,951,490	$11,351,051

On behalf of the Board:

Director ______________________

Director ______________________

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

THE MANITOBA HABITAT HERITAGE CORPORATION

Statement of Operations and Changes in Fund Balances for the year ended March 31, 2010 (with comparative figures for 2009)

	North American Waterfowl Management Plan	Riparian Program	Wetland Restoration Incentive Program	Capital Assets	Land Management/Legal Fund	Inter Plan/ Program Eliminations	2010	2009
REVENUE								
Current Assets								
Government of Canada	$380,795	$55,884					$436,679	$441,275
Province of Manitoba	763,383	86,236	$377,955				1,227,574	891,593
Highways Mitigation Fund, Province of Manitoba								88,963
Conservation Districts								20,173
U.S. Governments	26,773						26,773	209,397
Ducks Unlimited								39,527
Donations	750						750	778
Interest	262	263					525	9,158
Other	56,799						56,799	50,995
Management Fee	51,710						51,710	51,989
	1,280,472	142,383	377,955				1,800,810	1,803,848
EXPENSES								
Amortization of capital assets				$35,825			35,825	34,948
Service delivery – Schedule 1	1,335,006						1,335,006	1,308,349
– Schedule 2		155,825					155,825	238,151
– Schedule 3			363,875				363,875	30,356
	1,335,006	155,825	363,875	35,825			1,890,531	1,611,804
Excess (deficiency) of revenue over expenses	(54,534)	(13,442)	14,080	(35,825)			(89,721)	192,044
FUND BALANCES								
Fund balances, beginning of year	699,951	13,834	(18,366)	8,333,597			9,029,016	7,618,368
Investment in capital assets				905,415			905,415	1,158,604
Donated land and land use rights				35,000			35,000	60,000
Interfund transfers (Note 7)	(72,476)	(392)		12,723	$60,145			
TOTAL LIABILITIES & FUND BALANCES	$572,941		$(4,286)	$9,250,910	$60,145		$9,879,710	$9,029,016

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

THE MANITOBA HABITAT HERITAGE CORPORATION

Statement of Cash Flows
for the year ended March 31, 2010
(with comparative figures for 2009)

	North American Waterfowl Management Plan	Riparian Program	Wetland Restoration Incentive Program	Capital Assets	Land Management/Legal Fund	Inter Plan/ Program Eliminations	2010	2009
OPERATING ACTIVITIES								
Excess (deficiency) of revenue over expenses	$(54,534)	$(13,442)	$14,080	$(35,825)			$(89,721)	$192,045
Amortization of capital assets				35,825			35,825	34,948
Net change in non-cash working capital	(28,841)	(33,543)	(14,080)				(76,464)	(46,494)
Decrease in deferred contributions related to operating activities	(188,009)	(60,253)	225,055				(23,207)	230,919
Net cash used in operating activities	(271,384)	(107,238)	225,055				(153,567)	411,418
FINANCING AND INVESTING ACTIVITIES								
Purchase of capital assets				(12,723)			(12,723)	(44,317)
Net change in accounts receivable for acquisition of land rights				23,827			23,827	123,510
Received restricted grants for purchase of land rights				905,415			905,415	1,158,604
Acquisition of land rights with restricted grants				(905,415)			(905,415)	(1,067,651)
Net change in accounts payable for acquisition of land rights				(44,809)			(44,809)	12,982
Increase in deferred contributions related to capital assets				(235,777)			(235,777)	23,373
Received donation of land and land rights				35,000			35,000	60,000
Acquisition of donated land and land rights				(35,000)			(35,000)	(60,000)
Net cash used in financing and investing activities				(269,482)			(269,482)	206,501
Net increase (decrease) in cash	(271,384)	(107,238)	225,055	(269,482)			(423,049)	617,919
Cash and cash equivalents, beginning of year	618,139	217,767		478,764			1,314,670	696,753
Interfund transfers	(72,476)	(392)		12,723	60,145			
Cash and cash equivalents, end of year	$274,279	$110,137	$225,055	$222,005	$60,145		$891,621	$1,314,672
Cash and cash equivalents consist of:								
Cash	$72,996	$59,174	$225,055	$122,005	$60,145		$539,375	$673,082
Funds on deposit with Province of Manitoba	201,283	50,963		100,000			352,246	641,590
	$274,279	$110,137	$225,055	$222,005	$60,145		$891,621	$1,314,672

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

Notes to Financial Statements
March 31, 2010

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 Riparian Program (RP)

In January, 1994, the Board of Directors of the Corporation directed staff to develop a strategy to deal with protection, restoration and enhancement of riparian habitat in agro-Manitoba. In fiscal year 2002/03, the name of the program was changed from Green Banks to the Riparian Stewardship Program. In 2006/07 it was changed to the Riparian Program to reflect the broadening of the program activities.

A management fee is charged by the Corporation for services provided by NAWMP to this program.

c) Wetland Restoration Incentive Program (WRIP)

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 is provided by Manitoba's Budgeting for Outcomes. This program is a partnership with MHHC and Ducks Unlimited Canada as delivery agents for the Province. MHHC administers all funding on behalf of the Province.

d) Land Management/Legal Fund

In 2010 MHHC established an internally-restricted fund, using non-government revenues, to fund future cash outlays for legal fees required to defend its land and land use rights interests. Funds may also be used for future management costs associated with these land and interests. Funds of this nature are an industry standard within environmental non-government organizations, such as the Nature Conservancy of Canada and Ducks Unlimited Canada, which have considerable habitat assets protected in perpetuity.

Notes to Financial Statements
March 31, 2010

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are:

a) 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.

b) 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%

2. Significant Accounting Policies (continued)

c) 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.

d) Financial Instruments – Recognition and Measurement

Section 3855 of the Canadian Institute of Chartered Accountants Handbook prescribes the criteria for recognition and presentation of financial instruments on the statement of financial position and the measurement of financial instruments according to prescribed classifications. Under this section, financial assets and liabilities are initially recorded at fair value. This section also addresses how financial instruments are measured subsequent to initial recognition and how the gains and losses are recognized.

The Corporation is required to designate its financial instruments into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and fund balances, respectively. All other financial instruments are subsequently measured at amortized cost.

The Corporation has designated its financial instruments as follows:

Cash is classified as a financial asset held for trading and is measured at fair value with gains and losses recognized in net earnings. This financial asset is recorded at a carrying value that approximates its fair value.

Funds on Deposit with Province of Manitoba are classified as held to maturity. These financial assets are recorded at their amortized cost using the effective interest rate method.

Accounts receivable are classified as loans and receivables. These financial assets are recorded at their amortized cost using the effective interest rate method.

Accounts payable and accrued liabilities are classified as other financial liabilities. These financial liabilities are recorded at their amortized cost using the effective interest rate method.

2. Significant Accounting Policies (continued)

Management of Risk:

The Corporation's financial instruments consist of cash, Funds on Deposit with Province of Manitoba, accounts receivable, accounts payable and accrued liabilities.

Unless otherwise noted, it is management's opinion that the entity is not exposed to significant interest, currency or credit risk arising from these financial instruments.

The fair value of Funds on Deposit with Province of Manitoba, accounts receivable, accounts payable and accrued liabilities approximates their carrying values due to their short-term maturity and the fact the majority of these instruments are associated with government entities.

e) 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 net assets in the amount of $568,654 (2009 $695,419), $60,145 for internally restriction of land management/legal costs, and externally restricted funds recorded as Deferred Contributions (see notes 4 and 5). All externally restricted capital must be disbursed on predetermined expenses outlined by the funder or returned to the funder within a specified time period. There were no changes in the Corporation's approach to capital management during the period.

f) Credit Risk and Fair Value of Financial Assets and Financial Liabilities

During 2009 the Corporation adopted the Emerging Issues Committee (EIC) 173 and amendments to Section 3855, Financial Instruments – Recognition and Measurement and 3862, Financial Instruments – Disclosures:

Section 3855 – Effective Interest Method
Section 3855 – Embedded Derivatives on Reclassification of Financial Assets
Section 3855 – Impairment of Financial Assets
Section 3862 – Fair Value and Liquidity Risk Disclosure

Due to the nature of the Corporation's financial instruments, the adoption of these standards and amendments had no material impact on the financial statements of the Agency.

3. Funds on Deposit with Province of Manitoba

Funds on deposit with the Province of Manitoba will mature on May 10, 2010, yielding 0.05%.

4. Deferred Contributions Related to Operations

Deferred contributions reported in the respective funds relate to restricted funding received in the current period that is related to expenses of future periods.

Changes in the deferred contributions balance reported in the respective funds are as follows:

	NAWMP	RP	WRIP	2010 Total	2009 Total
Balance, beginning of year	$135,000	$191,085	$188,010	$514,095	$268,514
Less: revenue recognized in the year	(135,000)	(139,128)	(377,955)	(652,083)	(137,429)
Add: revenue received related to the following year	135,000	78,875	415,000	628,875	383,010
Balance, end of year	$135,000	$130,832	$225,055	$490,887	$514,095

NAWMP Program

$135,000 was received from the Province of Manitoba to compensate for the additional salary and related expenses to support the Chief Executive Officer position which has now become the financial responsibility of the Corporation. 2009 was the same.

Riparian Program

The balance of $60,098, originating from the Manitoba Rural Adaptation Council, is restricted for riparian conservation and enhancement activities. The balance of $4,758 is restricted to the Watershed Management Planning Program. The remainder of $65,976 is restricted for the delivery of riparian easements.

Wetland Restoration Incentive Program

The balance of $225,055, originating from the Province of Manitoba, is restricted for carbon sequestration activities. In comparison the 2009 amount was $188,010.

Notes to Financial Statements
March 31, 2010

5. Deferred Contributions Related to Capital Assets

Deferred contributions reported in the Capital Assets Fund represent restricted contributions received with which land and land use rights will be purchased. When the land and land use rights are purchased the related restricted contributions will be transferred from deferred contributions related to capital assets to the Capital Assets Fund balance.

Changes in the deferred contributions balance in the Capital Assets Fund are as follows:

	NAWMP	RP	2010 Total	2009 Total
Balance, beginning of year	$137,556	$407,348	$544,904	$521,531
Add: Contributions received	20,713		20,713	224,123
Less: Amounts transferred to fund balance	(56,950)	(199,540)	(256,490)	(200,750)
Balance, end of year	$101,319	$207,808	$309,127	$544,904

The balance of $309,127 is restricted to signed conservation agreements (land use rights) with landowners, and staff time to complete the projects.

The contributions received in 2010 totalled $20,713 consisting of, $20,000 from the Turtle Mountain Conservation District, $713 from Environment Canada. In comparison the contributions received in 2009 included, $140,000 from the Province of Manitoba, $15,600 from the Turtle Mountain Conservation District, $29,673 from the R.M. of Riverside and $38,850 from Wildlife Habitat Canada.

6. Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2010	Net Book Value 2009
Land and land use rights	$9,149,269		$9,149,269	$8,208,854
Computer hardware	237,290	$208,503	28,787	43,631
Computer software	76,876	66,605	10,271	16,278
Equipment	127,965	75,238	52,727	54,462
Furniture and fixtures	62,455	59,643	2,812	3,327
Total capital assets	$9,653,855	$409,989	$9,243,866	$8,326,552

Purchases of capital assets in the period are as follows:

	2010	2009
Land and land use rights	$940,415	$1,127,651
Computer hardware	2,206	7,960
Computer software	2,033	9,543
Equipment	5,940	23,699
Furniture and fixtures	2,544	3,115
	$953,138	$1,171,968

The sources of funding for land and land use rights are as follows:

	2010	2009
Environment Canada	$303,190	$398,850
Delta Waterfowl Foundation / U.S. Fish & Wildlife	249,570	335,021
Ducks Unlimited Canada		158,103
Manitoba Water Stewardship	210,765	44,081
Manitoba Infrastructure and Transportation		67,706
Manitoba Conservation Districts	18,100	2,740
Wildlife Habitat Canada	123,790	61,150
Donations	35,000	60,000
	$940,415	$1,127,651

Notes to Financial Statements
March 31, 2010

7. Interfund Transfers

In 2010, $12,723 was transferred from the NAWMP and RP operating funds to the Capital Asset fund in order to fund the cash outlays for capital asset acquisitions. In 2009 $44,317 was transferred from NAWMP for the same purpose. No money was transferred from the RP operating funds for capital purchases.

Also in 2009, $60,145 was transferred from the NAWMP operating funds to the internally restricted Land Management / Legal Fund in order to fund the cash outlays for contingent legal fees associated with its land and land use rights. There was no fund transfer in 2009.

8. Operational Commitments

a) The Corporation leases space under existing leases for six NAWMP offices. The minimum annual lease payments for the next three years are as follows:

2011	$72,254
2012	$49,070
2013	$36,803

b) The Corporation leases vehicles and office equipment under NAWMP. The minimum annual lease payments for the next three years are as follows:

2011	$12,583
2012	$12,583
2013	$11,312

9. Capital Commitments

At March 31, 2010, the NAWMP and RP had signed several commitments to purchase Conservation Agreements. These Conservation Agreements (CAs) are to be paid out upon filing of the caveats associated with each Conservation Agreement in the 2011 fiscal year. These commitments to March 31, 2010 totalled approximately $119,757. (2009 – $156,535)

10. 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 amounts paid by the Corporation in 2010 were $25,866 (2009 – $22,317). All funds contributed to the RPP are paid to and administered by Manulife Financial.

11. Trust Assets and Liabilities

The Corporation holds assets in trust as follows:

	2010	2009
Cash and Funds on Deposit with Province of Manitoba	$469,338	$488,107
Land	593,280	593,280
	$1,062,618	$1,081,387

Details relating to the parties involved and the assets held are included in notes (a) to (c) which follow.

a) The Critical Wildlife Habitat Program (CWHP)

The Corporation provides support to the Wildlife and Ecosystem Protection Branch of Manitoba Conservation for the 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 include:

	2010	2009
Cash and Funds on Deposit with Province of Manitoba	$229,248	$199,402
Land Portfolio	593,280	593,280
	$822,528	$792,682

11. Trust Assets and Liabilities (continued)

b) Prairie Habitat Joint Venture Advisory Board (PHJV)

On May 12, 1990 Manitoba officially joined the PHJV Advisory Board. The PHJV Board's purpose is to oversee implementation of the NAWMP through a joint venture among participating agencies within the prairie provinces. PHJV agreed that the partner agencies would contribute to the costs of a Policy Committee with the Corporation holding the funds in trust.

Trust assets held by the Corporation on behalf of this program include:

	2010	2009
Cash and Funds on Deposit with Province of Manitoba	$144,869	$160,031

c) Oak Hammock Marsh Wildlife Management Area (OHM-WMA)

On October 2, 2003 the Province of Manitoba, the Corporation and Ducks Unlimited Canada signed a five year infrastructure agreement. The Province of Manitoba and Ducks Unlimited Canada agreed to contribute to the costs of restoration to the OHM-WMA with the Corporation holding the funds in trust.

Trust assets held by the Corporation on behalf of this program include:

	2010	2009
Cash and Funds on Deposit with Province of Manitoba	$95,221	$128,674

Notes to Financial Statements
March 31, 2010

12. Management Fees

The Corporation charges for services provided by NAWMP to other programs as follows:

	2010	2009
RP	Nil	$ 34,342
MAWP	Nil	9,483
Miscellaneous	$ 17,091	Nil
CWHP	34,619	41,856
	$ 51,710	$ 85,681

The allocation of management fees to the CWHP and Miscellaneous programs is based on 10% (2009 – 10%) of their respective revenues. The RP and MAWP program management fees are based on hours of service performed at a rate of $413 per day (2009 - $400 per day).

13. Economic Dependence

The Corporation is economically dependent on the Province of Manitoba to provide the majority of its operational funding.

14. Related Party Transactions

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

15. Comparative Figures

Certain comparative figures have been reclassified to conform to current year presentations.

16. Disclosure Required by the Public Sector Compensation Disclosure Act

Remuneration paid to Board members during the year, in aggregate, totalled $8,400 (2008 – $6,300). Six contract employees were paid the following amounts in the fiscal year:

	2010	2009
T. Sopuck, Acting, Chief Executive Officer	$95,647	$92,598
C. Hullick, Habitat Field Manager	63,700	53,644
G. Ouellette, Business Manager	67,191	64,237
G. Forsyth, Field Representative	62,772	54,739
R. Bullion, Field Representative	58,355	54,739
A. Bourrier, Field Representative	58,355	54,739

THE MANITOBA HABITAT HERITAGE CORPORATION **Schedule 1**
NORTH AMERICAN WATERFOWL MANAGEMENT PLAN

Schedule of Expenses for the year ended March 31, 2010 (with comparative figures for 2009)

	2010	2009
EXPENSES		
Habitat Activities		
Salaries and Benefits	$378,500	$389,315
Field Office Operations	78,885	79,849
Staff Support Costs	81,038	88,749
Habitat Development	10,558	7,412
Nest Basket Program	51,111	45,800
Land Securement	714	714
Property Taxes	14,571	14,208
	615,377	626,047
Evaluation	97,398	98,029
Communications		
Salaries and Benefits	188	91,250
Program Delivery	30,233	39,544
	30,421	130,794
Program Coordination		
Salaries and Benefits	384,140	249,483
Rent	43,599	43,288
Office	52,989	59,334
Staff Support Costs	8,616	13,929
Board Remunerations	16,580	10,654
Professional Fees	58,089	49,159
Other	27,797	27,632
	591,810	453,479
TOTAL EXPENSES	$1,335,006	$1,308,349

THE MANITOBA HABITAT HERITAGE CORPORATION **Schedule 2**
RIPARIAN PROGRAM

Schedule of Expenses for the year ended March 31, 2010
(with comparative figures for 2009)

	2010	2009
EXPENSES		
Habitat Activities		
Salaries and Benefits	$56,862	$37,166
Field Office Operations	5,260	5,995
Staff Support Costs	15,615	14,420
Workshops	275	
Habitat Management Fees		20,000
	78,012	77,581
Evaluation	808	6,842
Communications		
Salaries and Benefits		507
Program Delivery	2,881	7,766
	2,881	8,273
Program Coordination		
Salaries and Benefits	55,408	58,249
Rent	6,835	7,214
Office	2,320	2,705
Staff Support Costs	4,430	9,176
Professional Fees	4,981	93,900
Other	150	1,053
Program Coordination Management Fees		6,850
	74,124	179,147
TOTAL EXPENSES	$155,825	$271,843

THE MANITOBA HABITAT HERITAGE CORPORATION **Schedule 3**
WETLAND RESTORATION INCENTIVE PROGRAM

Schedule of Expenses for the year ended March 31, 2010
(with comparative figures for 2009)

	2010	2009
EXPENSES		
Habitat Activities		
Salaries and Benefits	$27,413	
Staff Support Costs	4,133	
Habitat Development	8,801	
Land Securement	262,720	$30,356
	303,066	30,356
Evaluation	60,809	
TOTAL EXPENSES	$363,875	$30,356

Tel: 204 956 7200
Fax: 204 926 7201
Toll-free: 800 268 3337
www.bdo.ca

BDO Canada LLP/s.r.l.
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Auditors' Report

To the Members of
MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION

We have audited the balance sheet of **MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION** as at March 31, 2010 and the statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
June 10, 2010

MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION
Balance Sheet

March 31		2010		2009
Assets				
Current Assets				
Cash and bank	$	**247,222**	$	188,481
Rent receivable (Note 5)		**554,486**		554,486
		801,708		742,967
Long-term investment - Miller Environmental Corporation		**1,000,000**		1,000,000
Capital assets - land, at cost		**170,305**		170,305
	$	**1,972,013**	$	1,913,272
Liabilities and Equity				
Current Liabilities				
Accounts payable and accrued liabilities	$	**10,023**	$	9,998
Equity				
Share capital (Note 4)		**7,500,000**		7,500,000
Deficit		**(5,538,010)**		(5,596,726)
		1,961,990		1,903,274
	$	**1,972,013**	$	1,913,272

On behalf of the Board:

_______________________ Director

_______________________ Director

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

MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION
Statement of Operations and Deficit

For the year ended 2-28-2010		2010		2009
Revenue				
Gross profit rent (Note 5)	$	**90,327**	$	97,500
Expenses				
General and administrative expenses		**31,611**		35,659
Net income and comprehensive income for the year		**58,716**		61,841
Deficit, beginning of year		**(5,596,726)**		(5,658,567)
Deficit, end of year	$	**(5,538,010)**	$	(5,596,726)

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

MANITOBA HAZARDOUS WASTE MANAGEMENT CORPORATION
Statement of Cash Flows

For the year ended March 31		2010		2009
Cash Flows from Operating Activities				
Net income and comprehensive income for the year	$	**58,716**	$	61,841
Changes in non-cash working capital balances				
Rent receivable		**-**		100,000
Accounts receivable		**-**		67
Accounts payable and accrued liabilities		**25**		(26)
Increase in cash and cash equivalents for the year		**58,741**		161,882
Cash and cash equivalents, beginning of year		**188,481**		26,599
Cash and cash equivalents, end of year	$	**247,222**	$	188,481

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

Basis of Accounting

These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures 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.

