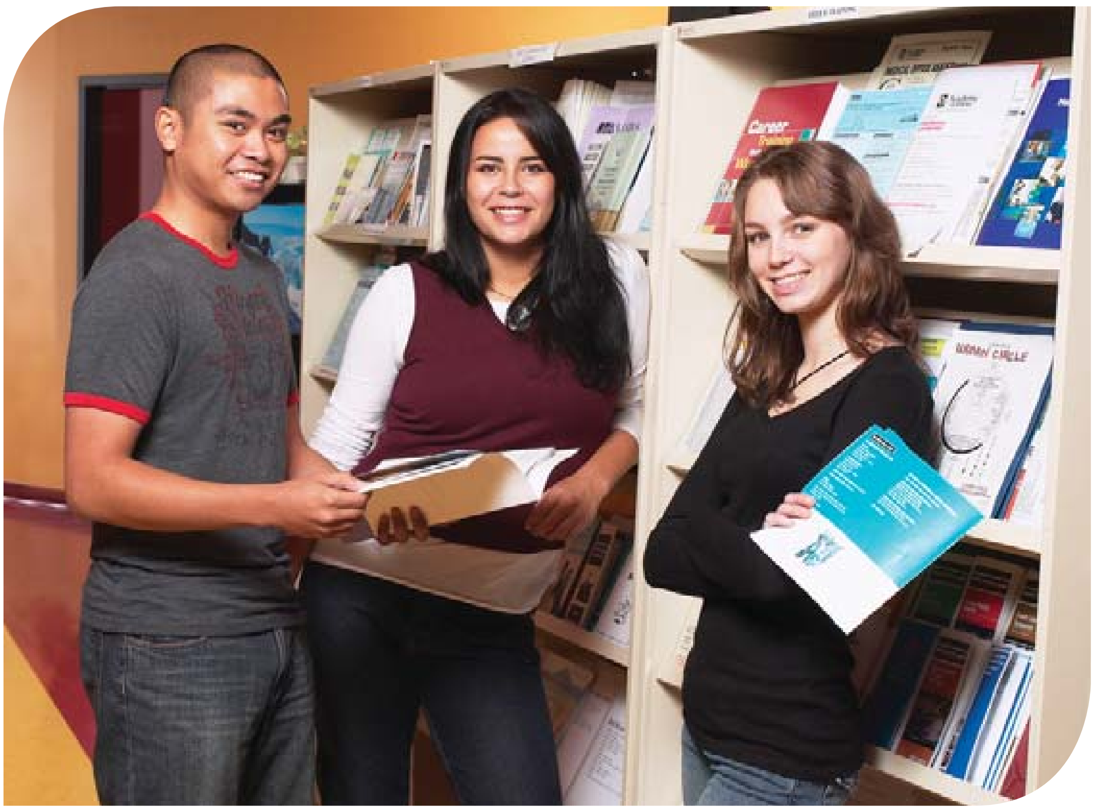
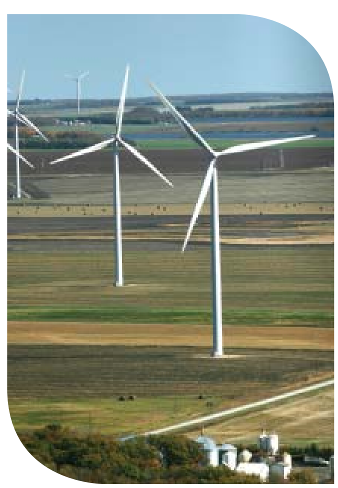
PUBLIC ACCOUNTS 2007/08

VOLUME 4 the financial statements of funds, organizations, agencies and enterprises included in the government reporting entity

For the Year Ended March 31, 2008





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, 2008 consist of four volumes:

Volume 1

- Volume 1 is published as part of the Government's Annual Report and contains:
    - The Financial Statement Discussion and Analysis.
    - The Summary Financial Statements of the government focusing on the entire reporting entity.
    - The special purpose financial statements prepared for the Operating Fund, which focuses on the government's stewardship over the assets and operations of core government. Performance is related to the legislative authorities provided by the annual appropriation of funds by the Legislature through the Estimates process.

Volume 2

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

Volume 3

- Contains the details of the Operating Fund Financial Statements.
- Contains the details of the Operating Fund Borrowings and Guarantees.
- Contains the details of the Operating Fund Revenue and Expense.
- Contains information provided under Statutory Requirement.
- Contains glossary information.

These statements are all unaudited with the exception of the following:
- The Report of Amounts Paid to Members of the Assembly; and
- The Northern Affairs Fund

Volume 4

- Contains the audited financial statements of funds, organizations, agencies and enterprises included in the Government Reporting Entity, 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, 2008
(with comparative figures for the year ended March 31, 2007)

	2008	2007
	$	$
Balance, beginning of year	508,286	355,623
RECEIPTS:		
Royalties	184,088	270,526
Other Recoveries	-	-
Interest	4,502	3,953
	188,590	274,479
DISBURSEMENTS:		
Rehabilitation payments	10,443	121,816
Balance, end of year	686,433	508,286

DEBT RETIREMENT FUND

STATEMENT OF RESPONSIBILITY

The accompanying financial statements are the responsibility of management of the Department of Finance and have been prepared in accordance with Canadian generally accepted accounting principles. These accounting principles have been applied on a basis consistent with that of the preceding year. In management's opinion, the financial statements have been properly prepared with reasonable limits of materiality, incorporating management's best judgment regarding estimates and other data available up to August 27, 2008.

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

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

On behalf of Management

____

Betty-Anne Pratt, CA
Provincial Comptroller
August 27, 2008

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITOR'S REPORT
On The Debt Retirement Fund

To the Legislative Assembly of Manitoba

I have audited the statement of financial position of the Debt Retirement Fund as at March 31, 2008 and the statement of revenue and fund balance for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2008 and the results of its operations and cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

Winnipeg, Manitoba
August 27, 2008

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

DEBT RETIREMENT FUND
STATEMENT OF FINANCIAL POSITION

As at March 31, 2008
(in thousands)

	2008 $	2007 $
ASSETS		
Funds on Deposit with the Minister of Finance (Note 3)	78,115	51,000
	78,115	51,000
FUND BALANCE		
Fund Balance	78,115	51,000

DEBT RETIREMENT FUND
STATEMENT OF REVENUE
AND FUND BALANCE

For the Year Ended March 31, 2008
(in thousands)

	2008 $	2007 $
Revenue		
Interest Income	2,115	1,000
Fund Balance, beginning of year	51,000	25,000
	53,115	26,000
Transfers		
Transfer from the Operating Fund (Note 4)	110,495	110,495
Transfers for Pension Obligation (Note 4)	(85,495)	(85,495)
	25,000	25,000
Fund Balance, end of year	78,115	51,000

DEBT RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

1. Incorporation and Function

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

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

2. Significant Accounting Policies

a) Basis of Accounting

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for senior governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

b) Funds on Deposit with the Minister of Finance

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

3. Funds on Deposit with the Minister of Finance

	(thousands)	
	2008	**2007**
	$	**$**
Cash and cash equivalents	78,115	51,000

4. Transfer for Debt Retirement and Pension Obligation

The Government transferred $110 million (2007 - $110 million) to the Debt Retirement Fund from the Operating Fund for the specific purpose of reducing general purpose debt and pension obligations with the Civil Service Superannuation Fund and the Teachers' Retirement Allowances Fund. The transfer was made in accordance with subsection 8 (4) of *The Balanced Budget, Debt Repayment and Taxpayer Accountability Act*. The Government transferred $85 million (2007 - $85 million) from the Debt Retirement Fund for the specific purpose of providing for the future retirement of pension obligations with the Civil Service Superannuation Fund and the Teachers' Retirement Allowances Fund. This transfer was made in accordance with subsection 8 (6) of *The Balanced Budget, Debt Repayment and Taxpayer Accountability Act*.

5. Statement of Cash Flows

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

THE ETHANOL FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Four Months Ended March 31, 2008

	2008 $
Balance, beginning of period	-
RECEIPTS:	
Transfer of Gasoline Tax Revenue	5,209,987
DISBURSEMENTS:	
Payments	-
Balance, end of period	5,209,987

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, 2008
(with comparative figures for the year ended March 31, 2007)

	2008	2007
	$	$
Balance, beginning of year	494,429	475,819
RECEIPTS:		
Interest Revenue	19,913	18,610
DISBURSEMENTS:		
Claims	-	-
Balance, end of year	514,342	494,429

FISCAL STABILIZATION FUND

STATEMENT OF RESPONSIBILITY

The accompanying financial statements are the responsibility of management of the Department of Finance and have been prepared in accordance with Canadian generally accepted accounting principles. These accounting principles have been applied on a basis consistent with that of the preceding year. In management's opinion, the financial statements have been properly prepared with reasonable limits of materiality, incorporating management's best judgment regarding estimates and other data available up to September 17, 2008.

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

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

On behalf of Management

Betty-Anne Pratt, CA
Provincial Comptroller
September 17, 2008

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITOR'S REPORT
On The Fiscal Stabilization Fund

To the Legislative Assembly of Manitoba

I have audited the statement of financial position of the Fiscal Stabilization Fund as at March 31, 2008 and the statement of revenue and fund balance for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2008 and the results of its operations and cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

Winnipeg, Manitoba
September 17, 2008

Carol Bellringer, FCA, MBA
Auditor General

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www.oag.mb.ca

FISCAL STABILIZATION FUND
STATEMENT OF FINANCIAL POSITION

As at March 31, 2008
(in thousands)

	2008 $	2007 $
ASSETS		
Funds on Deposit with the Minister of Finance (Note 3)	818,076	663,150
FUND BALANCE		
Fund Balance	818,076	663,150

FISCAL STABILIZATION FUND
STATEMENT OF REVENUE
AND FUND BALANCE

For the Year Ended March 31, 2008
(in thousands)

	2008 $	2007 $
Revenue		
Interest Income	26,998	20,648
Fund Balance, beginning of year	663,150	531,987
	690,148	552,635
Transfers		
Transfer from the Operating Fund (Note 4)	127,928	110,515
	127,928	110,515
Fund Balance, end of year (Note 5)	818,076	663,150

FISCAL STABILIZATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

1. Incorporation and Function

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

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

2. Significant Accounting Policies

a) Basis of Accounting

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for senior governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

b) Funds on Deposit with the Minister of Finance

Cash equivalents are recorded at cost which approximates market value.

c) Interest Income

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

3. Funds on Deposit with the Minister of Finance

	(thousands)	
	2008	**2007**
	$	**$**
Cash and cash equivalents	818,076	663,150

FISCAL STABILIZATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

4. Transfer from the Operating Fund

The *Balanced Budget, Debt Repayment and Taxpayer Accountability Act* and *The Fiscal Stabilization Fund Act* require any Operating Fund positive balance to be transferred to the Fund until its target level is reached. The Minister of Finance has the authority, with the approval of the Lieutenant Governor in Council, to transfer additional positive balances to the Fund as he considers appropriate. The target level for the Fiscal Stabilization Fund is a minimum of 5% of the expenses of the Operating Fund or approximately $470 million, based on 2007-2008 expenses. As reported in the Public Accounts of the Province of Manitoba for 2007-2008, the Operating Fund had a positive balance of $128 million (2007 - $110 million), which was transferred to the Fiscal Stabilization Fund.