Long-term Investments

The investment in Miller Environmental Corporation is recorded at cost of $3,000,000 less $2,000,000 writedown in 2003 to represent the estimated value of the investment after taking into consideration an impairment in value.

Revenue Recognition

Rental revenue is recognized over the term which it applies and when collectibility is reasonably assured.

Capital Disclosures

The corporation's capital consists of share capital and retained earnings.

The corporation manages its capital to ensure it retains sufficient cash resources to enable it to carry out its objectives. There were no changes in the corporation's approach to capital management during the period.

The corporation is not subject to externally imposed capital requirements.

1. Nature of Business

The Manitoba Hazardous Waste Management Corporation was established under the Manitoba Hazardous Waste Management Corporation Act. The corporation, as an agent of the Government of the Province of Manitoba, is responsible to establish, operate, and maintain in accordance with all applicable laws in the province, a hazardous waste management system in Manitoba. This system must be operated and maintained in a manner that will protect the health and safety of the public and preserve the environment. Effective January 1, 1996, the corporation entered into various agreements with Miller Waste Systems, a division of Miller Paving Limited and Miller Environmental Corporation (Miller) for the continued operation of the hazardous waste management system in Manitoba.

These agreements provide for the transfer of certain assets and liabilities to Miller in exchange for 50% of the common shares and all the Class A special preferred shares of Miller. Under the agreements, the corporation retains title to its land holdings which are being leased to Miller for an indefinite term, contingent on Miller's continued existence and operation of the hazardous waste management system.

2. Change in Accounting Policies

Section 3064 Goodwill and Intangible Assets

Effective April 1, 2009, the corporation adopted the recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook section 3064 Goodwill and Intangible Assets and the updates to the CICA Handbook section 1000 Financial Statement Concepts.

This guidance establishes updated standards for the recognition, measurement, presentation, and disclosure of goodwill and intangible assets.

These changes did not have an impact on the corporation's financial statements for the year ended March 31, 2010.

Credit Risk and Fair Value of Financial Assets and Financial Liabilities

During 2009 the Agency adopted the Emerging Issues Committee (EIC) 173 and amendments to Section 3855, Financial Instruments - Recognition and Measurement and 3862, Financial Instruments - Disclosures:

- Section 3855 - Effective Interest Method
- Section 3855 - Embedded Derivatives on Reclassification of Financial Assets
- Section 3855 - Impairment of Financial Assets
- Section 3862 - Fair Value and Liquidity Risk Disclosure

2. Change in Accounting Policies (continued)

Due to the nature of the corporation's financial instruments, the adoption of these standards and amendments had no material impact on the financial position of the corporation.

Future Accounting Changes

Convergence with Public Sector Accounting Standards as issued by the Public Sector Accounting Board

Effective April 1, 2011 the corporation will be adopting Public Sector Accounting Standards issued by the Public Sector Accounting Board. The corporation is currently in the process of quantifying the impact these changes will have on its financial position.

3. Financial Instruments and Financial Risk Management

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The financial assets and liabilities of the corporation are classified and measured as follows:

Financial Asset/Liability	Category	Subsequent Measurement
Cash and bank	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Rent receivable	Loans and receivables	Amortized cost
Long-term investments	Available for sale	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

Amortized cost is determined using the effective interest rate method.

Gains and losses on financial instruments subsequently measured at amortized cost are recognized in the statement of operations and retained earnings in the period the gain or loss occurs. Changes in fair value on financial instruments classified as held for trading are recognized in the statement of operations and retained earnings for the current period. Changes in fair value on financial instruments classified as available for sale would be recorded in other comprehensive income until realized, at which time they will be recorded in the statement of operations and retained earnings.

3. Financial Instruments and Financial Risk Management (continued)

Fair Value of Financial Instruments

The fair values of accounts receivable, rent receivable, accounts payable and accrued liabilities approximate their carrying values due to their short-term maturity. The fair value of the Agency's financial instruments has been determined based on quoted prices from active markets.

Financial Risk Management - Overview

The corporation 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 corporation to credit risk consist principally of cash and bank, accounts receivable and long-term investments.

The maximum exposure of the corporation to credit risk at March 31, 2010 is:

Cash and bank	$ 247,222
Rent receivable	554,486
Long-term investments	1,000,000
	$ 1,801,708

Cash and bank: The corporation is not exposed to significant credit risk as the cash and bank deposits are primarily held by a Canadian chartered bank.

Rent receivable: The corporation is not exposed to significant credit risk as the receivable is due from another reliable organization and a payment plan is in place. 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. The balance in the allowance for doubtful accounts as of March 31, 2010 was nil.

Long-term investment: The corporation is not exposed to significant credit risk as the long-term investment is in another reliable organization that had positive cash flows and net earnings for the past year. The long-term investment represents an investment in Miller Environmental Corporation and was written down to $1,000,000 in 2003 due to it being impaired. Since 2003, the shareholders' equity of Miller Environmental Corporation has increased, which has resulted in the investment not being a significant credit risk to the corporation.

3. Financial Instruments and Financial Risk Management (continued)

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.

Market Risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the corporation's income or the fair values of its financial instruments. The significant market risks the corporation is exposed to are interest rate risk and foreign currency risk.

Interest Rate Risk

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

The interest rate risk on cash and bank is considered to be low because of the short-term nature of these financial instruments.

Foreign Currency Risk

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

4. Share Capital

The authorized capital of the corporation is 350,000 shares for a maximum consideration of $35,000,000.

The issued capital is as follows:

	2010	2009
75.000 common shares	$ 7,500,000	$ 7,500,000

5. Gross Profit Rent

On January 1, 1996, Miller Environmental Corporation (MEC) entered into a site lease agreement with the corporation. Up until February 28, 2008, under the terms of the agreement, MEC was committed to annual rent payments of 20% of gross profit to a maximum of $500,000 for each calendar year. On March 1, 2008, the site lease agreement was adjusted and MEC was committed to fixed annual rent payments of $90,000 per calendar year.

The estimated rental profit receivable based on the audited financial statements of MEC for the fiscal years ending February 28 is as follows:

February 28, 2008	$ **190,740**
February 28, 2007	**180,780**
February 28, 2006	**77,419**
February 28, 2005	**94,817**
February 28, 2004	**21,115**
February 28, 2003	**16,998**
February 28, 2002	**57,323**
February 28, 2001	**15,294**
	654,486
Less payments received from MEC	**(100,000)**
	$ **554,486**

6. Contingencies

Under the terms of the agreements with Miller Environmental Corporation, the corporation would be responsible for any claims prior to January 1, 1996 not disclosed during the due diligence process. Any future removal and site restoration costs would be the responsibility of Miller and the Province of Manitoba. An estimate of these costs cannot be determined and therefore no provision has been made in the financial statements for any such costs.

7. Economic Dependence

The corporation is economically dependent on Miller Environmental Corporation. The corporation's main future sources of revenue are site lease rental revenue and dividend income from its affiliate.

8. Public Sector Compensation

Pursuant to the disclosure required by the Public Sector Compensation Disclosure Act, the remuneration paid to Board members during the year, in aggregate, totalled $6,212. No employee's compensation exceeded $50,000 per year.

9. Use of Estimates

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

management report

the manitoba health research council

The accompanying financial statements are the responsibility of management and have been prepared in accordance with generally accepted accounting principles. In management's opinion, the financial statements have been properly prepared and of necessity include some amounts based upon management's best estimates and judgements.

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

Jim Davie, PhD
Executive Director

financial statements

FOR THE YEAR ENDED MARCH 31, 2010

contents

auditors' report

to the legislative assembly of manitoba:

We have audited the statement of financial position of MANITOBA HEALTH RESEARCH COUNCIL as at March 31, 2010 and the statements of operations and fund balances and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants
Winnipeg, Manitoba
April 20, 2010

statement of financial position

March 31	2010	2009
ASSETS		
Current Assets		
Cash and bank (Note 2)	310,623	$99,964
Short-term investments	1,987,890	2,273,722
Accounts receivable	9,313	7,860
Accrued interest receivable	10,078	—
Prepaid expenses	2,157	2,154
Deposits	500	500
	2,320,561	2,384,200
Capital assets (Note 3)	18,694	15,794
	2,339,255	$2,399,994
LIABILITIES AND FUND BALANCES		
Current Liabilities		
Accounts payable and accrued liabilities (Note 4)	105,181	$107,590
Research grants payable	305,297	438,968
	410,478	546,558
Commitments (Note 6)		
Fund Balances		
General Research Fund (Page4)	1,928,777	1,853,436
	$2,339,255	$2,399,994

Approved on behalf of the board

____________________ Director

____________________ Director

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

statement of operations and fund balances

For the year ended March 31	General Research Fund	Regional Partnership Fund	2010 Total	2009 Total
Revenue				
Province of Manitoba grants	$5,030,200	$1,000,000	$6,030,200	$6,000,000
Grants returned /rescinded	47,838	35,273	83,111	169,923
Investment income	37,306	—	37,306	57,645
	5,115,344	1,035,273	6,150,617	6,227,568
Add deferred revenue, beginning of year	—	—	—	368,046
	5,115,344	1,035,273	6,150,617	6,595,614
Expenditures				
Administration (Page 12)	703,596	—	703,596	733,746
Personnel awards	2,123,073	28,500	2,151,573	2,072,770
Research grants	2,377,878	842,229	3,220,107	2,785,995
	5,204,547	870,729	6,075,276	5,592,511
Excess (deficiency) of revenue over expenditures for the year	(89,203)	164,544	75,341	1,003,103
Fund balances, beginning of year	1,853,436	—	1,853,436	850,333
Transfer Regional Partnership Fund to General Research Fund	164,544	(164,544)	—	—
Fund balances, end of year (Page 3)	$1,928,777	$ —	$1,928,777	$1,853,436

statement of cash flows

For the year ended March 31	2010	2009
Cash Flows from Operating Activities		
Excess of revenue over expenditures for the year	$75,341	$1,003,103
Adjustments for		
Amortization of capital assets	4,672	4,088
	80,013	1,007,191
Changes in non-cash working capital balances		
Short-term investments	285,832	(1,908,001)
Accounts receivable	(1,453)	783,697
Accrued interest receivable	(10,078)	—
Prepaid expenses	(3)	3
Accounts payable and accrued liabilities	(2,409)	17,753
Deferred revenue	—	(368,046)
Research grants payable	(133,671)	(2,719)
	218,231	(470,122)
Cash Flows from Investing Activities		
Purchase of capital assets	(7,572)	(17,036)
Increase (decrease) in cash and cash equivalents during the year	210,659	(487,158)
Cash, beginning of year	99,964	587,122
Cash, end of year	$310,623	$99,964
Supplementary Information		
Interest received	$27,364	$56,456

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

summary of significant accounting policies

March 31, 2010

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

Financial Instruments

The organization utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying amounts approximate fair values.

All transactions related to financial instruments are recorded on a trade date basis.

The organization classifies its financial instruments as follows based on the purpose for which the asset was acquired and follows the disclosed accounting policy for each category.

Assets/Liability	Category	Measurement
Cash and bank	Held for trading	Fair value
Short-term investments	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Accrued interest receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Research grants payable	Other financial liabilities	Amortized cost

- Held for trading items are carried at fair value, with changes in their fair value recognized in the statement of operations.
- Other financial liabilities are carried at amortized cost, using the effective interest method.
- Loans and receivables are carried at amortized cost, using the effective interest rate method, less any provision for impairment.

Transaction costs are expensed as incurred.

summary of significant accounting policies

March 31, 2010

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: Office equipment — 20% diminishing balance basis Computer equipment — 20% diminishing balance basis
Fund Accounting	The Manitoba Health Research Council follows the restricted fund method of accounting for contributions. The General Research Fund reports only restricted resources that are used for research purposes. General research grants are charged to expenditures in the year the funding is committed for, by Council. Research grants returned to or rescinded by the Council are recorded as revenues when received or rescinded. Regional Partnership awards are charged to expenditures when funding is received from the Province of Manitoba. Regional partnership awards returned to or rescinded by the Council are recorded as revenues when received or rescinded.
Revenue Recognition	Grant revenue is reflected in income in the period in which the grant is received or becomes receivable. Interest income is recognized as revenue when earned and is allocated to the General Fund.
Grants and Awards	All grants and awards and their renewals are charged to expenditures when funding is approved by Council.
Administrative Expenditures	Administration expenses are allocated 100% to the General Research Fund.
New Accounting Pronouncements	Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the organization, are as follows: *Future for Not-for-Profit Organizations (NPO)* In October 2009, the Accounting Standards Board (AcSB) tentatively decided that it will propose a choice between the accounting standards for private enterprises plus the current NPO standards appropriately modified to fit with those standards, International Financial Reporting Standards or Public Sector Accounting standards (PSAB) with NPO standards added on to PSAB. The Public Sector Accounting Board agreed that there was sufficient support to develop an NPO series to add onto the PSAB standards similar to the current NPO standards, but appropriately modified to fit with PSAB. The two boards are working together and intend to issue an Exposure Draft for comment in the first half of 2010. Until the Boards make a final decision all NPOs will continue to follow the current Canadian Institute of Chartered Accountants Handbook – Accounting. The organization continues to monitor the developments in this area and evaluate the implications of the potential changes in financial reporting standards.

notes to financial statements

March 31, 2010

1. Entity Definition

The Manitoba Health Research Council was established by The Manitoba Health Research Council Act to promote and assist basic, clinical and applied research in the health sciences in Manitoba. The Manitoba Health Research Council is a registered charity and is exempt from tax under the Income Tax Act.

2. Cash and Bank

	2010	2009
Bank of Montreal current account	$310,623	$85,940
Wellington West cash account	—	14,024
	$310,623	$99,964

3. Capital Assets

	2010		2009	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Office equipment	$21,059	$7,592	$14,599	$4,226
Computer equipment	12,861	7,634	11,749	6,328
	$33,920	$15,226	$26,348	$10,554
Cost less accumulated amortization		$18,694		$15,794

4. Accounts Payable and Accrued Liabilities

Included in accounts payable are appropriations of $75,000 for Electronic Grants Management System for expenditures committed to in the 2009/10 fiscal year for ongoing work and outstanding expenses incurred on the project.

5. Related Party Transactions

Manitoba Health Research Council is related to all Province of Manitoba departments and agencies. During the year, the Council had the following transactions with related organizations:

	2010	2009
Grant revenue	$6,030,200	$6,000,000

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

March 31, 2010

6. Commitments

The Manitoba Health Research Council has committed grants and awards under the General Research Fund and the Regional Partnership Fund as follows:

	General Research Fund	Regional Partnership Fund	Total
2010	$2,437,816	$717,026	$3,154,842
2011	996,173	147,427	1,143,600
2012	500,000	—	500,000
2013	200,000	—	200,000
	$4,133,989	$864,453	$4,998,442

Commitments of future years of the General Research Fund and Regional Partnership Fund are not recorded as an expenditure in the year of commitment, they are recorded as an expenditure in the year they are committed for. These commitments will be funded as follows:

Current General Research Fund Balance	$1,928,777
Future Province of Manitoba grants	3,069,665
	$4,998,442

7. Economic Dependence

The Manitoba Health Research Council relies almost entirely on grants from the Province of Manitoba.

8. Capital Disclosures

The council considers its capital consists of its end of year Fund balances. There have been no changes to what the council considers to be its capital since the previous period.

The council manages its capital to ensure it retains sufficient cash resources to enable it to carry out its mission of providing grants to assist with medical research in Manitoba.

schedule of administrative expenses

For the year ended March 31	2010	2009
Accounting and audit	$4,409	$4,508
Amortization	4,672	4,088
Bank charges and interest	405	249
Communications	113,931	264,635
Conferences, meetings and travel	14,087	13,352
Consulting and professional fees	56,881	7,046
Council and committee expenses	17,222	13,608
Delivery	3,130	3,356
GST expense	684	294
Insurance	4,487	4,450
Marketing	23,724	14,714
Parking	1,561	1,042
Printing, stationery and office supplies	9,531	14,568
Repairs and maintenance	6,785	2,979
Reviewer's expenses	28,412	12,960
Salaries and benefits	409,167	371,297
Workshops and training	4,508	600
	$703,596	$733,746

MANAGEMENT REPORT

Management of Manitoba Health is responsible to the Minister of Health 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, 2010 have been prepared in accordance with accounting principles consistent with prior years. Included in this year's financial statement is the Schedule of Payments pursuant to the provisions of *The Public Sector Compensation Disclosure Act*.