5. Fiscal Stabilization Fund by Program

	(thousands) $ 2008	$ 2007
Health Program		
Program Fund Balance - Beginning of Year	175,195	202,411
Interest Earnings	7,132	7,856
Transfer to General Programs		
- Wait Time Reduction Programming	(25,322)	(27,419)
- Other Health Related Programming	(9,144)	(7,653)
Program Fund Balance – End of Year	147,861	175,195
General Program		
Program Fund Balance – Beginning of Year	487,955	329,576
Interest Earnings	19,866	12,792
Recovered from Health Programs		
- Wait Time Reduction Programming	25,322	27,419
- Other Health Related Programming	9,144	7,653
Transfer from the Operating Fund		
- Year-end Positive Balance	127,928	110,515
Program Fund Balance – End of Year	670,215	487,955
Total Fund Balance, End of Year	**818,076**	**663,150**

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

6. Statement of Cash Flows

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

LAND TITLES ASSURANCE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2008
(with comparative figures for the year ended March 31, 2007)

	2008 $	2007 $
Balance, beginning of year	170,516	148,190
RECEIPTS:		
Premiums	24,712	23,529
DISBURSEMENTS:		
Claims	46,720	1,203
Balance, end of year	148,508	170,516

MANITOBA LAW REFORM COMMISSION
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2008
(with comparative figures for the year ended March 31, 2007)

	2008	2007
	$	$
Balance, beginning of year	32,675	40,676
RECEIPTS:		
Department of Justice	85,000	85,000
Law Society of Manitoba	10,500	-
Manitoba Law Foundation	-	75,000
	95,500	160,000
DISBURSEMENTS:		
Claims	91,769	168,001
Balance, end of year	36,406	32,675

MANITOBA TRUCKING PRODUCTIVITY IMPROVEMENT FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2008
(with comparative figures for the year ended March 31, 2007)

	2008 $	2007 $
Balance, beginning of year	532,219	181,343
RECEIPTS:		
Contributions	-	-
Interest	23,025	7,215
Miscellaneous	50,000	343,661
	73,025	350,876
DISBURSEMENTS:		
Payments	-	-
Balance, end of year	605,244	532,219

THE MINING COMMUNITY RESERVE
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2008
(with comparative figures for the year ended March 31, 2007)

	2008 $	2007 $
Balance, beginning of year	14,512,452	13,046,575
RECEIPTS:		
Transfer of Mining Tax Revenues	3,017,075	2,924,738
Ruttan Worker Adjustment Committee Recovery	-	50,693
Interest received during the year	624,645	534,658
	3,641,720	3,510,089
DISBURSEMENTS:		
Hudson Bay Mining and Smelting Company Ltd	-	-
RBC Financial Group	-	-
Snow Lake Family Resource	-	-
Snow Lake Relocation	-	-
Town of Leaf Rapids	65,000	195,000
Town of Lynn Lake	45,000	26,646
Town of Snow Lake	7,213	20,000
Transfer to General Revenue	2,084,806	1,802,566
	2,202,019	2,044,212
Balance, end of year	15,952,153	14,512,452

THE MINING REHABILITATION RESERVE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2008
(with comparative figures for the year ended March 31, 2007)

	2008	2007
	$	$
Balance, beginning of year	462,256	198,412
RECEIPTS:		
Royalties	245,533	281,066
Interest	24,036	8,745
	269,569	289,811
DISBURSEMENTS:		
Payments	-	25,967
Balance, end of year	731,825	462,256

PENSION ASSETS FUND
STATEMENT OF FINANCIAL POSITION

As at March 31, 2008

	2008	2007
ASSETS		
Funds on Deposit:		
Civil Service Superannuation Fund	395,744,258	323,688,626
Teacher's Retirement Allowances Fund	1,846,800,340	375,575,601
	2,242,544,598	699,264,227
FUND BALANCE		
Fund Balance	2,242,544,598	699,264,227

PENSION ASSETS FUND
STATEMENT OF RECEIPTS, EXPENSES AND FUND BALANCE

For the Year Ended March 31, 2008

	2008	2007
RECEIPTS		
Contributions:		
Debt Retirement Fund	85,495,180	85,495,180
Special Operating Agencies	1,822,990	1,763,402
Operating Fund	1,511,163,115	6,947,799
Crown Organizations	2,176,122	1,526,117
Investment earnings (loss)	6,192,409	67,523,877
	1,606,849,816	163,256,375
DISBURSEMENTS		
Pension Payments	60,397,270	-
Management fees	3,172,175	978,449
	63,569,445	978,449
Excess of receipts over disbursements	1,543,280,371	162,277,926
Fund Balance, beginning of year	699,264,227	536,986,301
Fund Balance, end of year	2,242,544,598	699,264,227

THE QUARRY REHABILITATION RESERVE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2008
(with comparative figures for the year ended March 31, 2007)

	2008	2007
	$	$
Balance, beginning of year	6,066,579	5,901,287
RECEIPTS:		
Royalties	1,888,139	1,749,903
Interest	225,180	204,450
	2,113,319	1,954,353
DISBURSEMENTS:		
Rehabilitation payments	1,299,101	1,789,061
Balance, end of year	6,880,797	6,066,579

THE VETERINARY SCIENCE SCHOLARSHIP FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2008
(with comparative figures for the year ended March 31, 2007)

	2008 $	2007 $
Balance, beginning of year	4,753	2,578
RECEIPTS:		
Department of Agriculture - Veterinary Services Branch	7,260	8,175
Repayment of bursaries	15,600	15,600
	22,860	23,775
DISBURSEMENTS:		
Payment of bursaries awarded under the Veterinary Science Scholarship Act	19,800	21,600
Balance, end of year	7,813	4,753

VICTIMS ASSISTANCE FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended March 31, 2008
(with comparative figures for the year ended March 31, 2007)

	2008 $	2007 $
Balance, beginning of year	2,547,009	1,674,289
RECEIPTS:		
Surcharge on Provincial Fines	4,437,743	4,516,610
Interest	75,212	53,320
	4,512,955	4,569,930
DISBURSEMENTS:		
Operating expenses	3,362,500	3,697,210
Balance, end of year	3,697,464	2,547,009

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

For the Ten Months Ended March 31, 2008

	2008
	$
Balance, beginning of period	-
RECEIPTS:	
Department of Labour and Immigration	9,500
DISBURSEMENTS:	
Payments	-
Balance, end of period	9,500

NOTE: The Workplace and Safety 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

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Internet www.kpmg.ca

AUDITORS' REPORT

To the Board of Governors of Addictions Foundation of Manitoba

We have audited the statement of financial position of Addictions Foundation of Manitoba (the Foundation) as at March 31, 2008 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, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Signed **"KPMG LLP"**

Chartered Accountants

Winnipeg, Canada

May 30, 2008

ADDICTIONS FOUNDATION OF MANITOBA

Statement of Financial Position

March 31, 2008, with comparative figures for 2007

	2008	2007
Assets		
Current assets:		
Cash	$ 1,718,481	$ 1,832,271
Accounts receivable	553,117	558,663
Prepaid insurance	25,824	22,835
Vacation pay recoverable from the Province of Manitoba (note 5)	667,567	667,567
	2,964,989	3,081,336
Capital assets (note 6)	5,114,756	2,966,802
Recoverable from the Province of Manitoba:		
Pre-retirement pay (note 7)	1,153,316	1,153,316
Long-term pension funding (note 8)	18,556,423	17,474,908
	19,709,739	18,628,224
	$ 27,789,484	$ 24,676,362

Liabilities, Deferred Contributions and Net Assets

	2008	2007
Current liabilities:		
Accounts payable and accrued liabilities	$ 1,310,160	$ 895,420
Bank indebtedness related to capital assets (note 9)	1,868,788	–
Accrued vacation pay (note 5)	1,259,688	1,008,077
	4,438,636	1,903,497
Accrued pre-retirement pay (note 7)	1,865,611	1,570,591
Provision for employee pension benefits (note 8)	18,556,423	17,474,908
Deferred contributions (note 10)	52,800	58,500
Net assets (deficiency):		
Invested in capital assets	3,245,968	2,966,802
Internally restricted (note 11)	994,000	1,338,300
Unrestricted	(1,363,954)	(636,236)
	2,876,014	3,668,866
Continuity of operations (note 1)		
Commitments (note 12)		
	$ 27,789,484	$ 24,676,362

See accompanying notes to financial statements.

On behalf of the Board of Governors:

Chairman

Treasurer

ADDICTIONS FOUNDATION OF MANITOBA

Statement of Revenue and Expenses

Year ended March 31, 2008, with comparative figures for 2007

	2008	2007
Revenue:		
Government of the Province of Manitoba:		
Operating	$ 14,903,707	$ 13,739,481
Long-term pension	778,765	938,845
Capital	97,806	528,401
Impaired Drivers Program fees	839,292	662,595
Manitoba Lotteries Corporation	2,706,500	2,630,000
School Support Program	382,317	461,833
Recovery of wages, medical and treatment services and travel expenses	747,093	906,622
Youth Residential Programs	327,100	339,050
Drug Treatment Court Program	395,931	280,596
Long-term disability pension contribution refund	–	301,066
Youth Outreach Program	–	87,500
Youth Stabilization Program	–	240,000
Other (schedule A)	289,941	275,975
	21,468,452	21,391,964
Expenses:		
Salaries	11,283,039	10,541,765
Wages	3,058,682	2,704,813
Amortization	193,834	175,726
Drug Treatment Court program	368,281	255,633
Employee benefits	1,281,853	1,208,215
Health and post-secondary education tax levy	302,196	269,577
Pension (note 8)	1,802,631	1,977,997
Other (schedule B)	3,970,788	3,992,744
	22,261,304	21,126,470
Excess (deficiency) of revenue over expenses	$ (792,852)	$ 265,494

See accompanying notes to financial statements.

ADDICTIONS FOUNDATION OF MANITOBA

Statement of Changes in Net Assets

Year ended March 31, 2008, with comparative figures for 2007

	Invested in capital assets	Internally restricted	Unrestricted	2008 Total	2007 Total
Balance, beginning of year	$ 2,966,802	$ 1,338,300	$ (636,236)	$ 3,668,866	$ 3,403,372
Excess (deficiency) of revenue over expenses	(193,834)	–	(599,018)	(792,852)	265,494
Investment in capital assets	473,000	–	(473,000)	–	–
Internally imposed restrictions, net (note 11)	–	(344,300)	344,300	–	–
Balance, end of year	$ 3,245,968	$ 994,000	$ (1,363,954)	$ 2,876,014	$ 3,668,866

See accompanying notes to financial statements.

ADDICTIONS FOUNDATION OF MANITOBA

Statement of Cash Flows

Year ended March 31, 2008, with comparative figures for 2007

	2008	2007
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	$ (792,852)	$ 265,494
Items not involving cash:		
Amortization	193,834	175,726
Changes in non-cash operating working capital:		
Accounts receivable	5,546	2,723
Prepaid insurance	(2,989)	(6,526)
Accounts payable and accrued liabilities	414,740	(404,241)
Accrued vacation pay	251,611	89,285
Accrued pre-retirement pay	295,020	102,679
Net change in deferred contributions	(5,700)	(1,000)
	359,210	224,140
Financing and investing activities:		
Additions to capital assets	(2,341,788)	(503,657)
Increase in bank indebtedness related to capital assets	1,868,788	–
	(473,000)	(503,657)
Decrease in cash	(113,790)	(279,517)
Cash, beginning of year	1,832,271	2,111,788
Cash, end of year	$ 1,718,481	$ 1,832,271

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, for conducting research into the negative effects of addictions, and in so doing, for promoting the health and well-being of Manitobans. In this respect, the Foundation is dependent upon funding from the Government of the Province of Manitoba. The Foundation is a registered charity within the meaning of the *Income Tax Act*.

1. Continuity of operations:

At March 31, 2008, the Foundation's current liabilities exceed its current assets by $1,473,647. The Foundation also had an unrestricted net asset deficiency of $1,363,954 (2007 - $636,236) at March 31, 2008 due mainly as a result of operating losses in fiscal 2008 and prior.

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 Foundation continuing to operate at a break-even or surplus position in future years, and the continued support of the Government of the Province of Manitoba.

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	Over term of lease	

2. Significant accounting policies (continued):

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

(c) Vacation pay recoverable:

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.

(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. 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) 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. Change in accounting policy:

The Foundation adopted the new standard, Handbook Section 3855, *Financial Instruments - Recognition and Measurement*, on April 1, 2007. This standard provides guidance on recognizing financial instruments and non-financial derivatives on the statement of financial position. The standard also specifies how financial instrument gains and losses are presented. 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: (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 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.

Upon adoption of this new standard, the Foundation 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, bank indebtedness related to capital assets, and accrued vacation pay as other liabilities. The Foundation 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 implementation of the standard on April 1, 2007 had no material impact on opening net assets.

4. Future accounting changes:

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535 - *Capital Disclosures*, Handbook Section 3862 - *Financial Instruments - Disclosures* and Handbook Section 3863 - *Financial Instruments - Presentation*. These new standards became effective for the organization on April 1, 2008.

4. Future accounting changes (continued):

Section 1535 specifies the disclosure of: (i) an entity's objectives, policies and procedures and process for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

Section 3862 and 3863 replace Handbook Section 3861 - *Financial Instruments - Disclosure and Presentation*, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

The Foundation is currently assessing the impact that these new standards will have on their financial statements for the year ended March 31, 2009.

5. Vacation pay recoverable from the Province of Manitoba:

The Province of Manitoba funds a portion of the vacation pay benefits of the Foundation which is 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.

6. Capital assets:

	Cost	Accumulated amortization	2008 Net book value	2007 Net book value
Land	$ 535,065	$ –	$ 535,065	$ 535,065
Buildings	4,041,660	2,644,413	1,397,247	1,447,770
Computer equipment	945,416	667,148	278,268	192,176
Furniture and equipment	250,430	148,215	102,215	27,439
Leasehold improvements	640,575	227,213	413,362	436,934
Building under construction	2,388,599	–	2,388,599	327,418
	$ 8,801,745	$ 3,686,989	$ 5,114,756	$ 2,966,802

7. Province of Manitoba pre-retirement pay:

The Foundation maintains an employee pre-retirement benefit plan for substantially all of its employees. The plan provides benefit payments to eligible retirees based on length of service and on career earnings from initial eligibility. At March 31, 2008, based on an actuarial estimate, the obligation under the pre-retirement pay is estimated to be approximately $1,865,611 (2007 - $1,570,591) 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 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 receivable from the Province at March 31, 2008 aggregates $1,153,316 (2007 - $1,153,316) and has no specified terms of repayment.