Manitoba Health 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, an internal audit program and an organization structure which provides for appropriate delegation of authority and segregation of responsibilities. Staff of the Office of the Auditor General review internal controls and report their findings annually to management and to the Minister of Health.

The Office of the Auditor General is responsible to express an independent, professional opinion on whether the financial statements are fairly stated in accordance with the accounting policies stated in the financial statements. The Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

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

Milton Sussman
Deputy Minister of Health

Original signed by

Karen Herd, CA
Chief Financial Officer and
Assistant Deputy Minister

Winnipeg, Manitoba
June 25, 2010

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITORS' REPORT

To the Legislative Assembly of Manitoba
To the Minister of Health

We have audited the statement of financial position of the Manitoba Health Services Insurance Plan as at March 31, 2010, and the statement of operations and net assets for the year then ended. These financial statements reflect the Plan's health program expenses for insured services and the funding provided for these programs from the Department of Health appropriations for the Health Services Insurance Fund and Capital Grants. These financial statements are the responsibility of the management of the Department of Health. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of Manitoba Health Services Insurance Plan as at March 31, 2010, and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
June 25, 2010

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

MANITOBA HEALTH SERVICES INSURANCE PLAN

Statement of Financial Position

As At March 31, 2010
(in thousands of dollars)

	2010	2009
Assets		
Current		
Cash	**$ 14,660**	$ 22,030
Funds on deposit with the Province of Manitoba	**262,501**	242,786
Accounts receivable (Note 3)	**138,795**	59,672
Due from the Province of Manitoba - vacation pay (Note 4)	**121,663**	121,663
	537,619	446,151
Due from the Province of Manitoba - post employment benefits (Note 4)	**128,177**	128,177
	$ 665,796	$ 574,328

	2010	2009
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 5)	**415,956**	324,488
Accrued vacation pay (Note 4)	**121,663**	121,663
	537,619	446,151
Post employment benefits payable (Note 4)	**128,177**	128,177
Net Assets		
	$ 665,796	$ 574,328

MANITOBA HEALTH SERVICES INSURANCE PLAN

Statement of Operations and Net Assets
For the Year Ended March 31, 2010
(in thousands of dollars)

		2010	2009
Revenue			
	Grants from the Province of Manitoba (Note 8)	**$ 4,204,365**	$3,977,545
	Inter-provincial reciprocal recoveries - Hospital	**58,252**	52,480
	Inter-provincial reciprocal recoveries - Medical	**14,273**	13,027
	Third party recoveries	**14,973**	14,556
	Miscellaneous	**2,052**	2,059
		4,293,915	4,059,667
Expenses			
	Health Authorities and Facilities (Note 6)	**3,033,043**	2,864,201
	Medical (Notes 6,10)	**905,135**	840,799
	Provincial programs	**120,997**	126,210
	Pharmacare	**234,740**	229,257
		4,293,915	4,060,467
Excess (deficiency) of revenue over expenses			(800)
Net Assets, beginning of year			800
Net Assets, end of year		**$**	$ -

Manitoba Health Services Insurance Plan
Notes to the Financial Statements
For the Year ending March 31, 2010

1. Nature of Operations

The Manitoba Health Services Insurance Plan (the Plan) operates under the authority of the Health Services Insurance Act. 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 generally accepted accounting principles (GAAP) for not-for-profit entities.

b. Revenue Recognition

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

c. Capital Management

The Plan's objective when managing capital is to maintain sufficient capital to cover its costs of operations. The Plan's capital consists of net assets.

The Plan's capital management policy is to

- Maintain sufficient capital to meet its objectives through its net assets by managing transfers of surplus funds to the Province of Manitoba,
- Meet short-term capital needs with working capital advances from the Province of Manitoba.

The Plan is not subject to externally imposed capital requirements.

There were no changes in the Plan's approach to capital management during the period.

d. Financial Instruments

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and net assets, respectively. All other financial instruments are subsequently measured at amortized cost.

The Plan has designated its financial instruments as follows:

Cash and funds on deposit are classified as financial assets held for trading and are measured at fair value with gains and losses recognized in the statement of operations and net assets for the current period.

Accounts receivable, and the amounts due from the Province of Manitoba are classified as loans and receivables. These financial assets are recorded at their amortized cost using the effective interest rate method with gains and losses recognized in the statement of operations and net assets in the period the gain or loss occurs.

Accounts payable and accrued liabilities, and accrued vacation pay are classified as other financial liabilities. These financial liabilities are recorded at their amortized cost using the effective interest rate method with gains and losses recognized in the statement of operations and net assets in the period the gain or loss occurs.

The Plan has continued to apply section 3861, Financial Instruments – Disclosures and Presentation in place of Sections 3862 and 3863.

Unless otherwise noted, it is management's opinion that Plan is not exposed to significant interest, currency or credit risk arising from these financial instruments.

Fair value of financial instruments
The fair value of accounts receivable due from the Province of Manitoba – vacation pay, accounts payable and accrued liabilities, and accrued vacation pay approximates their carrying values due to their short-term maturity.

The carrying value of the due from the Province of Manitoba – post employment receivable approximates its fair value, as the annual interest accretion is funded.

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. Actual results could differ from these estimates.

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.

g. Statement of Cash Flows
These financial statements do not include a Statement of Cash Flows. In the opinion of management, the Statement of Cash Flows does not provide additional disclosure.

h. Changes in Accounting Policies
The Fund has adopted the amendments to the 4400 series of the CICA Handbook. The primary impact of these changes was to present revenues and expenses on a gross basis.

3. Accounts Receivable

	2010	2009
Province of Manitoba	**$63,904**	$21,721
Other Provinces and Territories	**29,351**	23,994
Other	**45,540**	13,957
	$138,795	$59,672

4. Employee Benefits

The Plan revised, in 2005, its funding arrangements related to vacation pay and post employment benefits. Prior to 2005, the Plan did not fund the annual vacation leave earned by employees of the Regional Health Authorities (Health Authorities) and Health Care Facilities (Facilities) until the year vacations were taken. As well, the Plan did not fund post-employment benefits earned by employees of Health Authorities and Facilities until those post-employment benefits were paid. Funding is now provided as vacation pay and post employment benefits are earned by employees subsequent to March 31, 2004.

The amount recorded as due from the Province – vacation pay was initially based on the estimated value of the corresponding liability as at March 31, 2004. Subsequent to March 31, 2004, the

Province has included in its ongoing annual funding to the Plan, an amount equal to the current year's expense for vacation pay entitlements.

The amount recorded as due from the Province – post employment benefits is the value of the corresponding actuarial liability for post employment costs as at March 31, 2004. There has been no change to the value subsequent to March 31, 2004 because the Province has provided, in its ongoing annual funding to the Plan, an amount equivalent to the change in the post employment liability including annual interest accretion related to the receivable. The receivable will be paid by the Province when it is determined that the funding is required to discharge the related post employment liabilities.

5. Accounts Payable and Accrued Liabilities

	2010	2009
Health Authorities and Facilities	**$294,001**	$187,740
Medical Service Claims	**85,255**	81,031
Pharmacare Claims	**6,281**	17,174
Province of Manitoba	**1,217**	9,211
General	**29,202**	29,332
	$415,956	$324,488

6. Regional Health Authorities

The following table summarizes payments to the Health Authorities. These payments are included in the financial statements in the expense categories of Health Authorities and Facilities and Medical.

Regional Health Authority	**2010**			**2009**
	Facilities	**Medical**	**Total**	**Total**
Winnipeg	**$1,849,226**	**$172,135**	**$2,021,361**	$1,931,927
Brandon	**169,663**	**13,002**	**182,665**	174,586
North Eastman	**46,743**	**3,342**	**50,085**	47,573
South Eastman	**72,981**	**6,402**	**79,383**	75,342
Interlake	**93,634**	**8,084**	**101,718**	97,912
Central	**161,109**	**16,459**	**177,568**	166,066
Assiniboine	**132,085**	**15,578**	**147,663**	141,205
Parkland	**108,261**	**5,767**	**114,028**	110,172
NOR-MAN	**62,325**	**12,042**	**74,367**	69,593
Burntwood	**62,439**	**15,950**	**78,389**	74,170
Churchill	**10,158**	**-**	**10,158**	10,841
CancerCare	**80,457**	**15,217**	**95,674**	91,153
Total Payments	**$2,849,081**	**$283,978**	**$3,133,059**	$2,990,540

The expense category, Health Authorities and Facilities, in the Statement of Operations and Net Assets is comprised of the following:

	2010	**2009**
Health Authorities payments	**$2,849,081**	$2,737,195
Accruals and payments to facilities and third parties	**183,962**	127,006
Total Expenses	**$3,033,043**	$2,864,201

The expense category, Medical, in the Statement of Operations and Net assets is comprised of the following:

	2010	2009
Fee for Services Medical payments and accruals	**$603,546**	$571,553
Health Authorities payments	**283,978**	253,345
Optometric	**7,050**	6,120
Chiropractic	**10,561**	9,781
Total Expenses	**$905,135**	$840,799

7. Contingencies

The nature of the Plan's activities is such that there may be litigation pending or in progress at any time. With respect to claims at March 31, 2010, no provision has been made in the financial statements as the final outcome of the claims is not determinable at this time.

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. Comparative Figures

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

MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles. In management's opinion the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgment regarding all necessary estimates and all other data available. The financial information presented elsewhere in the annual report, is consistent with that in the financial statements.

Management maintains internal controls to provide reasonable assurance as to the reliability and accuracy of the financial information and to ensure that the assets of the Commission are properly safeguarded.

The responsibility of the Auditor General for Manitoba is to express an independent professional opinion as to whether the financial statements are presented fairly, in all material respects.

Larry Huber
Executive Director

Date: June 30th, 2010

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Board of Commissioners of Manitoba Horse Racing Commission

We have audited the statement of financial position of the Manitoba Horse Racing Commission as at March 31, 2010, and the statements of operating revenue and expenses and fund balances and cash flow for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
June 1, 2010

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

Manitoba Horse Racing Commission
Statement of Financial Position
For the year ended March 31, 2010

	General Fund	Capital Asset Fund	Restricted Funds: Pari-Mutuel Levy Fund	Restricted Funds: Rural Fund	Restricted Funds: H.B.P.A. Fund	Restricted Funds: C.T.H.S. Fund	Total Year ended March 31 2010	Total Year ended March 31 2009
ASSETS								
Current								
Cash	24,813	-	-	11	36,781	219,679	**281,284**	340,679
Pari-mutuel levy receivable	-	-	11,006	-	-	-	**11,006**	7,216
Interfund balances	1,146	-	(11,006)	-	7,795	2,065	**-**	-
Accounts receivable	23,600	-	-	-	-	-	**23,600**	16,300
Receivable from Province of Manitoba - Pension	15,523	-	-	-	-	-	**15,523**	12,529
	65,082	-	-	11	44,576	221,744	**331,413**	376,724
Long term investment (Note 3)	309,422	-	-	-	-	-	**309,422**	307,729
Capital assets (Note 4)	-	11,792	-	-	-	-	**11,792**	13,439
	374,504	**11,792**	**-**	**11**	**44,576**	**221,744**	**652,627**	697,892
LIABILITIES AND FUND BALANCES								
Current								
Accounts payable and accrued liabilities	68,379	-	-	11	44,576	221,744	**334,710**	348,736
Deferred revenue	-	-	-	-	-	-	**-**	2,415
	68,379	-	-	11	44,576	221,744	**334,710**	351,151
Provision for employee pension benefits (Note 6)	324,945	-	-	-	-	-	**324,945**	320,258
	393,324	-	-	11	44,576	221,744	**659,655**	671,409
Fund Balances								
Unrestricted	(18,820)	-	-	-	-	-	**(18,820)**	13,044
Invested in Capital Assets	-	11,792	-	-	-	-	**11,792**	13,439
	(18,820)	11,792	-	-	-	-	**(7,028)**	26,483
	374,504	**11,792**	**-**	**11**	**44,576**	**221,744**	**652,627**	697,892

APPROVED BY THE COMMISSION

____________________ Chairman

____________________ Comptroller

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, 2010

	General Fund	Capital Asset Fund	Restricted Funds: Pari-Mutuel Levy Fund	Restricted Funds: Rural Fund	Restricted Funds: H.B.P.A. Fund	Restricted Funds: C.T.H.S. Fund	Total Year ended March 31: 2010	Total Year ended March 31: 2009
Revenue								
Fees, licenses and fines (Note 7)	136,233	-	-	-	-	-	**136,233**	**122,015**
Grant revenue	38,000	-	-	487,000	-	-	**525,000**	**525,000**
Interest	12,571	-	-	-	-	-	**12,571**	**415**
Pari-mutuel levy	-	-	2,654,618	-	-	-	**2,654,618**	**2,917,999**
Employee future benefits (Note 6)	4,687	-	-	-	-	-	**4,687**	**12,529**
	191,491	-	2,654,618	487,000	-	-	**3,333,109**	**3,577,958**
Expenses								
General Fund operating expenses (Schedule 1)	498,212	-	-	-	-	-	**498,212**	**511,896**
Overnight purse support thoroughbred	-	-	-	-	1,877,032	-	**1,877,032**	**2,062,549**
Owners/breeders incentive thoroughbred	-	-	-	-	-	502,729	**502,729**	**553,675**
Quarter Horse support	-	-	-	37,500	-	-	**37,500**	**37,500**
Amortization of capital assets	-	1,647	-	-	-	-	**1,647**	**2,095**
Standardbred rural	-	-	-	449,500	-	-	**449,500**	**452,071**
	498,212	1,647	-	487,000	1,877,032	502,729	**3,366,620**	**3,619,786**
Excess (deficiency) of revenues over expenses	(306,721)	(1,647)	2,654,618	-	(1,877,032)	(502,729)	**(33,511)**	**(41,828)**
Pari-mutuel levy fund transfer	274,857	-	(2,654,618)	-	1,877,032	502,729	**-**	**-**
Fund balances, beginning of year	13,044	13,439	-	-	-	-	**26,483**	**68,311**
Fund balances, end of year	(18,820)	11,792	-	-	-	-	**(7,028)**	**26,483**

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, 2010

	2010	2009
Cash provided by (used for) the following activities		
Operating activities		
Excess (deficiency) of revenues over expenses	(33,511)	(41,828)
Amortization	1,647	2,095
Employee pension costs (note 6)	54,523	28,149
	22,659	(11,584)
Changes in working capital accounts		
Pari-mutuel levy receivable	(3,790)	(1,652)
Accounts receivable	(7,300)	(2,650)
Receivable from Province of Manitoba - Pension	(2,994)	295,200
Accounts payable and accrued liabilities	(14,026)	(23,799)
Deferred Revenue	(2,415)	660
Employee pension benefits paid (note 6)	(49,836)	(15,620)
	(57,702)	240,555
Investing and Financing activities		
Purchase of capital assets	-	(1,086)
Long-term investments	(1,693)	(307,729)
	(1,693)	(308,815)
Decrease in cash resources	(59,395)	(68,260)
Cash resources, beginning of year	340,679	408,939
Cash resources, end of year	281,284	340,679
Supplementary cash flow information		
Interest received	12,571	415

The accompanying notes are an integral part of these financial statements

1. Nature of the operations

The Manitoba Horse Racing Commission (Commission) 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 Initiatives, 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 fund is collected by the Commission and distributed in accordance with a Plan For Distribution, as required by 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 Initiatives.

Horsemen's Benevolent Protection Association (H.B.P.A.) Fund is to be used for overnight purses at Assiniboia Downs. Funding for the H.B.P.A. 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.

2. **Significant accounting policies**

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) using the following significant accounting policies:

Fund accounting

The Commission follows the restricted fund method of accounting for contributions.

Financial instruments

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings. All other financial instruments are subsequently measured at amortized cost.

The Commission's financial instruments consist of cash, long term investment, accounts receivable, pari-mutuel levy receivable, receivable from Province of Manitoba - pension and accounts payable and accrued liabilities.

The Commission has designated its financial instruments as follows:

Cash and long term investment are classified as financial assets held for trading and are measured at fair value with gains and losses recognized in net earnings.

Accounts receivable, pari-mutuel levy receivable and receivable from Province of Manitoba - pension are classified as loans and receivables. These financial assets are recorded at their amortized cost using the effective interest rate method.

Accounts payable and accrued liabilities are classified as other financial liabilities. These financial liabilities are recorded at their amortized cost using the effective interest rate method.

Gains and losses on financial instruments subsequently measured at amortized cost are recognized in net earnings in the period the gain or loss occurs. Changes in fair value on financial instruments classified as held for trading are recognized in net earnings for the current period.

Fair value of financial instruments

The fair value of accounts receivable, pari-mutuel levy receivable, receivable from Province of Manitoba - pension, accounts payable and accrued liabilities approximate their carrying values due to their short-term maturity.

The fair value of long term investments approximates its carrying value as the original deposit is reinvested annually at rates for investments with similar terms and conditions.

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

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, 2007. Experience gains or losses are recognized in the year the actuarial valuation is completed.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

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.

Fund transfers

i) Capital 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:

Computer equipment	5 years
Security equipment	10 years
Furniture	10 years

Financial instruments deferral of section 3862 and 3863

In December 2006, the Canadian Institute of Chartered Accountants (CICA) issued Section 3862 Financial Instruments – Disclosures and Section 3863 Financial Instruments – Presentation to replace Section 3861 Financial Instruments – Disclosure and Presentation. The effective date for these new Sections was for interim and annual financial statements with fiscal years beginning on or after October 1, 2007, with earlier adoption permitted. However, in light of the uncertainty regarding the future direction in setting standards for not-for-profit organizations, the CICA released a decision to allow deferral of Sections 3862 and 3863 for this sector. As such the Commission continues to apply Section 3861.

3. Long-term investment

In 2009 the Province of Manitoba made a payment of the March 31, 2008 receivable balance related to the prior years' funding for the pension liability. This payment has been placed in a trust account (bearing interest at 0.15%) maturing June 25, 2010 on behalf of the Manitoba Horse Racing Commission, and held until the cash is required to discharge the related liabilities. As this is only likely to happen in a future year, this amount has been classified as a long term asset.

4. Capital assets

	Cost	Accumulated amortization	2010 Net book value
Computer equipment	**11,599**	**4,085**	**7,514**
Security equipment	**2,714**	**1,265**	**1,449**
Furniture and fixtures	**7,572**	**4,743**	**2,829**
	21,885	**10,093**	**11,792**

	Cost	Accumulated amortization	2009 Net book value
Computer equipment	11,599	3,390	8,209
Security equipment	2,714	856	1,858
Furniture and fixtures	7,572	4,200	3,372
	21,885	8,446	13,439

5. Bank indebtedness

The Commission has an operating line of credit to a maximum of $40,000 bearing interest at prime plus 2%. At March 31, 2010 this facility has not been utilized.

6. 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, 2007 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The key actuarial assumptions were a rate of return of 7% (2004 - 7%), 2.50% inflation (2004 – 2.50%), salary rate increases of 3.25% (2004 - 3.25%) 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, 2010 using a formula provided by the actuary and adjusted for a provision for adverse experience and a trust fund credit.

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

	2010	2009
Balance, beginning of year	**320,258**	307,729
Benefits accrued	**14,000**	14,272
Interest accrued on benefits	**20,916**	25,680
Benefits paid	**(49,836)**	(15,620)
Experience loss (gain)	**19,607**	(11,803)
Balance, end of year	**324,945**	320,258

The Commission's pension plan costs consist of the following:

	2010	2009
Benefits accrued	**14,000**	14,272
Interest accrued on benefits	**20,916**	25,680
Experience loss (gain)	**19,607**	(11,803)
Pension cost	**54,523**	28,149

7. Fees, licenses and fines

	2010	2009
Assiniboia Downs		
Daily licenses	**85,400**	71,150
Fees and licenses	**32,233**	35,436
Fines	**16,365**	14,212
	133,998	120,798
Rural Circuit		
Fees and licenses	**1,835**	822
Fines	**400**	395
	2,235	1,217
	136,233	122,015

8. 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.

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.

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, pari-mutuel levy receivable, 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.

Pari-mutuel receivable and accounts receivable are 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.

9. Capital management

The Commission's objective when managing capital is to ensure that its expenditures closely match their revenues. Capital consists of the various fund balances in a deficit of $7,028 (2009 - surplus $26,483). The Commission is not subject to externally imposed capital requirements. There have been no changes in the Commission's approach to capital management during the period.

10. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

Manitoba Horse Racing Commission
Schedule 1 - General Fund Operating Expenses
For the year ended March 31, 2010

	2010	2009
Expenses		
Commissioners' per diem and honoraria	**12,203**	15,080
Drug, alcohol and security	**7,325**	9,849
Employee benefits	**31,027**	26,757
Equipment and office furniture	**3,388**	3,290
Equipment rentals	**1,803**	2,171
Insurance	**817**	923
Memberships and dues	**460**	5,475
Office	**21,099**	17,324
Pension cost (note 6)	**54,523**	28,149
Professional fees	**19,102**	13,449
Salaries		
Administration	**130,487**	145,775
Security	**5,018**	18,776
Stewards and judges	**134,517**	133,128
Veterinarian services	**48,809**	52,104
Support grant	**12,056**	15,926
Telephone	**7,921**	8,131
Travel	**7,657**	15,589
	498,212	511,896

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITORS' REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors of The Manitoba Housing and Renewal Corporation

We have audited the balance sheet of The Manitoba Housing and Renewal Corporation as at March 31, 2010 and the statements of operations, fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
July 23, 2010

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

MANAGEMENT REPORT

The accompanying financial statements of The Manitoba Housing and Renewal Corporation are the responsibility of management and have been prepared in accordance with the accounting policies stated in the financial statements. These accounting policies have been applied on a basis consistent with that of the preceding year. 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 up to July 23, 2010.

Management maintains internal controls to provide reasonable assurance of the reliability and accuracy of the financial information and that the assets of The Manitoba Housing and Renewal Corporation are properly safeguarded.

The responsibility of the Office of the Auditor General of the Province of Manitoba is to express an independent, professional opinion on whether the financial statements of The Manitoba Housing and Renewal Corporation are fairly presented in accordance with the accounting policies stated in the notes to the financial statements. The Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

On behalf of Management

Original signed by

____
Brian Brown, Comptroller, Financial Management

Original signed by

____
Darrell Jones, Chief Executive Officer

July 23, 2010

THE MANITOBA HOUSING AND RENEWAL CORPORATION

BALANCE SHEET

March 31, 2010

ASSETS

	2010	2009
Cash (note 4)	$ 153,049,249	$ 113,315,188
Accounts receivable and accruals (note 5)	49,553,003	29,961,332
Prepaid expenses	5,824,831	4,455,464
Loans and mortgages receivable (note 6)	138,284,225	144,267,605
Land and housing:		
Housing projects (note 7)	114,796,141	92,692,149
Housing investment (note 8)	755,883	916,145
Land development costs	39,691,944	35,388,909
Land (note 10)	11,798,593	11,982,966
	167,042,561	140,980,169
Total Assets	$ 513,753,869	$ 432,979,758

LIABILITIES AND FUND BALANCES

	2010	2009
Liabilities		
Accounts payable, holdbacks and accruals	$ 55,314,281	$ 45,625,899
Deferred revenue (note 11)	63,783,582	15,683,332
Long-term debt (note 12)	531,613,772	508,895,430
Deferred contributions (note 13)	65,062,909	77,573,971
Total Liabilities	715,774,544	647,778,632
Fund Balances		
The Housing Development and Rehabilitation Fund (note 21)	4,969,044	6,417,575
The Manitoba Housing and Renewal Fund (Deficit)	(206,989,719)	(221,216,449)
Total Fund Balances (Accumulated Deficit)	(202,020,675)	(214,798,874)
Total Liabilities and Fund Balances	$ 513,753,869	$ 432,979,758

Contingencies (note 22)

Commitments (note 23)

Guarantees (note 24)

Approved by the Board of Directors:

Original signed by — Director

Original signed by — Director

(see accompanying notes)

THE MANITOBA HOUSING AND RENEWAL CORPORATION

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2010

	2010	2009
Revenue:		
Grants from the Province of Manitoba (note 14)	$ 79,434,016	$ 74,243,149
Contributed services (note 15)	1,399,100	1,743,600
Rental revenue (note 16)	71,383,497	71,031,083
Subsidy contributions (note 25)	71,346,450	50,096,014
	223,563,063	197,113,846
Interest:		
Loans and mortgages	13,237,516	14,034,784
Bank and other	21,378	159,266
	13,258,894	14,194,050
Sales of land and other:		
Sales of land - joint venture (note 9)	568,168	3,686,753
Sales of land - Waverley West	15,760,900	9,398,220
Other	86,032	1,167,010
	16,415,100	14,251,983
	253,237,057	225,559,879
Expenses:		
Housing operations - excluding amortization and interest (note 16)	122,025,552	107,165,607
Housing operations amortization (note 16)	9,556,607	8,489,978
Housing operations interest (note 16)	20,863,906	22,827,333
Rental subsidies (note 17)	36,849,306	36,614,122
Grants and subsidies (note 18)	10,254,792	6,489,884
Interest expense	13,697,333	15,101,507
Administrative services (note 15)	3,202,800	1,974,500
(Gain) on sale of housing projects and land	(33,213)	(111,240)
(Recovery) of provision for loss and write downs	(751,105)	(3,862,306)
Cost of land sales - joint venture	198,022	1,388,504
Cost of land sales - Waverley West	13,260,582	8,882,180
Repair and renovation expense (note 15)	5,920,962	7,555,004
Housing program supports (note 21)	4,329,497	-
Other	627,445	1,374,623
Pension (note 19)	456,372	1,499,014
	240,458,858	215,388,710
Net Income and Comprehensive Income	$ 12,778,199	$ 10,171,169

(see accompanying notes)

THE MANITOBA HOUSING AND RENEWAL CORPORATION

STATEMENT OF FUND BALANCES

March 31, 2010

	2010	2009
Manitoba Housing and Renewal Fund (MHRF) (Deficit) - beginning of year	$ (221,216,449)	$ (228,648,778)
Excess revenues over expenditures	12,778,199	10,171,169
Interfund transfer - HDRF (note 21)	1,448,531	(2,738,840)
MHRF (Deficit) - end of year	$ (206,989,719)	$ (221,216,449)
Housing Development and Rehabilitation Fund (HDRF) - beginning of year	$ 6,417,575	$ 3,678,735
Interfund transfer - MHRF (note 21)	(1,448,531)	2,738,840
HDRF - end of year	4,969,044	6,417,575
Total Fund Balances (Accumulated Deficit)	$ (202,020,675)	$ (214,798,874)

(see accompanying notes)

THE MANITOBA HOUSING AND RENEWAL CORPORATION

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2010

	2010	2009
Cash provided by (used for):		
Operating activities:		
Excess of revenue over expenses	$ 12,778,199	$ 10,171,169
Add (deduct) items not involving cash:		
Amortization	9,556,607	8,489,978
Rental Subsidy to record reduction of Repayable Loans	2,684,400	2,494,618
(Recovery) of provision for loss and write downs	(751,106)	(3,862,306)
Gain on sale of housing projects and land	(33,213)	(111,240)
Federal subsidies - housing projects	448,418	673,270
	11,905,106	7,684,320
Net change in non-cash balances related to operations:		
Accounts receivable and accruals	(19,591,671)	(2,005,318)
Prepaid expenses	(1,369,367)	936,710
Accounts payable, holdbacks and accruals	9,688,382	6,512,001
Deferred revenue	48,100,250	2,962,136
Deferred contributions	(12,511,062)	8,231,932
Land development costs in joint venture (note 9)	165,520	1,241,089
Land in joint venture (note 10)	22,702	121,411
	49,188,060	35,855,450
Financing activities:		
Borrowings	46,740,034	40,948,163
Repayment of borrowings	(24,021,692)	(27,889,435)
Additions of loans and mortgages receivable	(515,930)	(653,306)
Proceeds from repayment of loans and mortgages receivable	6,499,310	3,541,799
	28,701,722	15,947,221
Investing activities:		
Additions to land and housing	(38,191,321)	(32,340,684)
Proceeds from sale of housing projects and land	35,600	221,446
	(38,155,721)	(32,119,238)
Increase (decrease) in cash	39,734,061	19,683,433
Cash at beginning of year	113,315,188	93,631,755
Cash at end of year	$ 153,049,249	$ 113,315,188
Supplementary disclosure:		
Cash payments of interest received	$ 16,509,468	$ 13,692,723
Cash payments of interest paid	$ 35,464,019	$ 35,794,770

(see accompanying notes)

1. Authority

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 objects 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.

The Corporation is economically dependent on the Government of the Province of Manitoba.

These financial statements include, in note 16, the operating results of MHRC owned properties which are Direct Managed (formerly known as The Manitoba Housing Authority).

2. Significant accounting policies

a) Basis of accounting

The Corporation's financial statements are prepared using Canadian generally accepted accounting principles.

b) Loans and mortgages receivable

Loans and mortgages receivable are valued at principal amounts less an allowance for loan impairment.

c) Loan forgiveness

Loan forgiveness for forgivable loans is approved in accordance with the terms of the loan agreements. The Corporation 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, the Corporation records the annual forgiveness by reducing both the forgivable loan and the accompanying valuation allowance.

d) Allowance for loan impairment

The Corporation 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 the Corporation’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. The Corporation does not provide any additional non-specific, general provision for loan impairment. The Corporation’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.

e) Housing projects and amortization

i) Social housing projects are valued at cost less accumulated amortization.
ii) Cost includes direct construction costs, land acquisition costs and interest and other related carrying charges incurred during the period of construction.
iii) Housing projects which are declared abandoned or surplus to the needs of the Corporation are valued at the lesser of cost less accumulated amortization and net realizable value.
iv) Housing projects are amortized on a straight-line basis over their estimated useful lives as follows:
Wood buildings – 25 years
Brick buildings – 40 years
Betterments – 10 to 20 years

f) Interest in joint venture

The interest in joint venture is recognized using the proportionate consolidation method. Proportionate consolidation is a method of accounting and reporting whereby MHRC's prorata 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.

g) Land

Land is valued at the lower of cost and appraised value adjusted for estimated disposition costs, except for land leased to co-operatives. Cost includes acquisition costs and related carrying costs. The carrying costs of the land, which include interest, planning and development costs, grants in lieu of taxes, less revenue derived from use of undeveloped land, were capitalized to land to March 31, 1993. Effective April 1, 1993 the carrying costs are charged annually to operations. Cost for land acquired after March 31, 1993 consists of the original purchase price and the acquisition costs.

Land leased to co-operatives is valued at original cost. The Corporation incurs no liabilities or obligations with respect to the lessees' buildings situated on the land. The carrying costs of the land, net of lease revenue, are charged annually to MHRC operations.

h) Land development costs

Land development costs include interest, planning, development and administrative costs. These costs are capitalized as land development costs to the date of sale of the related land.

i) Revenue recognition

Grants 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. Subsidy contributions are recognized on an accrual basis in the fiscal period to which they relate. Interest is recognized on an accrual basis in the fiscal period in which it is earned.

j) Interest capitalization

Interest costs on financing related to housing projects and housing investments are capitalized to the date of completion.

k) Pension costs and obligations

Current service contributions for Direct Managed employees are recognized as operating expenses. The Corporation has no further liability associated with the annual cost of pension benefits earned by Direct Managed employees.

The Corporation has a liability associated with the annual cost of pension benefits earned by the former Department of Family Services and Housing employees who were transferred to the Corporation on February 8, 2003.

Current actuarial gains or losses are recognized as operating expenses.

l) Contributed services

Under an agreement entered into between The Manitoba Housing and Renewal Corporation and the Province of Manitoba, in 1984, the Department provides administrative services to MHRC at no cost. The value of these contributed and administrative services is recorded as revenue and expenses.

m) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent 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 these estimates.

n) Comprehensive Income

Section 1530 of the CICA accounting standards requires the presentation of a statement of comprehensive income. Comprehensive income represents the change in equity of an enterprise during a period from transactions and other events arising from non-owner sources including gains and losses from changes in fair value of available for sale financial assets and changes in fair value of the effective portion of cash flow hedging instruments. The Corporation has not recognized any adjustments through other comprehensive income for the year ended March 31, 2010. Because the Corporation has no items related to other comprehensive income, comprehensive income is equivalent to net income.

3. New Accounting Policies Adopted

The Corporation was required to adopt new standards, Canadian Institute of Chartered Accounts (CICA) Handbook *Sections 3862 Financial Instruments Disclosure, and EIC – 173 Credit Risk and the Fair Value of Financial Assets and Financial Liabilities, on April 1, 2009.*

Section 3862 Financial Instrument – Disclosures
Section 3862 is amended to enhance the abilities of users of the financial statements to evaluate the significance of financial instruments of an entity, related exposures and the management of these risks.

This amended section, which was effective January 1, 2009, requires an entity to classify fair value measurements recognized in the Balance Sheet into a three – tier hierarchy as a framework for disclosing fair value based on inputs used to value the Corporation's investments. The hierarchy of inputs is summarized below:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), or
- Level 3 – inputs for the asset or liability that are not based on observable market data.

EIC – 173 Credit Risk and the Fair Value of Financial Assets and Financial Liabilities
The CICA issued ***EIC – 173*** regarding the credit risk and fair value of financial assets and financial liabilities. The EIC requires entities to consider both their own risk and the risk of the counter parties when measuring the fair value of financial assets and financial liabilities for presentation and disclosure purposes.

4. Cash

	2010	**2009**
On deposit with the Minister of Finance:		
Trust deposits	$ 64,086,578	$ 77,349,470
Risk Reserve related to Social Housing Agreement (note 13)	12,428,609	12,385,799
Mobile home loan guarantee program fund (note 24)	91,837	108,678
	76,607,024	89,843,947
Bank	76,433,725	23,462,466
Petty cash	8,500	8,775
	$ 153,049,249	$ 113,315,188

5. Accounts receivable and accruals

	2010	**2009**
Canada Mortgage and Housing Corporation	$ 23,462,694	$ 3,237,350
Government of the Province of Manitoba and its agencies	2,238,569	2,408,614
Rent receivables - net of allowance of $5,638,689 (2009 - $5,311,005)	3,404,997	2,782,921
Accrued interest on loans and mortgages receivable	604,661	522,600
City of Winnipeg (Sec 79) - net of allowance $0 (2009 - $2,830)	157,870	236,882
Other - net of allowance of $10,270 (2009 - $10,270)	10,725,949	12,271,074
Government of the Province of Manitoba		
- severance benefits (note 20)	1,446,105	1,446,105
- pension recoverable (note 19)	7,512,158	7,055,786
	$ 49,553,003	$ 29,961,332

6. Loans and mortgages receivable

a) Composition of loans and mortgages receivable

	2010	2009
Federal/Provincial Housing:		
Private Non-Profit Housing Program	$ 91,383,908	$ 94,053,650
Rural and Native Housing Program	2,851	4,452
Urban Native Housing Program	24,201,603	27,211,327
	115,588,362	121,269,429
Market Rental Programs:		
Co-operative HomeStart Program	7,847,574	8,040,710
Co-operative Index Linked Program	6,051,073	6,504,489
Manitoba Rural RentalStart Program	237,995	254,182
Manitoba Senior RentalStart Program	4,201,669	4,179,136
	18,338,311	18,978,517
Other Programs:		
Community Residences Program	2,356,894	2,807,160
Market Homeowner Programs	44,697	54,116
Homeowner Rehabilitation Programs	171,672	202,462
Other	2,905,974	2,828,711
	5,479,237	5,892,449
	139,405,910	146,140,395
Less - allowance for loan impairment	(1,121,685)	(1,872,790)
Subtotal repayable loans and mortgages receivable	138,284,225	144,267,605
Forgivable loans	138,927,320	110,944,042
	277,211,545	255,211,647
Less - forgivable loans asset valuation allowance	(138,927,320)	(110,944,042)
Loans and mortgages receivable	$ 138,284,225	$ 144,267,605

Loans and mortgages receivable bear interest at various rates between 0% and 13.50% with maturities at various dates to 2035.

Principal repayments on the loans and mortgages maturing in the next five years are estimated as follows:

2011	$ 43,498
2012	22,287
2013	2,699,867
2014	2,005,238
2015	2,865,191
Subsequent to 2015	131,769,829
	$ 139,405,910

b) Allowance for loan impairment

The allowance for loan impairment is comprised of the following specific provisions:

	2010	2009
Market rental programs	$ 949,810	$ 1,693,568
Other programs	171,875	179,222
	$ 1,121,685	$ 1,872,790

7. Housing projects

	2010	2009
Land	$ 22,540,415	$ 21,753,083
Buildings	426,073,646	411,301,566
Less - accumulated amortization	(363,743,930)	(354,639,945)
Buildings – net book value	62,329,716	56,661,621
Under construction	33,516,933	18,316,786
	118,387,064	96,731,490
Less - financing provided by CMHC	(3,590,923)	(4,039,341)
	$ 114,796,141	$ 92,692,149

8. Housing investment

Housing investment represents MHRC's share in social housing projects, which until October 1, 1998 was administered by CMHC and subsequently have been administered by MHRC, under the Rural and Native Housing Program.