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

8. Provision for employee pension benefits:

The Foundation records the actuarial pension liability and the related pension expense in its financial statements. Based on extrapolation from the most recent actuarial report dated December 31, 2004, the Foundation has recorded an amount of $18,556,423 (2007 - $17,474,908) in its financial statements, representing the estimated unfunded liability for the Foundation's employees as at March 31, 2008. Total pension expense of $1,802,631 (2007 - $1,977,997) has been recorded in the statement of operations, which includes an interest component.

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 receivable from the Province of Manitoba of $18,556,423 (2007 - $17,474,908) relating to this liability in its financial statements, and has recorded associated revenue of $778,765 (2007 - $938,845). The long-term pension funding recoverable due from the Province of Manitoba has no specified terms of repayment.

9. Bank indebtedness related to capital assets:

The Foundation has an operating interim construction loan credit facility with a maximum limit of $8,289,454. Advances on this credit facility are payable on demand and bear interest at prime less 1.00 percent per annum. The facility is secured by a letter of comfort from Manitoba Health and interest only is payable until commencement of repayment initiated by Manitoba Health. As at March 31, 2008, the Foundation utilized $1,868,788 of the available line of credit.

10. Deferred contributions:

	2008	2007
Balance, beginning of year	$ 58,500	$ 59,500
Amount recognized as revenue in the current year	(5,700)	(1,000)
Balance, end of year	$ 52,800	$ 58,500

11. Internally restricted net assets:

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

	2008	2007
Balance, beginning of year	$ 1,338,300	$ 962,000
Internal restrictions settled in the current year	(530,400)	(38,700)
Internal restrictions imposed for future years	186,100	415,000
	(344,300)	376,300
Balance, end of year	$ 994,000	$ 1,338,300

11. Internally restricted net assets (continued):

Internal restrictions have been imposed for the following:

	2008	2007
Retroactive pay	$ –	$ 295,000
Ontario Health referrals potential cancellation	325,000	325,000
Pathways conference	13,700	13,700
Provincial technology program	200,000	200,000
Youth services	321,500	269,200
Problem gambling services special projects	–	235,400
Impaired drivers' program	133,800	–
	$ 994,000	$ 1,338,300

12. Commitments:

The Foundation is in the process of constructing a new residential care and outreach facility and as at March 31, 2008 is committed to additional expenditures totaling $6,420,666. These expenditures will be funded by the interim construction loan credit facility described in note 9.

The Foundation leases buildings and equipment under long-term operating leases which expire at various dates between 2009 and 2013. 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:

2009	$ 234,323
2010	120,627
2011	74,185
2012	23,861
2013	6,540
	$ 459,536

13. 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 7 and 8) is comparable to current market rates.

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

14. 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, 2008, with comparative figures for 2007

	2008	2007
Training course fees	$ 57,419	$ 79,787
Donations	35,008	34,139
Interest	94,778	67,333
Property rental	25,910	24,397
Parking rentals	23,671	23,844
Manitoba Government and General Employees' Union	5,456	15,499
Miscellaneous	47,699	7,991
Conferences	–	22,985
	$ 289,941	$ 275,975

ADDICTIONS FOUNDATION OF MANITOBA

Other Expenses — Schedule B

Year ended March 31, 2008, with comparative figures for 2007

	2008	2007
Advertising and exhibits	$ 61,431	$ 94,105
Audio-visual aids	61,219	24,250
Audit	19,709	23,190
Board of Governors' honorarium	13,839	14,902
Books, newspapers and periodicals	29,437	28,349
Courier and freight	40,384	35,245
Educational literature	105,574	89,247
Fees	744,688	637,592
Food supplies	343,135	347,741
Household supplies	75,538	87,387
Materials, repairs and maintenance	454,993	599,598
Medical services and supplies	369,182	338,554
Miscellaneous	3,794	6,184
Postage and telephone	280,781	295,709
Printing, stationery and office supplies	243,091	238,892
Rent, insurance and property taxes	386,242	375,633
Staff development	61,581	80,776
Training	27,899	21,673
Transportation of patients	21,355	21,349
Travel and automobile	393,082	408,003
Utilities	233,834	224,365
	$ 3,970,788	$ 3,992,744

BDO Dunwoody LLP
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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, 2007 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, 2007 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Brandon, Manitoba
September 4, 2007

ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2007
(in thousand $)

	2007	2006
ASSETS		
CURRENT		
Cash and short term investments (note 1)	$3,658	$2,246
Accounts receivable (note 2)	1,282	899
Due from Province of Manitoba (note 3)	522	522
Inventories (note 4)	47	589
Prepaids	469	590
	5,978	4,846
NON-CURRENT		
Due from Province of Manitoba (note 3)	1,999	1,999
CAPITAL ASSETS (note 5)		
Land, buildings and equipment	5,922	5,418
Library holdings	911	960
	6,833	6,378
	14,810	13,223
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (note 6)	3,162	2,935
Deferred revenue (note 7)	1,385	1,160
	4,547	4,095
NON-CURRENT		
Long term loan	1,061	0
Accrued severance liability	1,769	1,782
	2,830	1,782
DEFERRED CONTRIBUTIONS		
Deferred contributions related to capital assets (note 9)	2,787	2,845
NET ASSETS		
Net assets invested in capital assets	4,046	3,531
Net assets internally restricted (note 10)	840	840
Unrestricted net assets	(240)	130
	4,646	4,501
	$14,810	$13,223

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

ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 2007
(in thousand $)

	Budget (unaudited)	2007	2006
REVENUES			
Academic training fees	$3,043	$2,982	$2,929
Grants	18,522	18,542	17,747
Market driven training	1,835	1,212	1,990
Continuing education	1,101	1,028	1,074
Ancillary services (bookstore)	1,246	1,256	1,125
Apprenticeship training	1,417	1,332	1,368
Other revenue	408	479	398
Amortization of deferred contributions	1,015	1,015	1,040
	28,587	**27,846**	**27,671**
EXPENDITURES			
Academic	17,168	16,242	16,818
Administration	5,855	5,619	5,480
Program support	1,467	1,412	1,043
Plant	478	439	398
Management information services	1,051	1,114	973
Library	293	303	273
Ancillary services	1,161	1,458	1,090
Amortization of capital assets	1,114	1,115	1,578
	28,587	**27,702**	**27,653**
EXCESS OF REVENUE OVER EXPENDITURES	**$0**	**$144**	**$18**

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

ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2007
(In thousand $)

	INVESTED IN CAPITAL ASSETS	INTERNALLY RESTRICTED	UNRESTRICTED	2007 TOTAL	2006 TOTAL
Balance - beginning of year	$3,531	$840	$130	$4,502	$4,484
Excess of revenue over expenditures	-	-	144	144	18
Add: amortization of deferred contributions	1,015	-	(1,015)	-	-
Less: amortization of capital assets	(1,115)	-	1,115	-	-
Deferred contributions received from grant	(930)	-	930	-	-
Deferred contributions from donated assets	(25)	-	25	-	-
Deferred contributions from donated library holdings	(1)	-	1	-	-
Investment in library holdings	1	-	(1)	-	-
Library holdings valuation adjustment	(50)	-	50	-	-
Investment from donated assets	25	-	(25)	-	-
Investment in capital assets	1,594	-	(1,594)	-	-
Balance - end of year	$4,045	$840	($240)	$4,646	$4,502

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

ASSINIBOINE COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2007
(in thousand $)

	2007	2006
Cash from operating activities		
Excess of revenues over expenditures	$144	$18
Amortization of capital assets	1,115	1,578
Amortization of deferred capital contributions	(1,015)	(1,040)
Change in non-cash working capital items	1,782	564
Net cash generated through operating activities	**2,026**	**1,120**
Financing and investing activities		
Purchase of capital assets	(1,594)	(1,239)
Donated capital assets	(25)	50
Donated library holdings	(1)	-
Contributions received for capital purposes	1,006	680
Net cash used in financing and investing activities	**(614)**	**(509)**
Net increase in cash and short term investments	**1,412**	**611**
Cash and short term investments, beginning of year	2,246	1,635
Cash and short term investments, end of year	**$3,658**	**$2,246**
Interest paid in year	**$3**	**$0**

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

Operations

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

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

Financial Instruments

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

Investments

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

Inventories

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

June 30, 2007

Capital Assets

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

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

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

A base library was established at April 1, 1993. Library holdings are accounted for using the "base stock" method with current library acquisitions not capitalized because annual library acquisitions net of annual library dispositions are not significant. An adjustment to the "base stock" method has been applied in the current year to reflect a decrease in the books maintained by the library.

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.

June 30, 2007

Revenue Recognition

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

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

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

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

Use of Estimates

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

1. Cash and Short-term Investments

	2007	2006
Cash	$ 920	$ 439
Term deposits - Manitoba Finance	2,738	1,807
	$ 3,658	$ 2,246
Market value	$ 3,658	$ 2,246

2. Accounts Receivable

	2007	2006
Tuition and contract training	$ 1,245	$ 900
Goods and Services Tax rebate	58	33
Allowance for doubtful accounts	(21)	(34)
	$ 1,282	$ 899

3. Due from Province of Manitoba

	2007	2006
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 $668,635 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

	2007	2006
Books and supplies	$ 47	$ 589

5. Capital Assets

	2007		2006	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	$ 12	$ -	$ 12	$ -
Buildings	206	66	178	63
Computer systems and equipment	4,463	2,920	4,102	2,121
Furniture and equipment	11,312	8,788	10,640	8,498
Leasehold improvements	2,940	1,237	2,380	1,212
	$ 18,933	$ 13,011	$ 17,312	$ 11,894
Net book value		$ 5,922		$ 5,418

	2007	2006
Library holdings, at estimated value	$ 911	$ 960

6. Accounts Payable and Accrued Liabilities

	2007	2006
Trade payables	$ 1,333	$ 938
Accrued vacation pay	1,829	1,997
	$ 3,162	$ 2,935

7. Deferred Revenue

	2007	2006
Tuition and commitment fees	$ 241	$ 244
Contract training fees	975	712
Classroom rentals, parking and other deferrals	169	204
	$ 1,385	$ 1,160

8. Accrued Severance Liability

The service to date obligation is calculated based on an actuarial report as at March 31, 2005. The calculations used in the actuarial report to determine the liability outstanding as at March 31, 2005 are applied to the current year to determine the estimated accrued severance liability at June 30, 2007.

9. Deferred Contributions Related to Capital Assets

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

	2007	2006
Balance, beginning of year	$ 2,845	$ 3,155
Add: Capital contributions during the year		
Government grant	695	680
Add: Donations in kind	262	50
Less: Current year amortization	(1,015)	(1,040)
Net book value, end of year	$ 2,787	$ 2,845

10. Net Assets Internally Restricted

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

11. Grants

		2007		2006
Grants Received	$	19,733	$	18,646
Add:				
Release of deferred revenue		-		11
Less:				
Deferred capital contributions		(930)		(680)
	$	18,803	$	17,977
Represented by:				
Base	$	18,538	$	17,747
Market Driven Training		265		230
	$	18,803	$	17,977

12. Pension Costs and Obligations

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

13. Related Party Transactions

During the year the College provided a grant of $7,850 (2006 - $7,850) to Assiniboine Community College Foundation Inc. (in actual $), a grant of $8,500 (2006 - $5,000) to Assiniboine Campus Radio Society Inc. (in actual $), and a grant of $17,600 (2006 - $16,020) to the student association (in actual $). Transactions with the Assiniboine Community College Foundation Inc., Assiniboine Campus Radio Society Inc., and the Student Association are measured at the exchange amount.

14. Commitments

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

2007/08	$	143
2008/09		96

15. Economic Dependence

The College presently receives annual funding of approximately $19,732,821 ($18,645,759 in 2006) from the Province of Manitoba to finance operations and capital acquisitions (in actual $). Without such funding, future viability of the College is not assured. Transactions with the Province of Manitoba are measured at the exchange amount.

16. Income Taxes

The College is exempt from income taxes.

17. Consolidation

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

	Increase (Decrease)
Cash	$ 75,933
Accounts receivable	25,869
Investments	1,178,357
Equipment	6,954
Accounts payable	6,098
Deferred revenue	31,898
Deferred contributions	500,245
Unrestricted net assets	(10,297)
Endowment funds	752,216
Invested in capital assets	6,954
Revenue	373,661
Expenditures	372,251

THE BOARD OF ADMINISTRATION UNDER THE EMBALMERS AND FUNERAL DIRECTORS ACT

MANAGEMENT REPORT

December 31, 2007

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.