On September 3, 1998, MHRC and CMHC executed a Declaration of Trust by which CMHC has transferred their ownership interest in cost-shared and 100% CMHC funded Public Housing projects to MHRC, as trustee. MHRC’s interest in these projects will be earned over the remainder of each project’s CMHC subsidy commitment period, in amounts which will correspond to the annual amortization of the assets. No increase in housing investment has been recorded by MHRC.

9. Joint venture

The Corporation contributed 179 acres of land, at appraised value, to a joint venture with Ladco Company Limited on May 11, 1989. The appraised value of the land at that time, adjusted for subsequent sales, was $678,373 (2009 - $866,595) and is included in joint venture land in note 10. The joint venture activities include the servicing, development and sale of approximately 476 acres of land in the City of Winnipeg, Manitoba. In accordance with the terms of the agreement, the Corporation has provided loan guarantees for the purposes of the joint venture development in an amount not to exceed $2,400,000 (note 24).

The following is a summary of the Corporation's pro rata share of the assets, liabilities, revenues and expenses of the Ladco Company Limited joint venture.

	2010	2009
Current Assets:		
Cash and short term investments	$ 923,300	$ 1,010,800
Prepaid Expenses	44,767	-
Accounts receivable from land sales	1,737,116	3,778,338
	2,705,183	4,789,138
Long Term Assets:		
Development in progress	(351,671)	(186,151)
Total Assets	$ 2,353,512	$ 4,602,987
Current Liabilities:		
Accounts payable and accrued liabilities	8,497	4,203
Net Assets	$ 2,345,015	$ 4,598,784
Sales of land	$ 568,168	$ 3,686,753
Cost of land sales	176,575	1,267,093
Gross margin	391,593	2,419,660
Expenses:		
Interest on bank indebtedness	9,080	10,129
General	31,809	38,293
Other	(27,528)	133,191
Total expenses	13,361	181,613
Net income for the year	$ 378,232	$ 2,238,047

10. Land

	2010	2009
Future development or sale	$ 9,460,428	$ 9,456,579
Leased to co-operatives	1,659,792	1,659,792
Joint venture	678,373	866,595
	$ 11,798,593	$ 11,982,966

11. Deferred revenue

	2010	2009
Direct Managed tenant prepaid rent	$ 2,255,663	$ 2,097,569
Other prepaid land lease and subsidy contribution received in advance	327,198	317,189
Affordable Housing Initiative commitments	23,920,317	13,268,574
Federal Stimulus commitments	37,280,404	-
	$ 63,783,582	$ 15,683,332

12. Long-term debt

	2010	2009
Government of the Province of Manitoba:		
Advances, convertible to long-term advances at MHRC's option, at prime interest rates	$ 108,435,454	$ 66,897,319
Long-term advances, at interest rates from 4.75% to 13.375% maturing at various dates to 2029 and requiring annual principal and interest payments of $38,103,892 (2009 - $37,966,316)	270,246,867	283,365,617
Canada Mortgage and Housing Corporation:		
Long-term advances, at interest rates from 5.67% to 8.625% maturing at various dates to 2030 and requiring annual principal and interest payments of $14,972,152 (2009 - $15,024,576)	150,285,841	155,907,762
Mortgages payable (assumed on property acquisitions), at interest rates from 5.375% to 9.625% maturing at various dates to 2028 and requiring annual principal and interest payments of $319,272 (2009 - $325,290)	2,645,610	2,724,732
	$ 531,613,772	$ 508,895,430

Principal repayments on the long-term debt are estimated as follows:

2011	20,297,450
2012	21,933,005
2013	22,776,614
2014	24,124,270
2015	25,509,129
Subsequent to 2015	416,973,304
	$ 531,613,772

13. Deferred contributions

MHRC recognizes federal and provincial contributions towards housing programs as revenue when eligible program expenses are incurred and records deferred contributions for any unexpended amounts. In accordance with the Social Housing Agreement executed by MHRC and CMHC which took effect October 1, 1998, federal contributions must be fully used by August 31, 2031. The Agreement provides that a specified amount of the annual federal contributions must be applied toward housing programs, which assist low income households, as defined in the Agreement. The portion of federal contributions that may be applied toward other housing programs is similarly specified. In addition, the Province contributes funding for its share of housing programs through grants from the Province of Manitoba (note 14). Total unexpended contributions in the amount of $52,634,300 (2009 - $65,188,172) are carried forward by MHRC for future use.

Pursuant to the Social Housing Agreement dated September 3, 1998 between CMHC and MHRC, CMHC made a one-time payment of $12,700,000 to MHRC in 1999. This amount was provided for the purpose of mitigating future operating risks associated with MHRC's financial responsibility for housing programs transferred from CMHC pursuant to the Agreement. This amount has been recorded as a deferred contribution and is increased by interest earned thereon and is reduced as the Corporation incurs expenses as a result of the identified risks. The unexpended balance related to these contributions at March 31, 2010 is $12,428,609 (2009 - $12,385,799).

The breakdown of total unexpended contributions is as follows:

	2010	2009
Deferred Federal contributions	$ 18,136,437	$ 20,755,147
Deferred Provincial contributions	34,497,863	44,433,025
	52,634,300	65,188,172
Risk reserve contribution related to the Social Housing Agreement	12,428,609	12,385,799
	$ 65,062,909	$ 77,573,971

14. Grants from the Province of Manitoba

	2010	2009
Department of Housing and Community Development:		
MHRC operating programs	$ 58,961,438	$ 57,610,056
MHRC administration	10,180,562	8,891,844
Grants and subsidies	9,592,727	5,975,525
	78,734,727	72,477,425
Grants recovered from the Department of Finance:		
School Tax Assistance for Tenants 55 Plus Program	242,917	266,710
Pension recovery (note 19)	456,372	1,499,014
	$ 79,434,016	$ 74,243,149

15. Contributed services

	2010	2009
Administrative services provided by the Department of Housing and Community Development were allocated as follows:		
- included in the Statement of Operations, Administrative Services	$ 509,600	$ 521,200
- included in administration expenses in note 16, Direct Managed Housing Operations	600,500	772,600
- included in administration expenses in note 16, Sponsor Managed Housing Operations	11,300	27,400
- included in Rental Subsidies, note 17	194,800	286,000
- included in Statement of Operations, Repair and renovation expense	82,900	136,400
Total Department of Housing and Community Development administrative services provided	$ 1,399,100	$ 1,743,600

16. Housing operations

The management and operation of all MHRC owned social housing projects are direct managed, sponsor managed, and operated under property management agreements. Their operating results are as follows:

	Direct Managed	Sponsor Managed	Property Management Agreements	2010	2009
Revenue					
Rental Revenue	$ 53,442,468	$ 13,277,668	$ 4,663,361	$ 71,383,497	$ 71,031,083
Expenses					
Administration (note 15)	21,890,443	2,039,589	1,128,602	25,058,634	22,973,574
Property operating	63,708,467	9,851,129	11,469,961	85,029,557	72,086,257
Grants in lieu of taxes	9,539,392	1,468,111	929,858	11,937,361	12,105,776
Amortization	7,659,175	1,818,193	79,239	9,556,607	8,489,978
Interest	17,124,093	3,739,813	-	20,863,906	22,827,333
	119,921,570	18,916,835	13,607,660	152,446,065	138,482,918
Operating loss	$ 66,479,102	$ 5,639,167	$ 8,944,299	$ 81,062,568	$ 67,451,835

17. 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:

	2010	2009
Not for Profit Housing	$ 27,528,164	$ 28,137,025
Co-operative Housing	4,153,096	3,759,515
Private Landlords	5,168,046	4,717,582
	$ 36,849,306	$ 36,614,122

18. Grants and subsidies

	2010	2009
Manitoba Shelter Benefit	$ 9,064,337	$ 5,875,970
Portable Housing Benefit	528,390	99,555
School Tax Assistance for Tenants 55 Plus	242,917	266,710
Elderly & Infirm Persons Housing	155,423	155,423
Co-op Homestart	138,475	92,226
Homeless Strategy	125,250	-
	$ 10,254,792	$ 6,489,884

19. Pension obligations

Employees of the Corporation and The Manitoba Housing Authority (MHA) are eligible for pensions under the Manitoba Civil Service Superannuation Fund. This pension plan is a defined benefit plan, which requires MHA 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 MHA employees. Pension expense recorded for MHA employees for the year ended March 31, 2010 is $787,385 (2009 - $656,469).

The Corporation has a liability associated with the annual cost of pension benefits earned by the former Department of Family Services and Housing employees who were transferred to the Corporation on February 8, 2003. This liability consists of the employer’s share of pension benefits paid to retired employees, as well as the increase in the unfunded pension liability during the fiscal year. This liability is determined by an actuarial valuation every three years with the balances for the intervening years being estimated by a formula provided by the actuary. The most recent valuation was completed at December 31, 2007.

	2010	2009
Balance at beginning of year	$7,055,786	$5,556,772
Experience (gain) loss	(609,386)	937,944
Benefits accrued	609,068	458,196
Interest accrued on benefits	477,736	367,482
Benefits paid - estimated	(21,046)	(264,608)
Balance at end of year	$7,512,158	$7,055,786

The key actuarial assumptions were a rate of return of 6.5% (2009 - 6.5%), 2.5% inflation (2009 - 2.5%), salary rate increases of 3.25% (2009 – 3.25%) and post retirement indexing at 2/3 of the inflation rate. The projected benefit method was used and the liability has been extrapolated to March 31, 2010 using a formula provided 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 $7,512,158 as of March 31, 2010 (2009-$7,055,786) and has recorded an increase in revenue for 2009/10 equal to the related pension expense increase of $456,372 (2009 - increase $1,499,014). The Province of Manitoba makes payments on the receivable when it is determined that the cash is required to discharge the related pension obligation.

20. Severance

a) Severance pay liability

Effective April 1, 1998, the Corporation commenced recording the estimated liability for accumulated severance pay benefits for its employees in The Manitoba Housing Authority. 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 employee's date of retirement, will be determined by multiplying the eligible employee's years of service (to a maximum of 22 or 15 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.

An actuarial report was completed for the severance pay liability as at March 31, 2010. The Corporation's actuarially determined liability relating to the Manitoba Housing Authority employees as at March 31, 2010 was $2,325,430 (2009 - $2,104,995). The report provides a formula to update the liability on an annual basis.

The Corporation 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 the Corporation 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, 2010. The Corporation's actuarially determined liability relating to the former Department of Family Services and Housing employees as at March 31, 2010 was $1,108,845 (2009 - $1,033,931). The report provides a formula to update the liability on an annual basis.

b) Severance pay receivable

The Province of Manitoba has accepted responsibility for the severance pay benefits accumulated to March 31, 1998 by the Corporation's employees. Accordingly, the Corporation 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.

The carrying value of the receivables approximates its fair value as the interest component described above is comparable to current market rates.

21. 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 the MHRC in respect of land owned or developed by it or by a partnership or joint venture in which the MHRC is or was a participant. Interest earned on the amounts are to be credited to the fund. Profits are transferred from The Manitoba Housing and Renewal Fund to the Housing Development and Rehabilitation Fund. The fund may be used to provide support for housing projects in areas of need within a municipality in which the Corporation realized profits, including the development of new housing or the rehabilitation of existing housing. The fund has a balance of $4,969,044 (2009 - $6,417,575).

The breakdown is as follows:

		2010	2009
Balance at beginning of year		$ 6,417,575	$ 3,678,735
Land Development Profits	2,870,464		
Interest Earned	10,502		
Current Year Disbursements	(4,329,497)		
		(1,448,531)	2,738,840
Balance at end of year		$ 4,969,044	$ 6,417,575

22. Contingencies

The Corporation 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 Corporation. Any settlement will be recognized in the year the settlement occurs.

The Corporation provided the City of Winnipeg with a letter of credit under a development agreement. At March 31, 2010 the letter of credit amounted to $1,389,120.

23. Commitments

The Corporation has the following commitments as at March 31, 2010.

a) Housing project enhancements and new construction $36,922,247

b) Third party repair, renovation and new construction $50,200,166

c) Public housing operations:

As a result of the Social Housing Agreement dated September 3, 1998, MHRC is now 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:

2011	$53,912,000
2012	73,478,700
2013	88,320,400
2014	101,770,400
2015	109,735,900

24. Guarantees

The Corporation 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 outstanding guarantees are as follows:

	2010	2009
Joint Venture Investment Guarantee (note 9)	$2,400,000	$2,400,000
Waverley West Letter of Credit	1,389,120	1,389,120
Mobile Home Loan Guarantee Program	91,837	108,678
Affordable Housing Initiative Loan Guarantee Program	1,200,000	1,200,000
	$5,080,957	$5,097,798

A guarantee fee of 2 1/2% is charged for each mortgage under the Mobile Home Loan Guarantee Program. The assets of the Mobile Home Loan Guarantee Program as at March 31, 2010 are $91,837 (2009 - $108,678) and are included in cash (note 4). The trust fund liability is included in accounts payable.

25. Subsidy Contributions

Pursuant to the Social Housing Agreement executed by MHRC and CMHC, CMHC will pay fixed 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.

	2010	2009
Federal contributions	$ 69,979,012	$ 48,062,268
Provincial contributions	1,056,493	1,804,261
Municipal contributions	310,945	229,485
	$ 71,346,450	$ 50,096,014

26. Capital Management

MHRC's objective when managing capital is to maintain sufficient capital to cover its costs of operations. MHRC includes The Housing Development and Rehabilitation Fund and The Manitoba Housing and Renewal Fund Deficit as well as long-term debt in its definition of capital.

MHRC's operating objectives are to ensure that there is an adequate supply of housing stock in Manitoba and to enhance the affordability of, and accessibility to, adequate housing for Manitobans, particularly those of low and moderate income and those with specialized needs. In order to meet these operating objectives, MHRC capital management policy is to:

- Obtain long term debt from the Province of Manitoba and Canada Mortgage and Housing Corporation;
- Obtain rental revenue from its housing stock. This revenue is partially subsidized through provincial and CMHC funding; and
- Earn interest income on loans and mortgages to individuals and organizations that meet pre-defined criteria.

Long term debt and the Manitoba Housing and Renewal Fund are not subject to externally imposed capital requirements. The Housing Development and Rehabilitation Fund is required by legislation to provide support for housing projects in areas of need within a municipality in which the MHRC realized suburban land development profits. There were no changes to MHRC's approach to capital management during the period.

MHRC's capital is as follows:

	2010	2009
Long Term Debt (note 12)	$531,613,772	$508,895,430
Housing Development and Rehabilitation Fund (note 21)	4,969,044	6,417,575
Manitoba Housing and Renewal Fund (deficit)	(206,989,719)	(221,216,449)
	$329,593,097	$294,096,556

27. Risk Management

MHRC has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk, market risk, interest rate risk and foreign currency risk.

i) Credit Risk

Credit risk arises from the potential that a counterparty to an agreement with the Corporation will fail to perform its obligations. The Corporation conducts an assessment of credit issues prior to committing to such agreements and it actively monitors the credit risks associated with its accounts receivable and loans and mortgages receivable on an ongoing basis.

The maximum exposure of MHRC to credit risk at March 31, 2010 is:

Cash (note 4)	$153,049,249
Accounts receivable and accruals (note 5)	49,553,003
Loans and mortgages receivable (note 6)	138,284,225
	$340,886,477

Cash and deposits with the Minister of Finance: MHRC is not exposed to significant credit risk as these deposits are primarily held by the Minister of Finance.

Accounts receivable and accruals: MHRC is not exposed to significant credit risk as the majority of its accounts are with the Province of Manitoba and CMHC and payment is typically collected when due. MHRC 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.

Loans and mortgages receivable: The corporation is not subject to significant credit risk as the loans and mortgages are spread among a large client base and geographic region and payment is typically collected when due. MHRC 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.

ii) Liquidity Risk

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

MHRC 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 obligations.

iii) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect MHRC's income or the fair values of its financial instruments. The significant market risk MHRC is exposed to is interest rate risk.

iv) 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. MHRC does not use derivative instruments to reduce its exposure to interest risk. The interest rate exposure relates to deposits with the Minister of Finance, loans and mortgages receivable and long term debt.

The interest rate risk on funds on deposit with the Minister of Finance is considered to be low because of their short term nature.

MHRC's loans and mortgages are exposed to interest rate fluctuations. This risk is mitigated through the almost exclusive use of fixed rate terms. A change of +100 basis points would result in a decrease in value of $9,989,346 whereas a -100 basis point change would result in an increase in value of $11,091,676.

MHRC manages its interest rate risk on long term debt through the use of fixed rate terms for its long term debt. A change of +100 basis points in the interest rates would have decreased its fair value by $32,066,630 whereas a change of -100 basis points would have increased its fair value by $31,541,011.

v) 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. MHRC is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in a foreign currency.

28. Financial Instruments

i) Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost. The financial assets and liabilities of the Corporation are classified and measured as follows:

Financial Asset/Liability	Category	Subsequent Measurement
Cash and funds on deposit	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Loans and mortgages receivable	Loans and receivables	Amortized cost
Accounts payable	Other financial liabilities	Amortized cost
Accrued liabilities	Other financial liabilities	Amortized cost
Long term debt	Other financial liabilities	Amortized cost

Gains and losses on financial instruments subsequently measured at amortized cost are recognized in the statement of operations in the period the gain or loss occurred. Changes in fair value on financial instruments classified as held for trading are recognized in the statement of operations for the current period. Changes in fair value on financial instruments classified as available for sale are recorded in statement of changes in net assets or other comprehensive income until realized, at which time they recorded in the statement of operations.

ii) The fair value of funds on deposit are classified as a Level 2 Financial Investment as they are invested with the Department of Finance.

The fair value of accounts receivable (excluding receivables related to pension and severance liability), accounts payable, holdbacks and accruals approximates their carrying values due to their short-term maturity.

The carrying value of the Corporation's pension and severance pay liabilities are based on actuarial valuations adjusted over time for the effect of interest and payouts since the valuations were performed. The carrying value of the liabilities approximates their fair values as the interest component is comparable to current market rates. The carrying value of the related pension and severance receivables approximates their fair value as their carrying value is derived from the related pension and severance liabilities.

The fair value of loans receivable is determined using the present value of future cash flows under current funding agreements, based on the Corporation's current estimated lending rate for loans with similar terms and conditions. The fair value of the loans receivable is $172,842,262 at March 31, 2010 ($177,028,847 at March 31, 2009).

The fair value of long-term debt is determined using the present value of future cash flows under current financing agreements, based on the Corporation's current estimated borrowing rate for loans with similar terms and conditions. The fair value of the long-term debt is $613,356,955 at March 31, 2010 ($615,939,333 at March 31, 2009).

29. 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. Included in loans and mortgages receivable are $1,965,275 of forgivable loans to the University of Winnipeg. These loans are in accordance with established MHRC loan programs.

30. Comparative Figures

Certain comparative figures in the financial statements have been restated to conform with the presentation of the current year.

Manitoba
Entrepreneurship, Training and Trade
Manitoba Development Corporation
1040 - 259 Portage Avenue
Winnipeg MB R3B 3P4

THE MANITOBA OPPORTUNITIES FUND LIMITED

MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in conformity with the generally accepted accounting principles. The statements are examined by BDO Dunwoody LLP, Chartered Accountants, whose opinion is included herein.

To fulfill 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.

BDO Dunwoody LLP have 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 to the Board.

James F. Kilgour, C.A.
General Manager

Kristine Seier, CMA
Secretary-Treasurer

Manitoba
spirited energy

BDO

Tel/Tél.: 204 956 7200
Fax/Téléc.: 204 926 7201
Toll-free/
Sans frais: 800 268 3337
www.bdo.ca

BDO Canada LLP/s.r.l.
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Auditors' Report

To the Board of Directors of
THE MANITOBA OPPORTUNITIES FUND LTD.

We have audited the balance sheet of **THE MANITOBA OPPORTUNITIES FUND LTD.** as at March 31, 2010 and the statements of income, comprehensive income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
June 1, 2010

THE MANITOBA OPPORTUNITIES FUND LTD.
Balance Sheet

March 31	2010	2009
Assets		
Current Assets		
Temporary investments (Note 2)	$ 14,041,287	$ 17,625,251
Accrued interest receivable	86,416	-
	14,127,703	17,625,251
Portfolio investments (Note 3)	220,098,109	192,880,176
Deferred charges	9,557,116	8,428,694
	$243,782,928	$218,934,121
Liabilities and Equity		
Current Liabilities		
Accounts payable and accrued liabilities	$ 2,961,408	$ 1,958,208
Current portion of borrowings (Note 4)	33,914,963	38,866,321
	36,876,371	40,824,529
Borrowings (Note 4)	200,949,891	173,331,615
Shareholder's Equity		
Share capital, (authorized - an unlimited number of class A common shares; issued - 1 class A common share)	-	-
Retained earnings	5,956,666	4,777,977
	$243,782,928	$218,934,121

Approved on behalf of the Board:

____________________ Director

____________________ Director

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

THE MANITOBA OPPORTUNITIES FUND LTD.
Statement of Income, Comprehensive Income and Retained Earnings

For the year ended March 31	2010	2009
Investment income	**$ 7,434,882**	$ 6,581,974
Expenses		
Amortization of deferred charges	**3,218,089**	2,547,989
Professional fees	**4,600**	3,000
Program administration	**79,304**	75,848
	3,301,993	2,626,837
Operating income for the year	**4,132,889**	3,955,137
Growing Through Immigration Strategy Support (Note 5)	**2,954,200**	1,952,600
Net income and comprehensive income for the year	**1,178,689**	2,002,537
Retained earnings, beginning of year	**4,777,977**	2,775,440
Retained earnings, end of year	**$ 5,956,666**	$ 4,777,977

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

THE MANITOBA OPPORTUNITIES FUND LTD.
Statement of Cash Flows

For the year ended March 31	2010	2009
Cash Flows from Operating Activities		
Net income and comprehensive income for the year	**$ 1,178,689**	$ 2,002,537
Adjustments for		
Amortization of deferred charges	**3,105,269**	2,547,989
Increase in present value of portfolio investments	**(7,161,142)**	(6,220,430)
	(2,877,184)	(1,669,904)
Changes in non-cash working capital balances		
Accrued interest receivable	**(86,416)**	10,465
Accounts payable and accrued liabilities	**1,003,200**	(57,491)
	(1,960,400)	(1,716,930)
Cash Flows from Investing Activities		
Purchase of portfolio investments	**(59,084,150)**	(54,808,650)
Redemption of portfolio investments	**39,027,360**	1,897,313
	(20,056,790)	(52,911,337)
Cash Flows from Financing Activities		
Repayment of borrowings	**(39,045,170)**	(1,897,313)
Advances from borrowings	**57,478,396**	54,264,634
	18,433,226	52,367,321
Decrease in cash equivalents during the year	**(3,583,964)**	(2,260,946)
Cash equivalents, beginning of year	**17,625,251**	19,886,197
Cash equivalents, end of year	**$ 14,041,287**	$ 17,625,251
Represented by		
Temporary investments	**$ 14,041,287**	$ 17,625,251

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

For the year ended March 31, 2010

Basis of Accounting

The company's financial statements have been prepared by management in accordance with the recommendations of the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants ("CICA").

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.

Contributed Services

During the year, the Province of Manitoba provided office space and other administrative services to the company at no cost. Because of the difficulty of estimating the fair value of such expenses, no contributed services are recognized in the financial statements.

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.

Temporary Investments

Temporary investments are carried at cost, which approximates market value. Funds available for investment are invested through the Province of Manitoba.

Portfolio Investments

Portfolio investments are recorded at cost which represents the discounted value of the term notes. Over time, the value of the portfolio investments increase equal to the effective interest rates on the term notes. The increase in the present value of the portfolio investments during the year is recorded as an increase in the portfolio investments and as investment income.

Financial Instruments

The company's financial instruments consist of accrued interest receivable, temporary and portfolio investments, accounts payable and accrued liabilities, and borrowings. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted. The fair value of borrowings including current portion will be less than the carrying value because the debt is interest-free.

Use of Estimates

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

1. Nature of Operations and Economic Dependence

The Manitoba Opportunities Fund Ltd. (the "company") was incorporated under the laws of Manitoba on April 3, 2003. The company 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 Immigrant Investor Program. 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 company considers itself to be an Other Government Organization as defined by the PSAB of the CICA.

The object of the company is to hold and invest the Provincial allocation of immigrant's investments made through the Federal Department of Citizenship and Immigration Canada's ("CIC") Immigrant Investor Program. The Federal Immigrant Investor Program seeks to attract experienced persons and capital to Canada. Investors must demonstrate business experience, a minimum net worth of CDN $800,000 and make an investment of CDN $400,000. The funds invested are distributed among participating Provinces. After five years, the company returns the Provincial allocation of the $400,000 investment, without interest, to the CIC who then returns the funds to the individual investors who have become permanent residents. However, prior to approval and issuance of a Permanent Resident's Visa an investor may withdraw from the program and CIC will request that the company repay the Provincial allocation of the individual investment at such time.

Manitoba, as a participating Province, through the company invests the Provincial allocation funds for a period of five years and uses the interest income generated on the funds to create jobs and help the Manitoba economy grow.

The company is economically dependent on the Province of Manitoba as the Province of Manitoba is liable for the borrowings payable to the Federal Government.

2. Temporary Investments

The temporary investments consist of 30 - 90 day deposit certificates held by the Province of Manitoba and 5 year bonds issued by the Province of Quebec.

3. Portfolio Investments

The portfolio investments are made up of several 5-year zero coupon term notes which Manitoba Opportunities Fund Ltd. purchases on a monthly basis from the Province of Manitoba. The maturity dates range monthly from April 2010 to March 2015. The effective interest rates range from 1.60% to 4.60% payable at the end of the 5-year term.

The discount on the bonds are amortized over the 5-year term. The present value of the bond less the face value is recorded each year as interest income.

4. Borrowings

	2010	2009
Government of Canada	**$234,864,854**	$212,197,936
Current portion of borrowings	**33,914,963**	38,866,321
	$200,949,891	$173,331,615

The borrowings represents the Provincial allocation of immigrant's investments repayable to the Federal Government five years after the Federal Government has distributed these funds to the Manitoba Opportunities Fund Ltd. A handling fee is deducted prior to the funds being distributed to the Manitoba Opportunities Fund Ltd.

Principal repayments for the next five years are as follows:

2011	$ 33,914,963
2012	22,753,284
2013	58,223,743
2014	58,352,021
2015	61,620,843
	$234,864,854

5. Growing Through Immigration Strategy Support

Funds transferred to support the Growing Through Immigration Strategy are made up of the following, as approved by the Treasury Board:

	2010	2009
Advanced Education and Learning	**$ 573,100**	$ 246,200
Education, Citizenship, and Youth	**125,000**	113,900
Civil Service Commission	**367,000**	132,000
Department of Labour and Immigration	**1,503,400**	1,092,300
Competitiveness, Training and Trade	**190,000**	99,200
Manitoba Agriculture, Food and Rural Initiatives	**169,200**	247,500
Manitoba Culture, Heritage, Tourism and Sport	**26,500**	21,500
	$ 2,954,200	$ 1,952,600

Financial Statements
March 31, 2010

AUDITORS' REPORT

To the Board of Directors of

Manitoba Product Stewardship Corporation

We have audited the balance sheet of **Manitoba Product Stewardship Corporation** as at March 31, 2010 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Winnipeg, Canada,
June 23, 2010

Chartered Accountants

Manitoba Product Stewardship Corporation
Incorporated under the laws of Manitoba

BALANCE SHEET

[basis of presentation - note 2[a]]
As at March 31

	2010	2009
	$	$
		[restated note 2[h]]
ASSETS		
Current		
Cash [unrestricted] [note 2[c]]	**1,136,814**	1,735,184
Cash [restricted] [note 2[d]]	**114,803**	—
Interest receivable	**390**	1,920
Levies receivable	**780,876**	789,951
Prepaid expenses and deposits	**1,776**	12,409
Total current assets	**2,034,659**	2,539,464
Cash [restricted] [note 2[d]]	**—**	300,000
Capital assets, net [note 3]	**—**	12,478
	2,034,659	2,851,942
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	**162,731**	316,080
Recycling support payments payable	**1,602,132**	1,494,265
Total current liabilities	**1,764,863**	1,810,345
Net assets		
Internally restricted	**—**	300,000
Unrestricted	**269,796**	741,597
Total net assets	**269,796**	1,041,597
	2,034,659	2,851,942

See accompanying notes

On behalf of the Board:

Director Director

Manitoba Product Stewardship Corporation

STATEMENT OF OPERATIONS

Year ended March 31

	2010 $	2009 $
REVENUE		
Beverage levy	**8,690,905**	8,901,567
Levy rebates	**(143,220)**	(234,148)
Interest	**5,967**	62,239
	8,553,652	8,729,658
EXPENSES		
Programs		
Municipal		
Recycling support payments to municipalities	**8,467,902**	8,639,781
Municipal support	**—**	21,217
	8,467,902	8,660,998
Steward		
Compliance of WRAP Act	**43,295**	47,522
Corporation promotion/partnerships		
Advertising and promotion	**1,131**	2,463
Partnerships/sponsorships	**—**	5,000
	1,131	7,463
	8,512,328	8,715,983
Administrative expenses [schedule]	**813,125**	512,861
	9,325,453	9,228,844
Net loss for the year	**(771,801)**	(499,186)

See accompanying notes

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

	2010		
	Internally restricted $	Unrestricted $	Total $
	[note 2[a]]	[restated note 2[h]]	
Balance, beginning of year	300,000	741,597	1,041,597
Net loss for the year	—	(771,801)	(771,801)
Accrued liability for severence not yet paid	(114,803)	114,803	—
Payments from internally restricted funds for severance and closing costs	(185,197)	185,197	—
Balance, end of year	**—**	**269,796**	**269,796**

	2009		
	Internally restricted $	Unrestricted $	Total $
	[note 2[a]]	[restated note 2[h]]	
Balance, beginning of year	300,000	1,240,783	1,540,783
Net loss for the year	—	(499,186)	(499,186)
Balance, end of year	300,000	741,597	1,041,597

See accompanying notes

STATEMENT OF CASH FLOWS

Year ended March 31

	2010	2009
	$	$
OPERATING ACTIVITIES		
Net loss for the year	**(771,801)**	(499,186)
Add items not involving cash		
Amortization of capital assets	**3,401**	5,216
Loss on write-down of capital assets	**9,077**	—
	(759,323)	(493,970)
Changes in non-cash working capital balances related to operations		
Interest receivable	**1,530**	9,040
Levies receivable	**9,075**	59,946
Prepaid expenses and deposits	**10,633**	59
Accounts payable and accrued liabilities	**(153,349)**	197,552
Recycling support payments payable	**107,867**	(60,201)
Cash used in operating activities	**(783,567)**	(287,574)
Net decrease in cash during the year	**(783,567)**	(287,574)
Cash, beginning of year	**2,035,184**	2,322,758
Cash, end of year	**1,251,617**	2,035,184
Cash consists of		
Cash [unrestricted]	**1,136,814**	1,735,184
Cash [restricted]	**114,803**	300,000
	1,251,617	2,035,184

See accompanying notes

SCHEDULE OF ADMINISTRATIVE EXPENSES

Year ended March 31

	2010	2009
	$	$
Amortization of capital assets	**3,401**	5,216
Board members' expenses	**2,035**	1,597
Communications	**11,169**	9,653
Contract financial management	**60,972**	57,388
Equipment, leasing, repairs and maintenance	**4,760**	4,337
Insurance	**18,706**	17,059
Office	**31,099**	19,065
Professional fees	**21,889**	26,639
Promotion	**1,235**	1,194
Rent	**66,226**	50,562
Salaries, wages and benefits	**311,327**	316,123
Severance	**279,080**	—
Subscriptions	**588**	3,152
Travel and automotive	**638**	876
	813,125	512,861

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

Year ended March 31

1. NATURE OF ORGANIZATION

Manitoba Product Stewardship Corporation ["MPSC"] was established under the Waste Reduction and Prevention Act ["WRAP"] – Multi-Material Stewardship (Interim Measures) Regulations [the "Regulations"] with the following objectives:

[a] To establish and administer a waste reduction and prevention program for designated materials for Manitoba;
[b] To provide for the effective, efficient and economical management of waste designated materials; and
[c] To administer the Multi-Material WRAP Fund.

The Multi-Material WRAP Fund is an industry-operated fund which provides for, among other initiatives, recycling support payments to municipal and local governments for eligible materials recovered from residential waste and delivered to an approved recycling facility. As noted below, the Multi-Material WRAP Fund was funded by the collection of levies on beverage containers supplied by a steward of beverage containers to be consumed in Manitoba up to March 31, 2010.

MPSC is exempt from income taxes under Section 149 of the Income Tax Act (Canada).

2. SIGNIFICANT ACCOUNTING POLICIES

[a] Going concern considerations

The Government of the Province of Manitoba enacted Regulation 195/2008 under the Waste Reduction and Prevention Act along with Guideline for Packaging and Printed Paper Stewardship and Guideline for Plastic Bags. The intent of the regulation is to transition the government's approach to multi-material handling to an Industry Funding Organization, Multi-Material Stewardship Manitoba ["MMSM"]. The collection of levies on beverage containers by MPSC was repealed by Government regulation during the year and is effective April 1, 2010. The impact of the wind-down of the operations of MPSC was estimated and the board and management, in prior years, internally restricted net assets and designated cash to cover this amount which is recorded as restricted cash. As the regulation repealing the collection of levies by MPSC has been passed, severance costs related to the wind-down have been recorded in the financial statements and no further internally restricted amounts are required at March 31, 2010. Operating costs during the wind-down period subsequent to year end will be recorded as incurred.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going concern basis, which presumes MPSC will realize its assets and discharge its liabilities in the normal course of operations until it is wound down subsequent to year end. As at March 31, 2010, MPSC has incurred a net loss of $771,801 and accumulated net assets from operations of $269,796. There is considerable uncertainty regarding MPSC's ability to operate as a going concern given that the regulation transferring MPSC's programming responsibilities to another organization was passed during the year and is effective April 1, 2010 and therefore no levies will be collected by MPSC from that date forward. The current year financial statements include adjustments in the carrying values of the assets to their net realizable value that are necessary considering MPSC will cease its operations after all wind-down activities are completed. The remaining assets and liabilities are short-term in nature and have been classified as current. The intention of government is to wind-down the organization in the months following March 31, 2010. Any net assets remaining at the time of wind-down will be transferred to the Province of Manitoba.

[b] Levy revenue and recycling support payments to municipalities

Levy revenue is charged on all non-deposit [excluding dairy] beverage containers supplied for consumption in Manitoba, subject to certain exemptions, by a Product Steward. Pursuant to the Regulations, a Product Steward is defined as the first person or business in Manitoba who, in the course of business, supplies beverages in containers to another person or business. Beverage levy revenue is recognized based on revenue as reported by the Product Stewards to MPSC, and when the amount is received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Product Stewards are eligible for credits if the beverage containers on which levies have been previously paid were supplied to consumers outside of Manitoba or if the levies are inadvertently paid by two Product Stewards on the same beverage containers. Levies are collected and credits are paid based on self-assessments as reported by the Product Stewards.

Recycling support payments to municipalities are paid to registered Manitoba municipalities based on the tonnage of eligible materials delivered to an approved recycling facility as reported by the municipalities to MPSC.

[c] Cash

Cash is recorded at fair value and consists of cash on hand.

[d] Cash [restricted]

Cash [restricted] is recorded at fair value and consists of funds held for costs expected to be incurred related to the wind-down of MPSC.

[e] Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided for by the following annual rates and methods:

Furniture and fixtures	20% declining balance
Computer hardware	30% declining balance
Computer software	100% straight-line

[f] Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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. Actual results could differ from these estimates.

[g] Financial instruments

The Canadian Institute of Chartered Accountants ["CICA"] Handbook Section 3861, "Financial Instruments – Disclosures and Presentation", requires that all financial instruments be classified into one of the following five categories: held-for-trading, held-to-maturity investments, available-for-sale financial assets, loans and receivables, and other financial liabilities.

MPSC's financial assets and liabilities are measured as follows:

- Cash and restricted cash are classified as held-for-trading and measured at fair value. The gains or losses arising on the revaluation at the end of the year are included in net loss;
- Interest receivable and levies receivable are classified as loans and receivables and recorded at cost, which upon their initial measurement is equal to their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method; and
- Accounts payable and accrued liabilities, and recycling support payments payable are classified as other financial liabilities and are initially measured at their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

Due to their short-term nature, the fair value of MPSC's financial instruments approximates their carrying value unless otherwise stated. It is management's opinion that MPSC is not exposed to significant interest, currency or credit risks arising from its financial instruments.

[h] Changes in accounting policies

Effective April 1, 2009, MPSC has retroactively adopted those revisions to the 4400 series and certain other sections to amend or improve those parts of the CICA Handbook related to not-for-profit organizations that impact its financial statements. The revisions that have been adopted together with their impact are set out below:

As a result of adopting the changes to the recommendations in CICA 4400, "Financial Statement Presentation for Not-for-Profit Organizations", that eliminate the requirement to separately disclose the amount of net assets invested in capital assets, MPSC has eliminated from the financial statements details about the amount of net assets invested in capital assets and the calculation of this amount. As a result, MPSC has reclassified the prior year's financial statements to include the amount of net assets invested in capital assets as at April 1, 2008 of $17,694 in unrestricted net assets and as at April 1, 2009 of $12,478 in unrestricted net assets.