Susan Boulter	Ted Norrington, C.A.
Chairperson	Accountant

April 10, 2008

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITORS' REPORT

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

We have audited the statement of financial position of the Board of Administration under The Embalmers and Funeral Directors Act as at December 31, 2007, 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, 2007, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
April 10, 2008

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

THE BOARD OF ADMINISTRATION
UNDER THE EMBALMERS AND FUNERAL DIRECTORS ACT

Statement of Financial Position
December 31, 2007

ASSETS	2007	2006
Current Assets		
Cash	$ 19,877	$ 25,246
Short-term Investments (note 2)	-	13,320
Accrued Interest Receivable	-	263
Total Current Assets	19,877	38,829
Non-Current Assets		
Accrued Interest Receivable	2,853	4,311
Long-term Investments (notes 2 and 3)	53,186	50,000
Total Non-Current Assets	56,039	54,311
	$ 75,916	$ 93,140
LIABILITIES AND UNRESTRICTED NET ASSETS		
ent Liabilities		
Accounts Payable and Accrued Liabilities	$ 6,300	$ 3,582
Deferred Revenue	19,800	22,900
Current Liabilities	26,100	26,482
stricted Net Assets	49,816	66,658
	$ 75,916	$ 93,140

See accompanying notes to the financial statements

Approved on Behalf of The Board of Administration

ısan Bouker
ıairperson

Tracy Wevursky
Secretary-Treasurer

THE BOARD OF ADMINISTRATION
UNDER THE EMBALMERS AND FUNERAL DIRECTORS ACT

Statement of Operations and Changes in Unrestricted Net Assets
for the year ended December 31, 2007

REVENUE	2007	2006
Funeral Home Licences	$ 9,200	$ 9,000
Embalmer and Funeral Director Licences	21,700	24,000
Interest	2,034	2,293
	32,934	35,293
EXPENSES		
Audit	3,400	3,120
Honoraria - Board Members	7,303	6,649
Honoraria - Registrar	10,000	8,000
Miscellaneous	1,916	388
Board Meetings	5,151	3,911
Surveys	3,297	-
Graduation	-	900
Communications	2,567	1,513
Office Supplies and Postage	1,524	655
Conferences	5,843	2,447
Legal Fees	8,775	692
	49,776	28,275
Net Income(Loss) and Comprehensive Income	(16,842)	7,018
Unrestricted Net Assets Beginning of the Year	66,658	59,640
Unrestricted Net Assets End of the Year	$ 49,816	$ 66,658

See accompanying notes to the financial statements

THE BOARD OF ADMINISTRATION
UNDER THE EMBALMERS AND FUNERAL DIRECTORS ACT

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

	2007	2006
Cash Flows from Operating Activities		
Licence Fees	$ 27,800	$ 28,700
Interest on Investments	3,492	216
Graduation	-	(900)
Surveys	(2,725)	-
Audit	(3,120)	(2,600)
Honoraria - Registrar	(10,000)	(8,000)
Honoraria - Board Members	(7,521)	(6,758)
Miscellaneous	(1,916)	(388)
Board Meetings	(5,194)	(3,911)
Communications	(1,371)	(1,492)
Conferences	(5,844)	(2,447)
Office Supplies and Postage	(1,160)	(629)
Legal Fees	(8,206)	(692)
Net Cash (used in) provided by Operating Activities	(15,765)	1,099
Cash Flows from Investing Activities		
Purchases of Guaranteed Investment Certificates	(38,186)	(13,320)
Maturities of Guaranteed Investment Certificates	48,582	13,104
Net Cash provided by (used in) Investing Activities	10,396	(216)
Net (Decrease) Increase in Cash	(5,369)	883
Cash, beginning of the year	25,246	24,363
Cash, end of year	$ 19,877	$ 25,246

See accompanying notes to the financial statements

THE BOARD OF ADMINISTRATION
UNDER THE EMBALMERS AND FUNERAL DIRECTORS ACT

Notes to Financial Statements
For the year ended December 31, 2007

1.) **Nature of Operations**

The Embalmers and Funeral Directors Act established The Board of Administration (The Board) to licence and regulate Embalmers and Funeral Directors 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).

b. **New Accounting Policies**

Effective April 1,2007 the Board adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA).

Accounting Changes

Section 1506 requires that voluntary changes in accounting policies are made only if they result in the financial statements providing reliable and more relevant information. Additional disclosure is required when the entity has not yet applied a new primary source of Canadian GAAP that has been issued but is not yet effective, as well as when changes in accounting estimates and errors occur. The adoption of this revised standard had no material impact on the Board's financial statements for the year ended December 31, 2007.

Comprehensive Income

Section 1530 requires the presentation of a statement of comprehensive income and provides guidance for the reporting and display of other comprehensive income. Comprehensive income represents the change in equity of an enterprise during a period from transactions and other events arising from non-board sources including gains and losses arising on translation of self-sustaining foreign operations, 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 Board has not recognized any adjustments through other comprehensive income for the year ended December 31, 2007. Because the Board has no items related to other comprehensive income, comprehensive income for the year is equivalent to net income(loss).

Financial Instruments - Recognition and Measurement

Section 3855 prescribes the criteria for recognition and presentation of financial instruments on the balance sheet and the measurement of financial instruments according to prescribed classifications. This section also addresses how financial instruments are measured subsequent to initial recognition and how the gains and losses are recognized.

The Board 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 other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The Board has designated its financial instruments as follows:

Cash and investments are classified as financial assets held for trading and are measured at fair value with gains and losses recognized in net earnings. These financial assets are recorded at carrying values that approximate their fair values. The carrying values of short-term investments approximates their fair values due to the relatively short period to maturity. The carrying values of long-term investments approximates their fair values based on recent investment transactions.

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.

The adoption of this revised standard had no material impact on the Board's financial statements for the year ended December 31, 2007.

c. **Financial Instruments**

The Board's financial instruments consist of cash, interest receivable, investments, 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 accounts receivable, accounts payable and accrued liabilities approximates their carrying values due to their short-term maturity.

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. **Future Accounting Policy Changes**

Financial Instruments - Disclosures and Presentation

The CICA has issued two new standards, CICA 3862: Financial Instruments - Disclosures and CICA 3863: Financial Instruments - Presentation, which enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an entity related exposures and the management of these risks.

These changes in accounting policies, which will be adopted effective January 1, 2008, will only require additional disclosures in the financial statements.

Capital Disclosures

The CICA has also issued a new standard, CICA 1535: Capital Disclosures, which requires the disclosure of qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital.

This accounting policy change, which will be adopted effective January 1, 2008, will only require additional disclosures in the financial statements.

Notes to Financial Statements
For the year ended December 31, 2007

f. **Revenue Recognition**

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

g. **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:

	2007	2006
i.) CIBC Cashable Escalating Rate GIC Maturity Date: January 5, 2010 Interest Rate 3.10%	$16,232	$15,000
ii.) CIBC Cashable Escalating Rate GIC Maturity Date: January 5, 2009 Interest Rate 3.50%	15,000	15,000
iii.) CIBC Non-Cashable Escalating Rate GIC Maturity Date: January 5, 2010 Interest Rate 3.00 %	21,954	20,000
	$53,186	$50,000

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, 2007:

(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:

	2007	2006
(a) Honoraria, Board Members	$7,303	$6,649
(b) Honoraria, Registrar	$10,000	$8,000

BRANDON UNIVERSITY

Responsibility for Financial Statements

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

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

Original signed by Scott Stewart

Original signed by Scott Lamont

Scott Stewart
Treasurer, Board of Governors

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

May 16, 2008

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITORS' REPORT

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

We have audited the statement of financial position of Brandon University as at March 31, 2008, 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, 2008, 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
May 16, 2008

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, 2008

ASSETS

	2008	2007
Current Assets		
Cash and cash equivalents (note 3)	$ 5,594,254	$ 6,765,842
Accounts receivable	3,547,530	1,685,569
Inventory	439,053	409,040
Prepaid expenses	256,320	253,958
	9,837,157	9,114,409
Capital Assets and Collections (notes 2E and 6)	40,671,928	40,945,646
	$ 50,509,085	$ 50,060,055

LIABILITIES & NET ASSETS

	2008	2007
Current Liabilities		
Accounts payable and accrued liabilities	$ 2,856,323	$ 2,666,663
Deferred income	289,183	248,437
Deferred contributions (note 7)	3,226,643	2,865,905
Current portion of long term debt (note 9)	111,002	104,282
	6,483,151	5,885,287
Long term Liability		
Unfunded employee future benefits (note 13)	950,000	888,000
Mortgages payable (note 9)	1,315,122	1,426,123
	2,265,122	2,314,123
Unamortized Deferred Capital Contributions (note 7)	30,983,780	32,156,051
Net Assets		
Unrestricted net assets	1,891,465	1,914,538
Internally restricted net assets (note 5)	623,541	530,864
Investment in capital assets and collections	8,262,026	7,259,192
	10,777,032	9,704,594
	$ 50,509,085	$ 50,060,055

Approved by the Brandon University
Board of Governors on June 26, 2008

Original Signed by: Scott Stewart

Treasurer

Original Signed by: Scott Lamont

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, 2008

	Unrestricted Net Assets	Internally Restricted Net Assets	Investment in Capital Assets and Collections	Total 2008	Total 2007
Balance, beginning of year	$ 1,914,538	$ 530,864	$ 7,259,192	$ 9,704,594	$ 8,808,320
Reclassify account balances					(2,753)
Restated balance, beginning of year	1,914,538	530,864	7,259,192	9,704,594	8,805,567
Excess of revenues over expenses	1,065,942			1,065,942	857,887
Direct increases to net assets					
Donations of capital assets			6,496	6,496	41,140
Transfers					
Internally funded					
Capital asset additions	(1,817,078)		1,817,078		
Capital asset disposals (net)	5,864		(5,864)		
Amortization	919,158		(919,158)		
Repayment of long term debt	(104,282)		104,282		
Allocation to internally restricted net assets	(236,189)	236,189			
Internally restricted net asset purchases	143,512	(143,512)			
Balance, end of year	$ 1,891,465	$ 623,541	$ 8,262,026	$ 10,777,032	$ 9,704,594

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

Brandon University

Statement of Operations
for the Year Ended March 31, 2008

	2008	2007
Revenues		
Tuition fees and other student fees	$ 9,670,205	$ 9,679,692
Grants		
Council on Post-Secondary Education	30,373,696	27,714,213
Province of Manitoba	519,296	540,403
Government of Canada	2,200,760	1,768,023
Sales of goods and services	6,328,444	6,440,886
Brandon University Foundation	1,895,921	2,071,568
Amortization of deferred capital contributions	2,250,301	2,281,090
Gain on disposal of capital assets		76,985
Miscellaneous	1,698,542	1,148,058
	54,937,165	51,720,918
Expenses		
Salaries - academic	18,135,906	17,510,541
Salaries - support	12,109,102	11,463,699
Benefits	4,516,366	4,375,852
Travel	1,597,369	1,662,348
Supplies and consumable expenses	8,104,433	7,223,334
Major renovations	1,925,693	1,261,855
Property taxes	139,546	117,747
Utilities	1,092,180	1,207,085
Cost of goods sold	1,893,074	1,915,022
Scholarships and bursaries	1,073,185	1,005,420
Interest on long term debt	112,306	118,598
Amortization expense	3,169,458	3,001,530
Loss on disposal of capital assets	2,605	
	53,871,223	50,863,031
Excess of revenues over expenses	$ 1,065,942	$ 857,887

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

Brandon University

Statement of Cash Flow
for the Year Ended March 31, 2008

	2008	2007
Cash Provided By (Used In) Operating Activities		
Excess of revenues over expenses	$ 1,065,942	$ 857,887
Items not affecting cash flow		
Amortization of deferred capital contributions	(2,250,301)	(2,281,090)
Amortization of capital assets	3,169,458	3,001,530
Loss/(gain) on disposal of capital assets	2,633	(76,985)
Increase in non-cash operating working capital	(1,241,218)	2,387,934
	746,514	3,889,276
Cash Provided By (Used In) Investing Activities		
Decrease in loan receivable		43,560
Capital asset additions	(2,901,603)	(2,493,383)
Proceeds on disposal of capital assets	3,257	89,385
	(2,898,346)	(2,360,438)
Cash Provided By (Used In) Financing Activities		
Long term debt repayments	(104,282)	(97,990)
Capital contributions received	1,084,526	760,578
	980,244	662,588
Increase/(Decrease) in cash and cash equivalents	(1,171,588)	2,191,426
Cash and cash equivalents, beginning of year	6,765,842	4,574,416
Cash and cash equivalents, end of year	$ 5,594,254	$ 6,765,842

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. 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 also includes a mutual fund that provides a benefit provision for a former WESTARC employee as a part of that individual's contract of employment.

D. Brandon University Foundation

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

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

E. Capital Assets and Collections

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

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

Buildings	50 years
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.

F. Inventory

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

G. Pension Plans

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

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

H. Use of Estimates

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

I. Future Accounting Policy Changes

Disclosure and Presentation of Financial Instruments
The CICA has issued two new standards, CICA 3862: Financial Instruments - Disclosures and CICA 3863: Financial Instruments - Presentation which are intended to enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks. These new standards, which will be adopted effective April 1, 2008, will only require additional disclosures in the financial statements.

Capital Disclosures
The CICA has issued a new accounting standard, CICA 1535: Capital Disclosures, which requires the disclosure of qualitative and quantitative information that enables users of financial statements to evaluate the entity's objective policies, and processes for managing capital. This new standard, which will be effective April 1, 2008, will only require additional disclosure in the financial statements

Inventories
The Canadian Accounting Standards Board has approved a new standard with respect to inventories which requires that inventories be measured at lower of cost or net realizable value; disallows the use of last-in first-out inventory costing methodology; and requires that when circumstances which previously caused inventories to be written down below cost no longer exist, the amount of the write-down is to be reversed. This new standard, which will be adopted effective April 1, 2008, is not expected to have a material impact on the University.

3. Cash and Cash Equivalents

Cash and cash equivalents are summarized as follows:

	2008	2007
Cash	$ 2,737,338	$ 2,882,968
Short term investments	2,856,916	3,835,876
Mutual funds		46,998
	$ 5,594,254	$ 6,765,842

The fair market value of the short term investments and mutual funds is $2,856,916 (2007 -$3,906,658).

4. Brandon University Foundation

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

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

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

Statement of Financial Position

	2007	2006
Assets	$ 35,328,651	$ 35,342,145
Liabilities	$ 1,215,938	$ 1,523,664
Deferred contributions	6,697,881	7,386,303
Net Assets		
Unrestricted and internally restricted net assets	229,700	385,328
Endowment funds	27,185,132	26,046,850
	27,414,832	26,432,178
Total Liabilities and Net Assets	$ 35,328,651	$ 35,342,145

Statement of Operations

	2007	2006
Revenue		
Investment income	$ 167,325	$ 1,100,089
Donations	1,290,106	596,138
Other contributions	145,940	206,647
	1,603,371	1,902,874
Expense		
Grants to Brandon University	903,272	1,119,422
Scholarships and bursaries	802,572	758,982
Campaign expenses	36,854	448,736
Other expenses	51,244	64,081
	1,793,942	2,391,221
Net loss for the year	$ (190,571)	$ (488,347)

The net result of the transactions from January 1, 2008 to March 31, 2008 was a loss of $269,901 (2007 - $643,509 gain) and an unrealized investment loss of $774,738 (2007 - $746,457).

The value of outstanding pledges to the Foundation as at March 31, 2008 is $544,109 (2007 - $651,405). These will be recorded as revenue in the Foundation when received.

5. Internally Restricted Net Assets

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

	Opening Balance	Current Provision	Purchases	2008 Closing Balance
Ancillary Services	$ 432,257	$ 60,965	$	$ 493,222
Facility & Wellness Fee	23,862		(23,862)	
Mail/Print services	(36,439)	10,000		(26,439)
Telephone replacement	97,275	150,224	(105,030)	142,469
Vehicle replacement	13,909	15,000	(14,620)	14,289
	$ 530,864	$ 236,189	$ (143,512)	$ 623,541

6. Capital Assets and Collections

	2008 Cost	2008 Accumulated Amortization	2008 Net Book Value	2007 Cost	2007 Accumulated Amortization	2007 Net Book Value
Land	$ 498,680	$	$ 498,680	$ 498,680	$	$ 498,680
Buildings	64,275,916	(34,908,244)	29,367,672	63,882,710	(33,380,218)	30,502,492
Furniture & equipment	19,002,509	(11,951,335)	7,051,174	17,995,634	(11,546,304)	6,449,330
Library collections	8,616,921	(6,055,231)	2,561,690	7,935,188	(5,626,260)	2,308,928
Collections	1,192,712		1,192,712	1,186,216		1,186,216
	$ 93,586,738	$(52,914,810)	$ 40,671,928	$ 91,498,428	$(50,552,782)	$ 40,945,646

Capital asset additions during the year included donations in kind in the amount of $6,496 (2007- $41,140).

7. Deferred Contributions and Unamortized Deferred Capital Contributions

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

	2008 Deferred Contributions	2008 Unamortized Deferred Capital Contributions	2007 Deferred Contributions	2007 Unamortized Deferred Capital Contributions
Balance, beginning of year	$ 2,865,905	$ 32,156,051	$ 2,355,353	$ 33,717,703
Contributions received	9,222,102		7,754,056	
Transfers to revenue				
Tuition, grants and contributions	(7,783,334)		(6,524,066)	
Amortization of assets acquired from capital assets		(2,250,301)		(2,281,090)
Transferred to acquire capital assets	(1,078,030)	1,078,030	(719,438)	719,438
Balance, end of year	$ 3,226,643	$ 30,983,780	$ 2,865,905	$ 32,156,051
Balance consists of:				
Research	$ 2,652,952		$ 2,374,679	
Special programs	573,691		491,226	
	$ 3,226,643		$ 2,865,905	

8. Pension Plans

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

Actuarial valuations of the Brandon University Retirement Plan are carried out every three years and provide an estimate of the accrued pension benefits. The actuarial present value of accrued pension benefits was determined using the accrued benefit method prorated on service and using assumptions recommended by the actuary and approved by the Trustees. Based on the latest actuarial valuation of the plan conducted by Eckler Ltd., a firm of consulting actuaries, as at December 31, 2006 the accrued pension benefits were $91,657,000. This valuation established a Plan surplus of $4,378,000 using the accrued benefit method as at that date. As at December 31, 2007 the projected surplus was $6,723,000. The next actuarial valuation is required as at December 31, 2009 and will be completed in 2010.

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

	(in thousands of dollars)	
	2007	**2006**
Actuarial present value of accrued pension benefits, beginning of year	$ 91,657	$ 83,453
Interest accrued on benefits	5,248	5,000
Benefits accrued	3,562	3,445
Benefits paid	(4,342)	(3,680)
Actuarial loss		(391)
Change in assumption		3,830
Actuarial present value of accrued pension benefits, end of year	$ 96,125	$ 91,657

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

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

The actuarial value of net assets available for pension benefits has been determined at amounts that reflect long-term market trends (consistent with the assumptions underlying the valuation of accrued pension benefits). The valuation is based on a four-year moving average market method with the market value being the underlying basis. The method has been slightly modified this year. Last year, the market value was adjusted by amortizing the fund's gains or losses over a four year period. This year, the market value has been adjusted by amortizing over a four year period the differences in each year between the fund's actual return and a 5.75% return, whereas last year 6% was used.

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

	(in thousands of dollars) 2007	2006
Market value of net assets available for pension benefits	$ 103,941	$ 103,318
Market value changes not reflected in the actuarial value of net assets	(1,093)	(7,283)
Actuarial value of net assets available for pension benefits	$ 102,848	$ 96,035

Pension contributions by the University for the year ended March 31, 2008 were $ 1,666,615 (2007 - $1,606,957).

9. Long Term Liability - Mortgages Payable

	2008	2007
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.	$ 330,682	$ 394,487
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.	1,095,442	1,135,918
	1,426,124	1,530,405
Current portion of long term debt	111,002	104,282
	$ 1,315,122	$ 1,426,123
Interest paid	$ 112,306	$ 118,598

Principal payments in the next five years are as follows:

2009	$ 111,002
2010	$ 118,181
2011	$ 125,852
2012	$ 134,050
2013	$ 101,217

10. 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.

11. 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.

12. Commitments

An agreement between the University and the Brandon University Students' Union Inc. provides for the equal sharing of profits of the University's bookstore operations. The Students' Union share of profits amounted to $32,752 for the year ended March 31, 2008 (2007 - $47,048).

13. Employee Future Benefits

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

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

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

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

	2008	**2007**
Accrued benefit liability	$ 893,000	$ 881,000
Accrued benefit obligation	950,000	888,000
Unamortized actuarial loss	$ (57,000)	$ (7,000)
Net benefit cost	$ 105,000	$ 118,000
Employer's contributions	93,000	25,000
Benefits paid	(58,000)	(25,000)

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

	2008	**2007**
Discount rate	5.5%	4.9%
Rate of compensation increase		
IUOE(A)	3.0%	3.0%
IUOE(D)	5.0%	5.0%
MGEU	5.0%	5.0%
Exempt MPO	7.5%	7.5%
Exempt ESS	5.0%	5.0%

14. Financial Instruments

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

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

15. Change in Accounting Policy

Effective April 1, 2007, Brandon University adopted the recommendations of CICA 3855: Financial Instruments - Recognition and Measurement.

This section establishes standards for recognizing and measuring financial instruments, including the accounting treatment for changes in fair value. 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.

Upon the adoption of this new standard, the University has classified its cash and equivalents 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 as other liabilities, which are measured at amortized cost.

As a result of application of Section 3855, the University's financial statements as at March 31, 2007 were not significantly affected.

16. Restatement of Accounts

Comparative figures for the year ended March 31, 2007 have been restated where necessary to conform with the presentation adopted for the year ended March 31, 2008.

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AUDITORS' REPORT

To the Members of CancerCare Manitoba

We have audited the statement of financial position of CancerCare Manitoba as at March 31, 2008 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, 2008 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 23, 2008

CANCERCARE MANITOBA

Statement of Financial Position

March 31, 2008, with comparative figures for 2007

	General Fund	Building Fund	Clinical and Basic Research Fund	2008 Total	2007 Total

Assets

	General Fund	Building Fund	Clinical and Basic Research Fund	2008 Total	2007 Total
Current assets:					
Cash	$ 6,867,398	$ –	$ 6,455	$ 6,873,853	$ 11,688,641
Short-term investments	3,514,020	–	705,340	4,219,360	2,502,498
Due from Manitoba Health (note 5)	3,166,482	–	–	3,166,482	6,090,741
Accounts receivable (note 6)	1,656,859	–	5,703,969	7,360,828	6,041,818
Inter-fund accounts	(1,039,213)	2,219,365	(1,180,152)	–	–
Prepaid expenses	480,940	–	–	480,940	455,971
Vacation entitlements receivable	1,883,043	–	–	1,883,043	1,817,453
	16,529,529	2,219,365	5,235,612	23,984,506	28,597,122
Retirement entitlement obligation receivable (note 7)	1,419,400	–	–	1,419,400	1,646,660
Investments	2,306,234	–	1,883,642	4,189,876	5,130,339
Capital assets (note 8)	9,401,607	54,299,831	1,303,309	65,004,747	66,946,760
	$ 29,656,770	$ 56,519,196	$ 8,422,563	$ 94,598,529	$ 102,320,881

Liabilities, Deferred Contributions and Fund Balances

	General Fund	Building Fund	Clinical and Basic Research Fund	2008 Total	2007 Total
Current liabilities:					
Accounts payable and accrued liabilities	$ 10,770,866	$ –	$ 14,821	$ 10,785,687	$ 20,834,612
Due to Manitoba Health (note 5)	1,998,136	–	–	1,998,136	107,638
Deferred contributions [note 9(a)]:					
Expenses of future periods	1,849,144	–	–	1,849,144	1,887,505
	14,618,146	–	14,821	14,632,967	22,829,755
Deferred contributions - capital assets [note 9(b)]	8,986,032	56,519,196	–	65,505,228	66,404,456
Retirement entitlement obligations (note 15)	2,742,612	–	–	2,742,612	2,360,856
	26,346,790	56,519,196	14,821	82,880,807	91,595,067
Fund balances:					
Invested in capital assets (note 10)	415,575	–	1,303,309	1,718,884	2,114,704
Externally restricted (note 11)	–	–	5,202,545	5,202,545	4,626,456
Internally restricted	–	–	1,901,888	1,901,888	2,173,300
Unrestricted	2,894,405	–	–	2,894,405	1,811,354
	3,309,980	–	8,407,742	11,717,722	10,725,814
Contingencies (note 13)					
	$ 29,656,770	$ 56,519,196	$ 8,422,563	$ 94,598,529	$ 102,320,881

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, 2008, with comparative figures for 2007

	General Fund	Building Fund	Clinical and Basic Research Fund	2008 Total	2007 Total
Revenue:					
Manitoba Health (note 14)	$ 83,996,263	$ –	$ –	$ 83,996,263	$ 81,100,939
Other recoveries	835,935	–	–	835,935	850,928
Grants	–	–	11,508,965	11,508,965	11,988,515
Amortization of deferred contributions (note 9)	3,232,638	2,461,625	–	5,694,263	4,912,292
	88,064,836	2,461,625	11,508,965	102,035,426	98,852,674
Expenses:					
Compensation	34,089,110	–	5,961,928	40,051,038	36,217,693
Medical remuneration	10,474,817	–	–	10,474,817	13,044,485
Building occupancy	1,022,895	–	–	1,022,895	781,512
Amortization of capital assets	3,232,638	2,461,625	536,178	6,230,441	5,892,945
General administration	2,887,828	–	–	2,887,828	3,288,414
Equipment rentals and maintenance	1,766,876	–	–	1,766,876	1,231,802
Supplies and other departmental expenses	4,056,730	–	5,118,784	9,175,514	8,031,770
Drugs	27,728,326	–	–	27,728,326	27,373,421
Interest	–	–	–	–	14,636
Referred-out services	2,463,616	–	106,705	2,570,321	2,244,535
	87,722,836	2,461,625	11,723,595	101,908,056	98,121,213
Excess (deficiency) of revenue over expenses before the undernoted	342,000	–	(214,630)	127,370	731,461
Investment income	716,031	–	144,216	860,247	569,260
Excess (deficiency) of revenue over expenses	1,058,031	–	(70,414)	987,617	1,300,721
Fund balances, beginning of year	2,273,104	–	8,452,710	10,725,814	9,425,093
Change in accounting policy (note 3)	(21,155)	–	25,446	4,291	–
Fund balances, end of year	$ 3,309,980	$ –	$ 8,407,742	$ 11,717,722	$ 10,725,814

See accompanying notes to financial statements.