3. CAPITAL ASSETS

Capital assets consist of the following:

		2010	
	Cost	Accumulated amortization	Net book value
	$	$	$
Furniture and fixtures	26,405	26,405	—
Computer hardware	94,734	94,734	—
Computer software	150,447	150,447	—
	271,586	**271,586**	**—**

		2009	
	Cost	Accumulated amortization	Net book value
	$	$	$
Furniture and fixtures	26,405	22,985	3,420
Computer hardware	94,734	85,676	9,058
Computer software	150,447	150,447	—
	271,586	**259,108**	**12,478**

4. LEASE COMMITMENTS

MPSC rents office space and equipment under various leases with commitments totalling $13,390 in the following year with no commitments beyond June 30, 2010.

5. CAPITAL MANAGEMENT

In managing capital, MPSC focuses on liquid resources available for operations. MPSC's objective is to have sufficient liquid resources to continue despite adverse financial events and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. To offset the impact of the wind-down of the operations of MPSC, internally restricted net assets and cash have been designated to meet the obligations of the wind-down of operations. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at March 31, 2010, MPSC has met its objectives of having sufficient liquid resources to meet its current obligations with any net assets remaining after the wind-down activities are completed to be transferred to the Province of Manitoba.

BDO

Tel/Tél.: 204 956 7200
Fax/Téléc.: 204 926 7201
Toll-free/
Sans frais: 800 268 3337
www.bdo.ca

BDO Canada LLP/s.r.l.
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Auditors' Report

To the Legislative Assembly of Manitoba, and
To the Board of Directors of Manitoba Trade and Investment Corporation

We have audited the balance sheet of **Manitoba Trade and Investment Corporation** as at March 31, 2010 and the statements of income, comprehensive income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
May 20, 2010

MANITOBA TRADE AND INVESTMENT CORPORATION
Balance Sheet

March 31		**2010**		2009
Assets				
Current Assets				
Cash	$	**360,634**	$	333,051
Investment (Note 4)		**500,000**		500,000
Accounts receivable - Trade		**1,885**		17,035
	$	**862,519**	$	850,086
Liabilities and Retained Earnings				
Current Liabilities				
Accounts payable and accrued liabilities	$	**7,500**	$	12,554
Deferred revenue (Note 5)		**4,371**		2,599
Operating advance payable (Note 6)		**500,000**		500,000
		511,871		515,153
Retained earnings		**350,648**		334,933
	$	**862,519**	$	850,086

Approved on behalf of the Board of Directors:

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

MANITOBA TRADE AND INVESTMENT CORPORATION
Statement of Income, Comprehensive Income and Retained Earnings

For the year ended March 31	2010	2009
Revenue		
Participation fees (Note 7)		
Province of Manitoba and Government Enterprises	$ **3,000**	$ 6,000
Other	**186,393**	137,539
Cost recoveries	**9,509**	-
Interest	**2,750**	12,250
	201,652	155,789
Expenses		
Audit fees	**7,500**	7,500
Contract fees	**-**	8,681
Legal fees	**158**	302
Program	**178,279**	127,378
	185,937	143,861
Net income and comprehensive income for the year	**15,715**	11,928
Retained earnings, beginning of year	**334,933**	323,005
Retained earnings, end of year	$ **350,648**	$ 334,933

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

MANITOBA TRADE AND INVESTMENT CORPORATION
Statement of Cash Flows

For the year ended March 31		2010		2009
Cash Flows from Operating Activities				
Net income and comprehensive income for the year	$	**15,715**	$	11,928
Changes in non-cash working capital				
Accounts receivable - Trade		**15,150**		(14,304)
Accounts payable and accrued liabilities		**(5,054)**		(4,962)
Deferred revenue		**1,772**		2,599
		27,583		(4,739)
Cash Flows from Investing Activities		**-**		-
Cash Flows from Financing Activities		**-**		-
Net increase (decrease) in cash and cash equivalents		**27,583**		(4,739)
Cash and cash equivalents, beginning of year		**333,051**		337,790
Cash and cash equivalents, end of year	$	**360,634**	$	333,051
Supplemental Cash Flow Information				
Interest received	$	**2,750**	$	12,250

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

1. Nature of Operations and Economic Dependence

The Manitoba Trade and Investment Corporation (the Corporation) was formed by an Act of the Legislature in 1974. The objectives of the Corporation, as set out in the Act, are to:

- encourage, promote, develop and increase Manitoba exports and trade;
- promote investment in Manitoba; and
- promote international business opportunities for Manitoba businesses and assist Manitoba businesses in promoting those business opportunities.

The Corporation is economically dependent on the Province of Manitoba as all project deficits incurred by the Corporation are recovered from the Province.

2. Change in Accounting Policies

Credit Risk and Fair Value of Financial Assets and Financial Liabilities

During the year, the Corporation adopted the Emerging Issues Committee (EIC) 173 and amendments to Section 3855, Financial Instruments - Recognition and Measurement and 3862, Financial Instruments - Disclosures:

- Section 3855 – Effective Interest Method
- Section 3855 – Embedded Derivatives on Reclassification of Financial Assets
- Section 3855 – Impairment of Financial Assets
- Section 3862 – Fair Value and Liquidity Risk Disclosure

Due to the nature of the Corporation's financial instruments, the adoption of these standards and amendments had no material impact on the financial position of the Corporation.

3. Significant Accounting Policies

a. Basis of Reporting

The financial statements of the Corporation have been prepared in accordance with Canadian generally accepted accounting principles (GAAP).

b. Revenue Recognition

Participation fees are recognized as revenue in the same period that the shows, seminars and projects sponsored by the Corporation are actually held. Fees received in advance of event days are reflected as deferred revenue.

3. Significant Accounting Policies (continued)

c. Financial Instruments

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The financial assets and liabilities of the Corporation are classified and measured as follows:

Financial Asset/Liability	Category	Subsequent Measurement
Cash	Held for trading	Fair value
Investment	Held for trading	Fair value
Accounts receivable - Trade	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Operating advance payable	Other financial liabilities	Amortized cost

Amortized cost is determined using the effective interest rate method.

Gains and losses on financial instruments subsequently measured at amortized cost are recognized in the statement of income, comprehensive income and retained earnings in the period the gain or loss occurs. Changes in fair value on financial instruments classified as held for trading are recognized in the statement of income, comprehensive income and retained earnings for the current period. Changes in fair value on financial instruments classified as available for sale would be recorded in the statement of other comprehensive income until realized, at which time they are recorded in the statement of income, comprehensive income and retained earnings.

Due to the redeemable nature of cash, carrying value is considered to be fair value.

The fair values of investment, accounts receivable – trade, accounts payable and accrued liabilities, and operating advance payable approximate their carrying values due to their short-term maturity.

d. Use of Estimates

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

3. Significant Accounting Policies (continued)

e. Contributed Services

During the year, the Province of Manitoba provided office space and other administrative services to the Corporation at nil cost. Because of the difficulty of estimating the fair value of such expenses, no contributed services are recognized in the financial statements.

f. New Accounting Pronouncements

Effective April 1, 2011 the Agency will be adopting Public Sector Accounting Standards issued by the Public Sector Accounting Board. The Agency is currently in the process of quantifying the impact these changes will have on its financial position.

4. Investment

Funds available for investment are invested with the Province of Manitoba. A term deposit for the principal amount of $500,000 will mature on March 31, 2011 with an interest rate of 0.90%.

5. Deferred Revenue

Deferred revenue represents fees received in advance of event days for specific trade projects. Changes in the deferred balance are as follows:

	2010	2009
Balance, beginning of year	**$ 2,599**	$ -
Less amounts recognized as revenue in the year	**113**	-
Add amounts received and deferred during the year	**1,885**	2,599
Balance, end of year	**$ 4,371**	$ 2,599

6. Operating Advance Payable

The Corporation has $500,000 in non-interest bearing working capital advance from the Province of Manitoba. The advances are payable on demand.

7. Related Party Transactions

The Corporation is related in terms of common ownership to all departments, Crown organizations and government enterprises created by the Province of Manitoba. The Corporation enters into transactions with these entities in the normal course of business. The Corporation records these transactions at the exchange amount which is the amount agreed upon by both parties.

During the year, the Corporation's transactions with related entities were as follows:

Participation fees	$	3,000
Interest revenue	$	2,750

8. Fair Value of Financial Instruments and Financial Risk Management

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

	2010		2009	
Financial Asset/Liability	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value
Cash	**$ 360,634**	**$ 360,634**	$ 333,051	$ 333,051
Investment	**500,000**	**500,000**	500,000	500,000
Accounts receivable - Trade	**1,885**	**1,885**	17,035	17,035
Accounts payable and accrued liabilities	**7,500**	**7,500**	12,554	12,554
Operating advance payable	**500,000**	**500,000**	500,000	500,000

The fair value of the Corporation's financial instruments has been determined based on quoted prices from active markets.

Financial Risk Management - Overview

The Corporation has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
  - → Interest risk
  - → Foreign currency risk

The Corporation manages its exposure to risks associated with financial instruments that have the potential to affect its operating performance in accordance with its risk management framework.

8. Fair Value of 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 that potentially subject the Corporation to credit risk consist principally of cash, short-term investment and accounts receivable - trade.

The maximum exposure of the Corporation to credit risk at March 31, 2010 is:

Cash	$ 360,634
Investment	500,000
Account receivable - Foreign Affairs	1,885
	$ 862,519

Cash and short-term investment - The Corporation is not exposed to significant risk as the cash and short-term investment are held by the Minister of Finance.

Accounts receivable – Trade - The Corporation is not exposed to significant credit risk as trade receivables are typically collected within 30 days. The Corporation does not establish an allowance for doubtful accounts as the potential for any receivable impairment is negligible.

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 through cash management. Accounts payable and accrued liabilities are typically paid when due. In the case of the operating advance payable a matching short-term investment exists should a demand for repayment occur.

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 value of its financial instruments. The significant market risks the Corporation is exposed to are interest rate risk and foreign currency risk.

8. Fair Value of Financial Instruments and Financial Risk Management (continued)

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 short-term investment and operating advance payable.

The interest rate risk on the short-term investment is low because of its short-term nature.

The interest rate risk on operating advance payable is nil because it is non-interest bearing.

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.

9. Capital Management

The Corporation's objective when managing capital is to maintain sufficient capital to cover its costs of operations. Capital consists of retained earnings in the amount of $350,648 ($334,933 in 2009). The Corporation is not subject to externally imposed capital requirements. There have been no changes in the Corporation's approach to capital management during the year.

10. Public Sector Compensation Disclosure

The Public Sector Compensation Disclosure Act requires disclosure of the aggregate compensation paid to the Corporation's Board members and of individual compensation paid to Board members or staff, where such compensation is $50,000 or more per year.

During the current and prior year, there was no compensation paid to Board members. The Corporation no longer has employees as of January 19, 2008.

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.

R. Menon, M. Eng, FEC, P.Eng.	C. Brigden
General Manager	Chief Financial Officer

June 10, 2010

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITORS' REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors of The Manitoba Water Services Board

We have audited the balance sheet of The Manitoba Water Services Board as at March 31, 2010, the statements of operating revenues and expenses and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Winnipeg, Manitoba
June 10, 2010

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 **Exhibit A**

Balance Sheet

as at March 31, 2010, with comparative figures for 2009

ASSETS	2010	2009
Current assets		
Cash	$ 2,483,044	$ 2,400,868
Accounts receivable	2,248,801	5,957,273
Prepaid supplies	67,159	58,858
Accrued interest	976	4,719
Current portion, construction in progress (Note 5)	4,066,008	55,781
	8,865,988	8,477,499
Long-term construction in progress (Note 5)	2,964,493	1,131,383
Property plant and equipment (Note 6)	10,494	13,304
	$ 11,840,975	$ 9,622,186

LIABILITIES	2010	2009
Current liabilities		
Accounts payable and accrued charges	$ 5,376,274	$ 5,624,093
Advances from the Province of Manitoba payable on demand (Note 15)	6,450,800	4,300,000
	11,827,074	9,924,093
Funds retained (deficit) (Notes 7 and 14)	(86,099)	(401,907)
Interest adjustment fund account (Note 8)	100,000	100,000
	13,901	(301,907)
	$ 11,840,975	$ 9,622,186

Commitments - Note 10
Contingencies - Note 11

APPROVED BY THE BOARD

The Manitoba Water Services Board | Exhibit B

Statement of Operating Revenues and Expenses

for the year ended March 31, 2010, with comparative figures for 2009

	2010	2009
Revenues		
Sale of water	$ 2,424,093	$ 2,627,971
Administrative expenses paid by the Province of Manitoba (Note 9)	2,113,872	2,020,440
Interest	33,525	31,887
Total revenues	4,571,490	4,680,298
Expenses		
Direct expenses for water supply plants		
Interest - Advances payable on demand	64,093	164,450
Less: Interest allocated to new construction	(125,721)	(229,323)
	(61,628)	(64,873)
Chemicals	126,034	36,945
Heat, telephone, light and power	589,335	511,761
Professional services	961,622	1,336,945
Salaries and benefits	275,955	202,462
Repairs and maintenance	197,314	129,956
Administrative expenses (Note 9)	2,113,872	2,020,440
Total expenses	4,202,504	4,173,636
Excess of operating revenues over expenses	368,986	506,662
Funds retained (deficit), beginning of year	(401,907)	(1,228,169)
Disposition of funds (Note 7)	(53,178)	319,600
Funds retained (deficit), end of year (Note 7)	$ (86,099)	$ (401,907)

The Manitoba Water Services Board **Exhibit C**

Statement of Cash Flows

for the year ended March 31, 2010, with comparative figures for 2009

	2010	2009
Cash provided by (used for):		
Operating activities		
Excess of operating revenues over expenses	$ 368,986	$ 506,662
Change in accounts receivable	3,708,472	(431,518)
Change in prepaid supplies	(8,301)	15,820
Change in accounts payable and accrued charges	(247,819)	2,544,673
Change in accrued interest	3,743	11,715
Cash provided by operating activities	3,825,081	2,647,352
Financing activities		
Advances received	11,050,800	11,600,000
Advances repaid	(8,900,000)	(13,500,000)
Cash provided by (used for) financing activities	2,150,800	(1,900,000)
Investing activities		
New construction costs	(38,244,542)	(38,807,137)
Funding recovered from:		
Province of Manitoba	11,534,209	11,671,029
Municipalities	20,866,996	27,548,488
Increase in construction in progress	(5,843,337)	412,380
Net plants surplus(deficit) transferred to municipalities	(50,368)	319,600
Cash provided by (used for) investing activities	(5,893,705)	731,980
Increase in cash	82,176	1,479,332
Cash, beginning of the year	2,400,868	921,536
Cash, end of the year	$ 2,483,044	$ 2,400,868

Interest paid during the year ended March 31, 2010 amounted to $64,093 (2009 - $164,450)

1. NATURE OF ORGANIZATION

The Manitoba Water Services Board (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 generally accepted accounting principles (GAAP). Operating results of all water supply plants operated by the Board are reflected on an aggregate basis in the statement of Operating Revenue and Expenses. Separate equity accounts are maintained for each plant operated by the Board (Note 7).

(b) New Accounting Policies Adopted

Effective April 1, 2009 the Board adopted the following new handbook sections issued by the Canadian Institute of Chartered Accounts (CICA):

Section 3862, Financial Instruments - Disclosure

Section 3862 was amended to enhance disclosure requirements about fair value measurements. Specifically, financial instruments recognized at fair value on the balance sheet must be classified in one of the three fair value hierarchy levels:

Level 1 - measurement based on quoted prices (unadjusted) observed in active markets for identical assets and liabilities.

Level 2 - measurement based on inputs other than quoted prices included in level 1 that are observable for the asset or liability.

Level 3 - measurement based on inputs that are not observable (supported by little or no market activity) for the asset or liability.

The adoption of this standard had no effect on the Board's financial statements for the year ended March 31, 2010.

Section 1000, Financial Statement Concepts

Section 1000 was amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle. The revised requirements were effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The adoption of this standard had no effect on the Board's financial statements for the year ended March 31, 2010.

SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Capital assets

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:

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

Capital assets which are constructed by the Board are recorded as Construction in Progress until the Capital asset is put into use and ownership is transferred to the appropriate municipality. Financing costs are included in the Construction in Progress amounts.

(d) Revenue recognition

Revenue from sale of water is recognized in the period when consumed by the town or municipality.

(e) Administrative expenses paid by the Province of Manitoba

Administrative expenses are paid by the Province of Manitoba on behalf of the Board and recorded at the exchange amount agreed to by the related parties in the financial statements.

(f) Pension costs and obligations

The Board's employees are eligible for membership in the provincially-operated Civil Service Superannuation Plan. The pension liability for Board employees is included in the Province of Manitoba's liability for the Civil Service Superannuation Fund. Accordingly, no provision is recorded in the financial statements related to the effects of participation in the pension plan by the Board and its employees.

3. **FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

(a) Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The financial assets and liabilities of the Board are classified and measured as follows:

Financial Asset/Liability	Category	Subsequent Measurement
Cash	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Accrued interest	Loans and receivables	Amortized cost
Accounts payable and accrued charges	Other financial liabilities	Amortized cost
Advances from Province of Manitoba	Other financial liabilities	Amortized cost

Amortized cost is determined using the effective interest method.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Gains and losses on financial instruments subsequently measured at amortized cost are recognized in the statement of operating revenues and expenses in the period the gain or loss occurs. Changes in fair value on financial instruments classified as held for trading are recognized in the statement of operating revenues and expenses for the current period. Changes in fair value on financial instruments classified as available for sale are recorded in a statement of other comprehensive income until realized, at which time they are recorded in the statement of operating revenues and expenses.

(b) **Fair value of financial instruments**

Due to the redeemable nature of cash its carrying value is considered to be fair value.

The fair values of accounts receivable, accrued interest, accounts payable and accrued charges, and advances from the Province of Manitoba payable on demand approximates their carrying values due to their short-term maturity.

The Board does not establish an allowance for doubtful accounts as the potential for any receivables impairment is negligible.

The aging of accounts receivable are as follows:

	2010	2009
Current	$1,803,007	$4,659,695
30-60 days past billing date	$ 16,028	$1,297,578
60-90 days past billing date	$ 429,766	$ -
Balance	$2,248,801	$5,957,273

(c) **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 cash, accounts receivable and accrued interest.