CANCERCARE MANITOBA

Statement of Cash Flows

Year ended March 31, 2008, with comparative figures for 2007

	General Fund	Building Fund	Clinical and Basic Research Fund	2008 Total	2007 Total
Cash provided by (used in):					
Operating activities:					
Excess (deficiency) of revenue over expenses	$ 1,058,031	$ –	$ (70,414)	$ 987,617	$ 1,300,721
Amortization of capital assets	3,232,638	2,461,625	536,178	6,230,441	5,892,945
Amortization of deferred contributions related to capital assets	(3,232,638)	(2,461,625)	–	(5,694,263)	(4,912,292)
Unrealized gain on investments	(50,963)	–	(26,318)	(77,281)	–
Loss on disposal of investments	–	–	–	–	2,505
Decrease in retirement entitlement obligation receivable	227,260	–	–	227,260	–
Change in non-cash operating working capital	(6,092,387)	(89,972)	(461,378)	(6,643,737)	8,128,694
Increase in retirement entitlement obligations	381,756	–	–	381,756	268,680
	(4,476,303)	(89,972)	(21,932)	(4,588,207)	10,681,253
Investing activities:					
Inter-fund transfers	233,400	(556,993)	323,593	–	–
Additions to capital assets	(2,380,903)	(1,720,992)	(186,533)	(4,288,428)	(5,669,289)
Purchase of investments	(3,085,894)	–	(109,471)	(3,195,365)	(452,102)
Proceeds on disposal of investments	2,500,539	–	–	2,500,539	125,000
Change in investment classification	1,011,521	–	705,340	1,716,861	2,502,498
Amortization of premiums on investments	–	–	–	–	3,326
	(1,721,337)	(2,277,985)	732,929	(3,266,393)	(3,490,567)
Financing activities:					
Deferred contributions related to capital assets	1,349,336	2,367,957	–	3,717,293	2,942,308
Deferred contributions related to expenses of future periods	1,039,381	–	–	1,039,381	1,015,935
	2,388,717	2,367,957	–	4,756,674	3,958,243
Increase (decrease) in cash and short-term investments	(3,808,923)	–	710,997	(3,097,926)	11,148,929
Cash and short-term investments, beginning of year	14,190,341	–	798	14,191,139	3,042,210
Cash and short-term investments, end of year	$ 10,381,418	$ –	$ 711,795	$ 11,093,213	$ 14,191,139
Cash and short-term investments are comprised of:					
Cash	$ 6,867,398	$ –	$ 6,455	$ 6,873,853	$ 11,688,641
Short-term investments	3,514,020	–	705,340	4,219,360	2,502,498
Cash and short-term investments, end of year	$ 10,381,418	$ –	$ 711,795	$ 11,093,213	$ 14,191,139

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

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

(b) Revenue recognition:

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

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

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

2. Significant accounting policies (continued):

(c) Investments:

Effective April 1, 2007, short-term and long-term investments (investments) are classified as held-for-trading (note 3) 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. For periods prior to April 1, 2007, all investments were carried at cost, with investment premiums and discounts amortized on a straight-line basis over the life of the investment, and investment income was recorded on an accrual basis.

(d) Capital assets:

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

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

(e) Contributed services:

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

(f) Future employee benefits:

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

(g) Deferred contributions:

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

2. Significant accounting policies (continued):

(h) Use of estimates:

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

3. Change in accounting policies:

Financial Instruments - Recognition and Measurement

The organization adopted the new standard, Handbook Section 3855, *Financial Instruments - Recognition and Measurement*, on April 1, 2007.

This standard provides guidance on recognizing financial instruments and non-financial derivatives on the statement of financial position. The standard also specifies how financial instrument gains and losses are presented. 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: (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.

Upon adoption of this new standard, the organization designated 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, transactions 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, transactions costs are recorded in the statement of operations and changes in fund balances as incurred.

3. Change in accounting policies (continued):

This standard was adopted retroactively without restatement. The implementation of the standard on April 1, 2007 resulted in an increase to investments and fund balances of $4,291 for net unrealized gains.

The impact of this standard on the year ended March 31, 2008 resulted in an increase in investments and investment income of $77,281 for net unrealized gains.

Accounting Changes

In July 2006, the Accounting Standards Board (AcSB) issued a replacement of Handbook Section 1506, *Accounting Changes* (Section 1506). The new standard allows for voluntary changes in accounting policy only when they result in the financial statements providing reliable and more relevant information, requires changes in accounting policy to be applied retroactively unless doing so is impracticable, requires prior period errors to be corrected retroactively and calls for enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements. The adoption of Section 1506, effective April 1, 2007, has no impact on these financial statements.

4. Recent accounting pronouncements issued and not yet applied:

The Canadian Institute of Chartered Accountants (CICA) issued the following accounting standards that will come into effect for the organization's fiscal year ending March 31, 2009. The organization is in the process of determining the impact that these standards will have on its financial reporting.

(a) Capital Disclosures:

Section 1535 - *Capital Disclosures* establishes standards for the disclosure of: (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

(b) Financial Instruments - Disclosures and Presentation:

Sections 3862 - *Financial Instruments - Disclosures* and 3863 - *Financial Instruments - Presentation* replace the existing Section 3861 - *Financial Instruments - Disclosure and Presentation*. These new sections revise and enhance disclosure requirements, and carry forward, unchanged, existing presentation requirements. These new sections require disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

5. Manitoba Health funding:

(a) In-globe funding:

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

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

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

(b) Out-of-globe funding:

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

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

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

5. Manitoba Health funding (continued):

At March 31, 2008, the organization had a balance of $1,998,136 (2007 - $107,638) payable to Manitoba Health, representing repayment of 2008 out-of-globe medical remuneration and a balance of $3,166,482 (2007 - $6,090,741) receivable from Manitoba Health as follows:

	2008	2007
Out-of-globe 2007/2008	$ 908,326	$ –
Out-of-globe 2006/2007	–	4,751,454
Out-of-globe 2005/2006	–	110,321
Approved capital funding	1,778,936	937,568
Other	479,220	291,398
	$ 3,166,482	$ 6,090,741

6. Accounts receivable:

			2008	2007
	General Fund	Clinical and Basic Research Fund	Total	Total
CancerCare Manitoba Foundation Inc.	$ –	$ 5,019,338	$ 5,019,338	$ 4,414,348
Grace General Hospital	–	14,093	14,093	21,566
Winnipeg Regional Health Authority	–	136,614	136,614	235,979
Government of Canada	–	57,563	57,563	77,987
University of Manitoba	–	102,190	102,190	122,526
University Medical Group	1,537,232	–	1,537,232	660,768
Other	119,627	374,171	493,798	508,644
	$ 1,656,859	$ 5,703,969	$ 7,360,828	$ 6,041,818

7. Retirement entitlement obligation receivable:

The organization has a contractual commitment to pay out to employees four days per year of service upon retirement (note 15). At March 31, 2008, based on an actuarial estimate, the retirement entitlement obligations are estimated to be approximately $2,742,612 (2007 - $2,360,856) for which the organization has recorded retirement entitlement obligations on the statement of financial position.

7. Retirement entitlement obligation receivable (continued):

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 (2007 - $1,646,660) and has no specific terms of repayment. The organization expensed $227,260 in 2008 for amounts deemed by management to be uncollectible from Manitoba Health.

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:

			2008	2007
	Cost	Accumulated amortization	Net book value	Net book value
General Fund:				
Equipment	$ 25,314,766	$ 15,913,159	$ 9,401,607	$ 10,253,342
Building Fund:				
Building	60,759,549	10,438,666	50,320,883	48,873,784
Equipment	9,876,538	5,897,590	3,978,948	4,558,336
Construction in progress	–	–	–	1,608,344
	70,636,087	16,336,256	54,299,831	55,040,464
Clinical and Basic Research Fund:				
Equipment	3,098,666	1,795,357	1,303,309	1,652,954
	$ 99,049,519	$ 34,044,772	$ 65,004,747	$ 66,946,760

Interest capitalized during construction was $39,334 (2007 - nil).

9. Deferred contributions:

(a) Expenses of future periods:

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

	2008	2007
Balance, beginning of year	$ 1,887,505	$ 1,993,631
Add amount received related to future periods	1,039,381	1,015,935
Less amounts transferred to deferred contributions - capital assets	(1,077,742)	(1,122,061)
	$ 1,849,144	$ 1,887,505

(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.

	2008	2007
Balance, beginning of year	$ 66,404,456	$ 67,252,379
Additional contributions received	3,717,293	2,942,308
Add amounts transferred from deferred contributions - expenses of future periods	1,077,742	1,122,061
Less amounts amortized to revenue	(5,694,263)	(4,912,292)
	$ 65,505,228	$ 66,404,456

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

	2008	2007
Unamortized capital asset contributions used to purchase capital assets	$ 65,079,933	$ 66,199,217
Unspent contributions	425,295	205,239
	$ 65,505,228	$ 66,404,456

9. Deferred contributions (continued):

Unamortized capital contributions of $65,505,228 (2007 - $66,404,456) 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:

	2008	2007
Bearing interest at prime less 0.50 percent, repayable in monthly instalments of $28,765, plus interest	$ 3,156,746	$ 961,373

Unamortized capital contributions of $65,505,228 (2007 - $66,404,456) 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:

	2008	2007
6.25% maturing March 31, 2020, repayable in monthly instalments of $76,754, plus interest	$ 11,129,386	$ 12,050,438
Variable rate (30-day bankers' acceptance plus 25 basis points), maturing February 28, 2022, repayable in monthly instalments of $50,439, plus interest	8,473,684	9,078,947
4.80% maturing November 30, 2016, repayable in monthly instalments of $50,000, plus interest	5,200,000	5,800,000
	$ 24,803,070	$ 26,929,385

During 2005, the organization established arrangements for a bridge facility of non-revolving demand loans to a maximum of $5,000,000 to assist with the construction or expansion costs of approved projects or the acquisition of equipment and specialized equipment as approved by Manitoba Health. Interest is charged at the prime rate, repayment terms are established for each individual demand loan and the facility is secured by letters of authorization and comfort from Manitoba Health. The organization has utilized $3,156,746 of this facility as of March 31, 2008 (2007 - $961,373).

9. Deferred contributions (continued):

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

10. Invested in capital assets:

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

	2008	2007
Capital assets	$ 65,004,747	$ 66,946,760
Amounts financed by:		
Unamortized deferred contributions	(65,505,228)	(66,404,456)
Inter-fund and working capital	2,219,365	1,572,400
	$ 1,718,884	$ 2,114,704

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

	2008	2007
Surplus (deficit) for the year:		
Amortization of deferred contributions related to capital assets	$ 5,694,263	$ 4,912,292
Amortization of capital assets	(6,230,441)	(5,892,945)
	$ (536,178)	$ (980,653)
Invested in capital assets:		
Purchase of capital assets	$ 4,288,428	$ 5,669,289
Amounts funded by:		
Deferred contributions	(3,717,293)	(2,942,308)
Inter-fund and working capital	646,965	(606,110)
Amount transferred from deferred contributions - expenses of future periods	(1,077,742)	(1,122,061)
	$ 140,358	$ 998,810

11. Externally restricted fund balances:

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

	2008	2007
Restricted for research projects, education purposes and other specific purposes	$ 5,202,545	$ 4,626,456

12. Fair value of financial instruments:

The fair value of 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.

13. Contingencies - HIROC:

On July 1, 1987, a group of health care organizations (subscribers) formed Healthcare Insurance Reciprocal of Canada (HIROC). HIROC is registered as a reciprocal under provincial insurance acts, which permit persons to exchange with other persons reciprocal contracts of indemnity insurance. HIROC facilitates the provision of liability insurance coverage to health care organizations in the provinces of Ontario, Manitoba, Saskatchewan and Newfoundland. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, if any, experienced by the group of subscribers for the years in which they were a subscriber. No such assessments have been made to March 31, 2008.

14. Economic dependence:

The organization received approximately 82 percent (2007 - 86 percent) of its total revenue from Manitoba Health and is economically dependent on Manitoba Health for continued operations.

15. Employee future benefits:

(a) Retirement entitlement obligations:

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

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

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

(iii) retire at or after age 65; or

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

The organization undertook an actuarial valuation of the accrued retirement entitlements as at March 31, 2008. The significant actuarial assumptions adopted in measuring the organization’s accrued retirement entitlements include mortality, disability and withdrawal rates, a discount rate of 5.50 percent (2007 - 4.85 percent) and a rate of salary increase of 3.5 percent plus age-related merit/promotion scale (2007 - rate of salary increase of 3.0 percent plus age related merit/promotion scale). The actuarial valuation established the retirement entitlement obligations in the amount of $2,742,612 (2007 - $2,360,856).

(b) Pension plans:

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

15. Employee future benefits (continued):

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

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members or through a reduction of benefits. The most recent actuarial valuation of the Plan as at December 31, 2006, reported that the Plan is fully funded.

Actual contributions to the Plan made during the year by the organization on behalf of its employees amounted to $2,150,506 (2007 - $1,766,663) 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 2008 or 2007 by the organization to the Civil Service Superannuation Plan on behalf of its employees.

16. CancerCare Manitoba Foundation Inc.:

The organization has an economic interest in CancerCare Manitoba Foundation Inc. (CCMF Inc.). At March 31, 2008, net resources of CCMF Inc. amounted to $34,188,631, of which $14,394,763 are restricted contributions. CCMF Inc.'s purpose is to support the organization in its provision of a program of diagnosis of, treatment of, and research in respect of cancer. CCMF Inc. will solicit, receive, maintain and accumulate funds for distribution on a periodic basis to the organization, to support principally research activities that are supplementary to those funded by Manitoba Health. During the year, CCMF Inc. contributed funds in the amount of $5,470,144 (2007 - $5,761,391) to the organization.

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, 2008, 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, 2008, 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 30, 2008

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		2008		2007
Assets				
Current Assets				
Cash and bank	**$**	**12,425**	$	17,896
Grants receivable		**109,498**		92,763
Accounts receivable		**71,840**		44,559
Accounts receivable - Province of Manitoba (Note 12)		**25,891**		25,891
Inventory		**3,729**		3,999
Prepaid expenses		**36,224**		22,685
		259,607		207,793
Non-Current Assets				
Accounts receivable		**-**		3,613
Capital assets (Note 5)		**34,117**		43,298
Deferred charges		**4,442**		6,280
		38,559		53,191
	$	**298,166**	$	260,984
Liabilities and Fund Balances				
Current Liabilities				
Bank indebtedness (Note 6)	**$**	**84,820**	$	103,470
Accounts payable and accrued liabilities		**86,970**		53,870
Deferred contributions (Note 7)		**18,399**		6,059
Rental and damage deposits		**29,475**		20,500
		219,664		183,899
Deferred contributions related to capital assets (Note 8)		**29,552**		37,463
		249,216		221,362
Commitments (Note 9)				
Fund Balances				
Unrestricted Funds				
Operations		**89,003**		50,709
Cultural Programs		**(44,618)**		(16,922)
Invested in capital assets		**4,565**		5,835
		48,950		39,622
	$	**298,166**	$	260,984

Approved on behalf of the Board:

_______________________ Director

_______________________ Director

The notes are an integral part of these financial statements.

LE CENTRE CULTUREL FRANCO-MANITOBAIN
Statement of Operations and Changes in Fund Balances

For the year ended March 31 **2008** 2007

	Operations	Cultural Programs	Capital	Fund Raising	Total	Total
Revenue						
Administration fees	$ 349	$ -	$ -	$ -	$ 349	$ 241
Admission fees	-	36,734	-	-	36,734	20,712
Bar	34,081	-	-	-	34,081	38,619
Bingos	-	-	-	3,000	3,000	-
Commissions	389	339	-	-	728	8,722
Corporate sponsorship and donations	265	19,292	-	-	19,557	6,657
Grants						
Government of Canada	-	176,615	-	-	176,615	172,734
Government of Manitoba	399,200	20,500	132,897	-	552,597	504,254
Miscellaneous	1,500	25,729	-	-	27,229	41,724
Interest	5,573	-	-	-	5,573	5,182
Miscellaneous (Note 14)	74,231	9,069	-	-	83,300	88,845
Rent (Note 13)	232,808	-	-	-	232,808	254,538
Sale of office supplies and other	10,015	-	-	-	10,015	9,632
Technical services	59,944	-	-	-	59,944	54,842
	818,355	288,278	132,897	3,000	1,242,530	1,206,702
Expenses						
Amortization of capital assets	-	-	9,181	-	9,181	11,570
Catering and bar	44,064	-	-	-	44,064	47,154
Fundraising - Bingos	-	-	-	-	-	10
Operations (Note 10)	735,997	318,974	-	-	1,054,971	1,045,338
Repairs (Note 11)	-	-	124,986	-	124,986	62,104
	780,061	318,974	134,167	-	1,233,202	1,166,176
Excess (deficiency) of revenue over expenses for the year	38,294	(30,696)	(1,270)	3,000	9,328	40,526
Fund balances, beginning of year	50,709	(16,922)	5,835	-	39,622	(904)
Interfund transfer	-	3,000	-	(3,000)	-	-
Fund balances, end of year	$ 89,003	$ (44,618)	$ 4,565	$ -	$ 48,950	$ 39,622

The notes are an integral part of these financial statements.

LE CENTRE CULTUREL FRANCO-MANITOBAIN
Statement of Cash Flows

For the year ended March 31	2008	2007
Cash Flows Provided by (Used for) Operating Activities		
Excess of revenue over expenses for the year	**$ 9,328**	$ 40,526
Amortization of capital assets	**9,181**	11,570
Amortization of deferred charges	**1,838**	1,838
Amortization of deferred contributions related to capital assets	**(7,911)**	(10,112)
Net change in non-cash working capital items		
Grants receivable	**(16,735)**	36,575
Accounts receivable	**(23,668)**	(3,043)
Inventory	**270**	(246)
Prepaid expenses	**(13,539)**	(9,490)
Accounts payable and accrued liabilities	**33,100**	(47,202)
Deferred contributions	**12,340**	(2,169)
Rental and damage deposits	**8,975**	(6,475)
	13,179	11,772
Cash Flows Provided by (Used for) Financing and Investing Activities		
Repayment of working capital advance to the Province of Manitoba	**-**	(100,000)
Increase (decrease) in cash and bank for the year	**13,179**	(88,228)
Cash and bank (bank indebtedness), beginning of year	**(85,574)**	2,654
Cash and bank (bank indebtedness), end of year	**$ (72,395)**	$ (85,574)
Represented by		
Cash and bank	**$ 12,425**	$ 17,896
Bank indebtedness	**(84,820)**	(103,470)
	$ (72,395)	$ (85,574)

The 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 objects are to maintain, encourage, foster and sponsor, by all means available, all types of cultural activities in the French language and to make French-Canadian culture known to all residents of the province.

2. Accounting Policies

Basis of Accounting

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

Financial Instruments

The corporation's financial instruments consist of cash, accounts receivable, bank indebtedness, 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 statements

The fair value of accounts receivable, accounts payable and accrued liabilities approximates their carrying values due to their short-term maturity.

The corporation has designated its financial instruments as follows:

Cash and bank are classified as financial assets held for trading and are measured at fair value with gains and losses recognized in the statement of operations. These financial assets are recorded at carrying values that approximate their fair values.

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. Accounting Policies (continued)

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 13.

Recognition of Revenue

The corporation follows the deferred method of accounting for contributions.

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

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

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

2. Accounting Policies (continued)

Fund Balances

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

Unrestricted Funds

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

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

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.

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

Inventory

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

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.

3. New Accounting Policies

Effective April 1, 2007, the corporation adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA).

Accounting Changes

Section 1506 requires that voluntary changes in accounting policies are made only if they result in the financial statements providing reliable and more relevant information. Additional disclosure is required when the entity has not yet applied a new primary source of Canadian generally accepted accounting principles (GAAP) that has been issued but is not yet effective, as well as when changes in accounting estimates and errors occur. The adoption of this revised standard had no material impact on the corporation's financial statements for the year ended March 31, 2008.

Financial Instruments - Recognition and Measurement

Section 3855 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 excess of revenue over expenses and fund balances, respectively. All other financial instruments are subsequently measured at amortized cost.

The adoption of this revised standard had no material impact on the corporation's financial statements for the year ended March 31, 2008.

4. Future Accounting Policy Changes

The CICA has issued two new standards, *CICA 3862: Financial Instruments – Disclosures* and *CICA 3863: Financial Instruments – Presentation*, which enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks. This change in accounting policies, which will be adopted effective April 1, 2008, will only require additional disclosures in the financial statements.

4. Future Accounting Policy Changes (continued)

The CICA has also issued a new standard, *CICA 1535: Capital Disclosures*, which requires the disclosure of qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital. This change in accounting policies, which will be adopted effective April 1, 2008, will only require additional disclosures in the financial statements.

The CICA has issued standard, *CICA 3031: Inventorie*s, which requires that inventories be measured at lower of cost and net realizable value; disallows the use of last-in first-out inventory costing method; and requires that when circumstances that previously caused the inventories to be written down below cost no longer exist, the amount of the write down is to be reversed. This new standard, which will be adopted effective April 1, 2008, is not expected to have a material impact on the corporation.

5. Capital Assets

	2008		2007	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Technical equipment	**$ 136,932**	**$ 122,348**	$ 136,932	$ 118,702
Computer equipment	**124,008**	**121,081**	124,008	119,826
Kitchen equipment	**14,107**	**9,989**	14,107	8,960
Cash registers	**5,200**	**4,950**	5,200	4,887
Furniture and fixtures	**11,673**	**9,099**	11,673	8,327
Security system	**17,580**	**15,221**	17,580	14,631
Maintenance equipment	**26,411**	**19,106**	26,411	17,280
	$ 335,911	**$ 301,794**	$ 335,911	$ 292,613
Net book value		**$ 34,117**		$ 43,298

6. Bank Indebtedness

The corporation has a line of credit with a maximum of $100,000 bearing interest at prime rate. The line of credit is secured by a general security agreement. At March 31, 2008, the line of credit had a balance of $Nil before deduction of outstanding cheques.

7. Deferred Contributions

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

		2008		2007
Balance, beginning of year	$	**6,059**	$	8,228
Grants and other amounts received during the year				
Operations Fund		**12,500**		3,135
Capital Fund		**124,987**		56,800
Less amounts recognized as revenue during the year				
Operations Fund		**(160)**		-
Capital Fund (Note 11)		**(124,987)**		(62,104)
Balance, end of year	$	**18,399**	$	6,059

8. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets amount to $29,552 at March 31, 2008 ($37,643 in 2007) and represent the unamortized portion of grants received with which capital assets have been purchased.

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

		2008		2007
Balance, beginning of year	$	**37,463**	$	47,575
Grants received during the year		**-**		-
Amount amortized to revenue		**(7,911)**		(10,112)
Balance, end of year	$	**29,552**	$	37,463

9. Commitments

The corporation has a joint line of credit with another organization with a maximum of $400,000 bearing interest at prime rate plus 0.5%. The line of credit will provide temporary financing to reimburse costs related to preliminary stages of Cercle Molière theater construction. The line of credit is secured by a general security agreement. At March 31, 2008, the line of credit was unutilized.

10. Operations Fund and Cultural Programs Fund Expenses

			2008	2007
	Operations	**Cultural Programs**	**Total**	Total
Advertising and promotion	**$ 6,014**	**$ 21,424**	**$ 27,438**	$ 18,461
Bad debts	**2,094**	**-**	**2,094**	35
Bank charges and interest	**3,405**	**-**	**3,405**	6,981
Employment contracts	**8,075**	**19,187**	**27,262**	101,550
Equipment purchase	**7,795**	**-**	**7,795**	15,176
Equipment rental and maintenance	**58,721**	**17,645**	**76,366**	56,952
Insurance and permits	**21,379**	**1,272**	**22,651**	21,545
Meetings and travel	**7,663**	**17,097**	**24,760**	28,868
Miscellaneous	**-**	**5,145**	**5,145**	3,189
Office	**14,728**	**4,732**	**19,460**	33,356
Pension	**8,885**	**3,715**	**12,600**	6,103
Professional fees	**26,992**	**-**	**26,992**	24,713
Salaries and benefits (Note 14)	**413,534**	**170,984**	**584,518**	541,379
Service contracts	**-**	**57,269**	**57,269**	44,530
Supplies	**18,149**	**504**	**18,653**	23,865
Training	**1,539**	**-**	**1,539**	1,740
Utilities and outside maintenance (Note 14)	**137,024**	**-**	**137,024**	116,895
	$ 735,997	**$ 318,974**	**$ 1,054,971**	$ 1,045,338

11. Capital Fund Expenses

	2008	2007
Asbestos removal and renovation of main building	**$ 73,583**	$ -
Material	**9,735**	19,670
Repairs and maintenance	**41,668**	42,434
	$ 124,986	$ 62,104

12. 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.

13. Use of Building

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

The corporation charges rent to all tenants, groups and organization that make use of the building. This rental revenue is retained by the corporation and recorded as revenue in the Operations Fund, thereby reducing the corporation's reliance on funding from the Province.

14. Centre du Patrimoine

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

Le Centre culturel franco-manitobain (CCFM) pays utility and maintenance costs related to the archival centre. Those utility and maintenance costs are recorded in utilities and salaries and benefits expenses (Note 10). CCFM recovers the utility and maintenance costs from the SHSB. Those recoveries are recorded in miscellaneous revenue and amount to $49,416 in 2008 ($51,334 in 2007).