The maximum exposure of the Board's credit risk is as follows:

	2010	2009
Cash	$2,483,044	$2,400,868
Accounts receivable	$2,248,801	$5,957,273
Accrued Interest	$ 976	$ 4,719
	$4,732,821	$8,362,860

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Cash: The Board is not exposed to significant credit risk as the cash is primarily held with a large reputable financial institution.

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

Accrued Interest: The Board is not exposed to significant credit risk as the accrued interest relates to one receivable with a town 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 cash, 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.

Foreign currency risk

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

4. CAPITAL MANAGEMENT

The Board's objective when managing capital is to maintain sufficient capital to cover its costs of operation. The Board's capital consists of funds retained (deficit) provided from operations ($86,099) [2009 ($401,907)] and interest adjustment fund account $100,000 [2009 - $100,000] allocated from funds retained.

The Board's capital management policy is to: maintain sufficient capital to meet its objectives through its funds retained (deficit); meet short-term capital needs with working capital advances from the Province of Manitoba through *The Loan Act;* and meet long-term capital needs through long-term debt with the Province of Manitoba. Presently there is no long term debt.

The Board is subject to externally imposed capital requirements relating to the administration of the Board in accordance with The Manitoba Water Services Board Act and accompanying regulations.

There have been no changes in the Board's approach to capital management during this period.

Notes to Financial Statements

for the year ended March 31, 2010

5. CONSTRUCTION IN PROGRESS

		2010		2009
Balance, beginning of year	$	1,187,164	$	1,599,544
New construction costs		38,244,542		38,807,137
		39,431,706		40,406,681
Funding recovered from:				
Municipalities		20,866,996		27,548,488
Province of Manitoba		11,534,209		11,671,029
		32,401,205		39,219,517
Balance, end of year		7,030,501		1,187,164
Less: current portion		4,066,008		55,781
Long-term construction in progress	$	2,964,493	$	1,131,383

6. PROPERTY PLANT AND EQUIPMENT

		2010		2009
Land and easements	$	10,494	$	13,304
Buildings		526,032		645,771
Less: accumulated amortization		526,032		645,771
		-		-
Equipment		132,628		189,970
Less: accumulated amortization		132,628		189,970
Total property plant and equipment	$	10,494	$	13,304

7. FUNDS RETAINED (DEFICIT)

Funds retained (deficit) consist of accumulated excess revenues over expenses pertaining to the water supply plants owned and 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.	2010 Amount	No.	2009 Amount
Plants owned by the Board				
Plants with a deficit	5	$ (806,142)	6	$ (952,292)
Plants with a surplus	2	720,043	2	518,626
Total funds retained (deficit), water supply plants	7	$ (86,099)	8	$ (433,666)
Other Funds Retained		$ -		$ 31,759
Total funds retained (deficit)		$ (86,099)		$ (401,907)

Net plant surplus (deficit) transferred during 2009/2010 include capital works approved by the Board for the Baldur, Strathclair, Oak River and Winnipegosis Water Treatment Plants. Also included is a contingency fund for Cartier Regional Water System and the disposition of funds related to the transfer of the Winnipegosis Water Treatment Plant.

8. INTEREST 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 cost 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.

9. ADMINISTRATIVE EXPENSES PAID BY THE PROVINCE OF MANITOBA

Administrative expenses paid by the Province of Manitoba and included in expenses are as follows:

	2010	2009
Professional services	$ 8,634	$ 8,868
Salaries and benefits	1,840,767	1,747,272
Telephone and utilities	16,794	17,471
Travel	2,246	4,100
Rental for office premises	153,003	153,780
Other administrative	92,428	88,949
	$ 2,113,872	$ 2,020,440

10. COMMITMENTS

	2010	2009
The Board has commitments as follows:		
Signed agreements and offers for construction of sewer and water systems for municipalities and cooperatives.	$ 59,459,000	$ 45,291,000
These commitments are expected to be funded as follows:		
Subsidization of construction costs - Province of Manitoba	$ 18,679,200	$ 20,265,900
Recovery of construction costs - Municipalities and Cooperatives	40,779,800	25,025,100
	$ 59,459,000	$ 45,291,000

11. **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.

12. **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 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.

13. **USE OF ESTIMATES**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

14. **ECONOMIC DEPENDENCY**

The Board is economically dependent on the Province of Manitoba.

15. **UNFIXED ADVANCES FROM THE PROVINCE OF MANITOBA**

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%. During 2009/2010 the rate of interest charged was between 1.75% - 1.95% 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, 2010, the Province had unused authority of $43,200,000 under *The Loan Act, 2009* to provide future financing to the Board for construction of municipal sewer and water facilities on behalf of municipalities and cooperatives.

To the Board of Directors of Metis Child and Family Services Authority Inc.:

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 generally accepted accounting principles and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles 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 are composed entirely of Directors who are neither management nor employees of the Company. The Board 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 Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Company's external auditors.

Meyers Norris Penny LLP, an independent firm of Chartered Accountants, is appointed by the directors 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 Board and management to discuss their audit findings.

June 24, 2010

Bernice Cyr
Chief Executive Officer

Auditors' Report

To the Board of Directors of Metis Child and Family Services Authority Inc.:

We have audited the statement of financial position of Metis Child and Family Services Authority Inc. as at March 31, 2010 and the statements of operations - combined programs and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2010 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

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

Meyers Norris Penny LLP

Winnipeg, Manitoba

June 24, 2010

Chartered Accountants

Metis Child and Family Services Authority Inc.
Statement of Financial Position
As at March 31, 2010

	2010	2009
ASSETS		
Current		
Cash	**860,756**	1,182,131
Accounts receivable (Note 6)	**877,642**	3,924,280
Prepaid expenses	**65,070**	14,759
	1,803,468	5,121,170
Capital assets (Note 2, 7)	**101,017**	91,323
Due from Metis Child, Family and Community Services Agency Inc. (Note 8)	**2,967,500**	2,967,500
	4,871,985	8,179,993
LIABILITIES		
Current		
Accounts payable and accruals	**301,706**	200,580
Due to Metis Child, Family and Community Services Agency Inc.	**686,307**	4,148,128
Deferred contributions (Note 9)	**548,929**	462,420
	1,536,942	4,811,128
Due to Province of Manitoba (Note 8)	**2,967,500**	2,967,500
Deferred contributions related to capital assets (Note 10)	**101,017**	91,323
	4,605,459	7,869,951
NET ASSETS		
Unrestricted	**266,526**	310,042
	4,871,985	8,179,993

Approved on Behalf of the Board

Director

Director

Metis Child and Family Services Authority Inc.
Statement of Operations - Combined Programs and Changes in Net Assets
For the Year Ended March 31, 2010

	2010 Actuals	2009 Actuals	Actuals Variance
REVENUE			
Grant - Province of Manitoba (Note 11)	**15,293,436**	28,299,880	(13,006,444)
Education and Training	**168,928**	89,682	79,246
Information Matters project	-	16,635	(16,635)
Interest	**1,680**	1,509	171
Other	**5,700**	-	5,700
Amortization of deferred contributions related to capital assets	**33,271**	22,093	11,178
Total Revenue	**15,503,015**	28,429,799	(12,926,784)
EXPENSES			
Agency Age of Majority	-	23,335	(23,335)
Agency education and training	**168,928**	40,553	128,375
Agency maintenance	**4,679,524**	19,209,906	(14,530,382)
Agency operations	**8,427,076**	7,343,412	1,083,664
Amortization of capital assets	**33,271**	22,093	11,178
Annual general meeting	**9,109**	18,168	(9,059)
Bank charges	**773**	679	94
Bad debt	**2,371**	-	2,371
Board expenses	**57,871**	40,516	17,355
Communications	**10,078**	11,429	(1,351)
Information Matters project	-	16,567	(16,567)
Information technology	**45,154**	10,554	34,600
Insurance	**9,353**	8,936	417
Office	**292,566**	272,730	19,836
Other	**6,538**	1,013	5,525
Professional development	**20,006**	34,582	(14,576)
Professional fees	**612,608**	94,328	518,280
Salaries and benefits	**1,159,548**	1,028,481	131,067
Staff expenses	**11,757**	22,170	(10,413)
Total Expenses	**15,546,531**	28,199,452	(12,652,921)
Excess (deficiency) of revenue over expenses	**(43,516)**	230,347	(273,863)
Net assets, beginning of year	**310,042**	79,695	230,347
Net assets, end of year	**266,526**	310,042	(43,516)

Metis Child and Family Services Authority Inc.
Statement of Cash Flows
For the Year Ended March 31, 2010

	2010	2009
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
(Deficiency) excess of revenue over expenses	(43,516)	230,347
Add (deduct) items not requiring cash outlay		
Amortization of capital assets	33,271	22,093
Amortization of deferred contributions related to capital assets	(33,271)	(22,093)
	(43,516)	230,347
CHANGES IN NON-CASH WORKING CAPITAL BALANCES		
Accounts receivable	3,046,638	65,841
Prepaid expenses	(50,311)	4,006
Due to Metis Child, Family and Community Services Agency Inc.	(3,461,821)	243,948
Accounts payable and accruals	101,126	54,175
Amount due to Manitoba Metis Federation Inc.	-	(7,026)
Deferred contributions	86,509	341,756
	(277,859)	702,700
INVESTING ACTIVITIES		
Purchase of capital assets	(42,965)	(46,193)
Received deferred contributions related to capital assets	42,965	46,193
	-	-
FINANCING ACTIVITIES		
Receipt of loan from Province of Manitoba	-	861,500
Advance to Metis Child, Family and Community Services Agency Inc.	-	(861,500)
	-	-
NET INCREASE (DECREASE) IN CASH	(321,375)	933,047
Cash, beginning of year	1,182,131	249,084
Cash, end of year	860,756	1,182,131

1. Purpose of the Organization

The Metis Child and Family Services Authority Inc. (the "Authority") was established under section (4)c of the Child and Family Services Authority Act which was proclaimed into law on November 24, 2003.

The Authority is a Corporation without share capital. The Board of Directors of the Authority is appointed by the Board of Directors of the Manitoba Metis Federation Inc. (the "Federation"). The Authority is responsible for administration and provision of child and family services to Metis and Inuit people. The Authority is non-taxable pursuant to paragraph 149(1)1 of the Income Tax Act.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and include the following significant accounting policies:

Basis of Preparation

The Federation appoints the Board of Directors of the Authority. The Authority mandates the Metis Child, Family and Community Services Agency Inc. (the "Agency"). Separate audited financial statements are prepared for the Authority and the Agency.

The Agency has not been consolidated into the Authority's financial statements as the Agency appoints its own board of directors.

Recognition of Revenues

The Authority follows the deferral method of accounting for contributions, which include government grants and donations.

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

Externally restricted contributions and grants are recognized as revenue in the year in which the related expenses are recognized.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 excess (deficiency) of revenue over expenses in the periods in which they become known.

Capital Assets

Capital assets which are funded by the Province of Manitoba are recorded at cost in the statement of financial position and the related grant funding is recorded as deferred contributions related to capital assets.

The capital assets and the deferred contributions related to capital assets are amortized on the same basis in accordance with the estimated useful lives of the assets.

Capital assets which are not funded by the Province of Manitoba are capitalized at cost and are amortized over the estimated useful lives of the assets.

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

Capital assets are amortized on a straight-line basis as follows:

Office furniture and equipment	5 years
Computer equipment	5 years

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 is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in earnings loss for the year.

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.

Fair value of financial instruments

The fair value of accounts receivable from the Agency, accounts receivable from the Authority, accounts payable to the Authority, accounts payable and accrued liabilities approximate their carrying values due to their relatively short term maturity.

Classification of financial instruments

The Authority has classified cash as held for trading. These instruments are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Held for trading financial instruments are subsequently measured at their fair value. Net gains and losses arising from changes in fair value include interest and are recognized immediately in income

The Authority has classified accounts receivable and amount due from the Metis Child, Family and Community Services Agency Inc. as loans and receivables. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Loans and receivables are subsequently measured at their amortized cost. Amortized cost is the amount at which the financial asset is measured at initial recognition less any reduction for impairment or uncollectibility. Net gains and losses arising from changes in fair value are recognized in net income upon impairment.

The Authority has classified accounts payable and accrued liabilities, due to Metis Child, Family and Community Services Agency Inc, and due to Province of Manitoba as other financial liabilities. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Other financial liabilities are subsequently measured at amortized cost. Amortized cost is the amount at which the financial liability is measured at initial recognition less repayments. Net gains and losses arising from changes in fair value are recognized in net income upon derecognition.

3. **Economic Dependence**

The Authority received the majority of its revenues from the Province of Manitoba and is economically dependent on continued Province of Manitoba revenues to fund future operations and programs.

4. **Related Party Transactions**

The Authority rents office space from the Federation Inc. as disclosed in Note 5. The Federation is related by virtue of its appointment of the Board of Directors of the Authority.

5. **Commitments**

The Authority has leased office space from the Manitoba Metis Federation Inc. The term of this lease is for five years ending March 20, 2012, with one five year renewal term.

The following is a schedule of minimum lease payments:

2011	159,483
2012	159,483

6. **Accounts receivable**

	2010	*2009*
Province of Manitoba	**851,001**	3,916,529
Goods and Services Tax	**6,071**	5,012
Other receivables	**24,605**	4,415
	881,677	3,925,956
Less: Allowance for doubtful accounts	**(4,035)**	(1,676)
	877,642	3,924,280

7. **Capital assets**

	Cost	Accumulated amortization	2010 Net book value
Computer equipment	**127,753**	**63,487**	**64,266**
Office furniture and equipment	**53,874**	**17,123**	**36,751**
	181,627	**80,610**	**101,017**

	Cost	Accumulated amortization	2009 Net book value
Computer equipment	107,972	40,105	67,867
Office furniture and equipment	30,689	7,233	23,456
	138,661	47,338	91,323

8. **Due to Province of Manitoba/Due From Metis Child, Family and Community Services Agency Inc.**

The Province of Manitoba has advanced the Authority a non-interest bearing working capital loan of $2,967,500, which in turn was advanced by the Authority to the Agency as a non-interest bearing working capital loan. The advance is repayable by the Authority to the Province of Manitoba if the Authority's operations cease. The amount due from the Agency has no fixed terms of repayment.

9. Deferred contributions

	2010	2009
Balance, beginning of year	**462,420**	120,664
Core contributions received	**100,000**	100,000
Core revenue recognized	**(100,528)**	(122,960)
Office of the Child and Family Services Standing Committee contributions received	**755,248**	516,678
Office of the Child and Family Services Standing Committee revenue recognized	**(668,211)**	(151,962)
Balance, end of year	**548,929**	462,420

10. Deferred contributions related to capital assets

	2010	2009
Balance, beginning of year	**91,323**	67,223
Contributions received	**42,965**	46,193
Amortization of deferred contributions	**(33,271)**	(22,093)
Balance, end of year	**101,017**	91,323

11. Child maintenance program

As of June 30, 2009, the Authority discontinued the practice of receiving Child Maintenance funding from the Province of Manitoba, and disbursing this funding to the Agency. This funding is now paid directly from the Province to the Agency.

12. Capital management

The Authority's objectives when managing capital are to safeguard the Authority's ability to continue as a going concern, so that it can continue with the improvement of the financial situation of families through the provision of services and information on a range of financial issues.

The Authority sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

Metis Child and Family Services Authority Inc.
Schedule of Program Operations
For the Year Ended March 31, 2010

Program: Core operations

	2010 Actuals	2009 Actuals	Actuals Variance	**2010 Budget**	Budget Variance
REVENUE					
Grant - Province of Manitoba	**1,518,625**	1,507,545	11,080	**1,535,500**	(16,875)
Education and training	**168,928**	89,682	79,246	**100,000**	68,928
Information Matters project		16,635	(16,635)	-	-
Interest	**1,680**	1,509	171	**700**	980
Other	**5,700**	-	5,700	-	5,700
Amortization of deferred contributions related to capital assets	**23,379**	13,928	9,451	-	23,379
Total revenue	**1,718,312**	1,629,299	89,013	**1,636,200**	82,112
EXPENSES					
Agency Age of Majority	-	23,335	(23,335)	-	-
Agency education and training	**168,928**	40,553	128,375	**100,000**	68,928
Amortization of capital assets	**23,379**	13,928	9,451	-	23,379
Annual general meeting	**9,109**	18,168	(9,059)	**17,000**	(7,891)
Bank charges	**773**	679	94	**700**	73
Bad debt expense	**2,371**	-	2,371	-	2,371
Board expenses	**57,871**	40,516	17,355	**51,000**	6,871
Communications	**6,780**	5,148	1,632	**9,700**	(2,920)
Information Matters project	-	16,567	(16,567)	-	-
Information technology	**15,314**	7,853	7,461	**11,300**	4,014
Insurance	**6,509**	7,757	(1,248)	**9,000**	(2,491)
Office	**205,261**	183,217	22,044	**166,000**	39,261
Other	**1,026**	501	525	**1,000**	26
Professional development	**11,330**	33,353	(22,023)	**15,500**	(4,170)
Professional fees	**159,306**	52,375	106,931	**102,000**	57,306
Salaries and benefits	**1,085,318**	933,390	151,928	**1,130,000**	(44,682)
Staff expenses	**8,553**	21,612	(13,059)	**23,000**	(14,447)
Total expenses	**1,761,828**	1,398,952	362,876	**1,636,200**	125,628
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	**(43,516)**	230,347	(273,863)	-	(43,516)

Program: Office of the Child and Family Services Standing Committee

	2010	2009
REVENUE		
Grant - Province of Manitoba	668,211	239,017
Amortization of deferred contributions related to capital assets	9,892	8,165
	678,103	247,182
EXPENSES		
Amortization of capital assets	9,892	8,165
Communications	3,298	6,281
Information technology	29,840	2,701
Insurance	2,844	1,179
Office	87,305	89,513
Other	5,512	512
Professional development	8,676	1,229
Professional fees	453,302	41,953
Salaries and benefits	74,230	95,091
Staff expenses	3,204	558
Total expenses	678,103	247,182
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	-	-

Program: Child maintenance

	2010	2009
REVENUE		
Grant - Province of Manitoba (Note 11)	**4,679,524**	19,209,906
EXPENSES		
Central region	**39,787**	300,700
Eastman region	**216,082**	670,256
Interlake region	**477,725**	1,921,486
Norman region	**78,859**	376,712
Parklands region	**614,051**	2,943,905
Thompson region	**168,444**	411,663
Western region	**121,946**	768,740
Winnipeg region	**2,962,630**	11,816,444
Total expenses	**4,679,524**	19,209,906
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	**-**	-

Program: Operations

	2010	2009
REVENUE		
Grant - Province of Manitoba	**8,427,076**	7,343,412
EXPENSES		
Grant to Metis Child, Family and Community Services Agency Inc. for Agency Operating Expenses	**8,427,076**	7,343,412
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	**-**	-