15. Comparative Amounts

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

BDO Dunwoody LLP
Chartered Accountants
and Advisors

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Portage la Prairie Manitoba Canada R1N 0M4
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Auditors' Report

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

We have audited the non-consolidated statement of financial position of **Child and Family Services of Central Manitoba Inc.** as at March 31, 2008, and the non-consolidated statements of operations and changes in fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these non-consolidated financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2008 and the results of its operations and the changes in cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP.

Chartered Accountants

Portage la Prairie, Manitoba
May 1, 2008

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

For the year ended March 31,	Central Program Support Fund	Ward Care Fund	Family Support Innovations Fund	Family Support Fund	Capital Fund	2008	2007
Assets							
Current Assets							
Cash	$ 168,617	$ -	$ -	$ -	$ -	$ 168,617	$ 126,706
Investments	99,270	-	-	-	-	99,270	94,300
Accounts receivable	64,848	1,047	-	-	-	65,895	25,142
Receivable from General Child and Family Services Authority	65,759	-	-	-	-	65,759	34,800
Receivable from Department of Family Services and Housing	142,846	171,558	-	-	-	314,404	418,173
Prepaid expenses	21,064	-	-	-	-	21,064	20,975
	562,404	172,605	-	-	-	735,009	720,096
Capital Assets (note 1)	-	-	-	-	568,470	568,470	577,806
Deferred Severance/Retirement Entitlement (note 2)	104,030	-	-	-	-	104,030	119,458
	$ 666,434	$ 172,605	$ -	$ -	$ 568,470	$ 1,407,509	$1,417,360
Liabilities and Fund Balances							
Current Liabilities							
Bank indebtedness (note 3)	$ 165,290	$ -	$ -	$ -	$ -	$ 165,290	$ 189,298
Accounts payable and accrued liabilities	148,887	15,550	-	-	-	164,437	188,272
Accrued vacation pay entitlement	142,849	-	-	-	-	142,849	159,405
Working capital advance	-	103,400	-	-	-	103,400	103,400
Interfund balances	(17,735)	10,874	-	6,861	-	-	-
	439,291	129,824	-	6,861	-	575,976	640,375
Accrued Severance/Retirement Entititlement Payable (note 2)	382,769	-	-	-	-	382,769	313,123
Deferred Contributions (note 4)	-	-	-	-	344,493	344,493	359,285
	822,060	129,824	-	6,861	344,493	1,303,238	1,312,783
Fund Balances							
Invested in net capital assets	-	-	-	-	223,977	223,977	218,521
Externally restricted	-	42,781	-	(6,861)	-	35,920	857,087
Unrestricted	(155,626)	-	-	-	-	(155,626)	(971,031)
	(155,626)	42,781	-	(6,861)	223,977	104,271	104,577
Commitments (note 5)							
	$ 666,434	$ 172,605	$ -	$ -	$ 568,470	$ 1,407,509	$1,417,360

On behalf of the Board:

______________________ Director

______________________ Director

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

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

For the year ended March 31,	Central Program Support Fund	Ward Care Fund	Family Support Innovations Fund	Family Support Fund	Capital Fund	2008	2007
Revenue							
Province of Manitoba	$ -	$ 1,571,795	$ -	$ -	$ -	$ 1,571,795	$1,227,337
General Child and Family Services Authority	2,409,100	-	63,400	77,000	-	2,549,500	2,262,600
Amortization of deferred contributions (note 4)	-	-	-	-	14,792	14,792	77,103
Other	68,683	2,065	-	-	2,000	72,748	60,673
	2,477,783	1,573,860	63,400	77,000	16,792	4,208,835	3,627,713
Expenses							
Salaries and benefits	2,171,099	-	71,367	37,947	-	2,280,413	1,988,676
Dakota Ojibway Child and Family Services and Metis Child and Family Services	13,179	-	-	-	-	13,179	118,493
Travel and other field service costs	89,301	63,276	6,301	-	-	158,878	146,346
Office maintenance	61,507	-	-	-	-	61,507	63,497
Office operations	112,973	-	-	-	-	112,973	113,079
Service support	51,011	-	-	-	-	51,011	106,241
Other support	73,279	-	-	-	-	73,279	66,249
Ward care expenses	-	1,467,803	-	46,272	-	1,514,075	1,157,984
Amortization of capital assets	-	-	-	-	22,764	22,764	23,024
Recovery of expenditures from Dakota Ojibway Child and Family Services and Metis Child and Family Services	(12,821)	-	-	(358)	-	(13,179)	(123,459)
	2,559,528	1,531,079	77,668	83,861	22,764	4,274,900	3,660,130
Excess (deficiency) of revenue over expenses before deficit funding	(81,745)	42,781	(14,268)	(6,861)	(5,972)	(66,065)	(32,417)
Deficit funding	65,759	-	-	-	-	65,759	34,800
Excess (deficiency) of revenue over expenses	(15,986)	42,781	(14,268)	(6,861)	(5,972)	(306)	2,383
Fund balance, beginning of year	(971,031)	728,155	-	128,932	218,521	104,577	102,194
Interfund transfers (note 7)	831,391	(728,155)	14,268	(128,932)	11,428	-	-
Fund balance, end of year	$ (155,626)	$ 42,781	$ -	$ (6,861)	$ 223,977	$ 104,271	$ 104,577

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

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

For the year ended March 31,		2008		2007
Cash provided by (used in) Operating Activities				
Excess (deficiency) of revenue over expenses	$	**(306)**	$	2,383
Adjustments for				
Amortization of capital assets		**22,764**		23,024
Amortization of deferred contributions		**(14,792)**		(77,103)
Amortization of deferred severance/retirement entitlement		**15,428**		15,428
Gain on disposal of capital assets		**(2,000)**		
		21,094		(36,268)
Changes in non-cash operating working capital				
Accounts receivable		**(40,753)**		(14,598)
Receivable from Child and Family Services of Central Manitoba Foundation Inc.		**-**		4,500
Receivable from General Child and Family Services Authority		**(30,959)**		(56,493)
Receivable from Department of Family Services and Housing		**103,769**		(96,242)
Prepaid expenses		**(89)**		3,576
Accounts payable and accrued liabilities		**(23,835)**		61,884
Accrued vacation pay entitlement		**(16,556)**		21,693
		12,671		(111,948)
Cash provided by (used in) Investing and Financing Activities				
Additions to capital assets		**(13,428)**		(21,086)
Disposal (addition) of investments		**(4,970)**		300
Restricted contributions received		**-**		61,900
Proceeds on disposal of capital assets		**2,000**		-
Accrued severance/retirement benefit		**69,646**		28,870
Change in bank indebtedness		**(24,008)**		168,670
		29,240		238,654
Increase in cash during the year		**41,911**		126,706
Cash, beginning of year		**126,706**		-
Cash, end of year	$	**168,617**	$	126,706

Additional information				
Interest received	$	**16,477**	$	12,675

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

For the year ended March 31, 2008

Nature of Business

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

Use of Estimates and Measurement Uncertainty

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

The most significant estimates included in these non-consolidated financial statements are the deferred severence/retirement entitlement, its amortization and the accrued severence/retirement entitlement payable as calculated actuarily. Actual results could differ from the estimates used.

Fund Accounting

The Agency follows the deferral method of accounting for contributions.

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

Revenues and expenses directly related to children in care are reported in the Ward Care Fund.

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

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

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

Revenue Recognition

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

For the year ended March 31, 2008

Financial Instruments

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

The fair values of cash, accounts receivable and accounts payable approximate their carrying value because of the short-term maturity of these instruments.

The Agency classifies its financial instruments into one of the following categories based on the purpose for which the item was acquired. The accounting policy for each category is as follows.

Loans and receivables - These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They arise principally through the provision of services (accounts receivable), but also incorporate other types of contractual monetary assets. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment.

Held-for-trading - This category is comprised of cash and short-term investments. They are carried in the balance sheet at the fair value with changes in fair value recognized in the income statement. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.

Other financial liabilities - Other financial liabilities include accounts payable, accrued severence/benefits obligation, other accrued liabilities, and bank indebtedness. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method. Transaction costs related to other financial liabilities are expensed as incurred.

Investments

Investments are recorded at fair value and are comprised of guaranteed investment certificates $99,270 (2007 - $47,000) with an effective interest rate of 4.35% (2007 - 3.95%), with a maturity date of June 2008 (2007 - June 2007), and bonds $ nil (2007 - $47,300) with an effective interest rate of nil (2007 - 4.00%). Interest is received annually and upon maturity.

For the year ended March 31, 2008

Capital Assets

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

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

Amortization expense is reported in the Capital Fund.

Contributed Services

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

Vacation Entitlement

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

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

Defined Contribution Pension Plan

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

During the year, the Agency made contributions of $85,740 (2007 - $74,448) with respect to this plan.

Subsequent to year end, the pension plan was transferred to the Municipal Employee's Benefit Program (MEBP).

Severance/Retirement Entitlement

Severance/retirement entitlement is recorded in the period the service to which it relates is provided. Accrued severance/ retirement is recorded to the extent that a severance/retirement liability exists at the period end. At the date of the last actuarial valuation, March 31, 2008, the economic assumptions used to determine benefit obligations and periodic expenses were a discount rate of 5.5% and future salary increases of 3%.

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

Plan amendments are recorded as a deferred severance/retirement entitlement when a new Union contract is signed that improves the benefit. Any amendment is amortized over the average number of years until the employee group would become entitled to a benefit and included in severance/retirement expense in the Central Program Support Fund.

During the year $24,403 (2007 - $23,518) was paid out to retiring employees. The net change in the severance/retirement entitlement is included in salary and staff benefit expense in the Central Program Support 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.

Capital Disclosures

CICA Handbook Section 1535, Capital Disclosures, requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. The Agency is currently assessing the impact of the new standard.

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, 2007. The Agency is currently evaluating the impact of the adoption of these changes on the disclosure and presentation within its financial statements.

For the year ended March 31, 2008

1. Capital Assets

			2008	2007
	Cost	**Accumulated Amortization**	**Net Book Value**	**Net Book Value**
Land	**$ 8,172**	**$ -**	**$ 8,172**	$ 8,172
Buildings	**919,701**	**369,473**	**550,228**	554,966
Furniture and equipment	**13,155**	**10,170**	**2,985**	5,559
Leasehold improvements	**20,243**	**13,158**	**7,085**	9,109
	$ 961,271	**$ 392,801**	**$ 568,470**	$ 577,806

2. Severance/Retirement Entitlement

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

	2008		2007	
	Deferred Severance/ Retirement Entitlement	**Accrued Severance/ Retirement Entitlement Payable**	Deferred Severance/ Retirement Entitlement	Accrued Severance/ Retirement Entitlement Payable
				-
Balance, March 31, 2007	**$ 119,458**	**$ (313,123)**	$ 13,895	$ (163,262)
Plan amendment due to new Union contract	**-**	**-**	120,991	(120,991)
Paid during the year	**-**	**24,403**	-	20,538
Current cost	**-**	**(94,049)**	-	(49,408)
Amortization	**(15,428)**	**-**	(15,428)	-
Balance, March 31, **2008**	**$ 104,030**	**$ (382,769)**	$ 119,458	$ (313,123)

3. Bank Indebtedness

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

For the year ended March 31, 2008

4. Deferred Contributions

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

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

	2008	2007
Balance, beginning of year	$ -	$ 141
Add restricted contributions received in the year	-	61,900
Less amount recognized as revenue in the year	-	62,041
Balance, end of year	$ -	$ -

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

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

	2008	2007
Balance, beginning of year	$ 359,285	$ 374,347
Less amount recognized as revenue in the year	14,792	15,062
Balance, end of year	$ 344,493	$ 359,285
Total deferred contributions	$ 344,493	$ 359,285

5. Commitments

The Agency leases office premises and certain equipment under operating leases, which expire between 2010 and 2013. The following is a schedule of approximate future minimum lease payments due in each of the next five years under these leases.

2009	$ 72,000
2010	51,300
2011	23,300
2012	4,200
2013	3,300
	$ 154,100

Subsequent to year end, the Board of Directors committed to upgrade the roof for the Portage office for an approximate cost of $60,000.

For the year ended March 31, 2008

6. Related Party Transactions

During the year, the following transactions took place with related parties.

The Agency received program funding of $32,755 (2007 - $35,169) from Child and Family Services of Central Manitoba Foundation Inc.

The Agency is involved with the Tupper Street Family Resource Centre, an unincorporated entity created for the assistance of young parents in the Central Manitoba region, through participation in the start up and policy-making processes. As at March 31, 2008, the Agency had an amount of $31,590 included in Accounts Receivable from the Department of Family Services and Housing for assistance with the start-up phase of this Centre.

The transactions above 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.

7. Interfund Transfers

During the year, $14,268 was transferred from the Central Program Support Fund to the Family Support Innovations Fund to fund expenditures, and $11,428 was transferred to the Capital Fund to fund the purchase of capital assets during the year.

Also, the General Authority for Child and Family Services has approved a transfer from the surpluses in the Ward Care Fund in the amount of $728,155, and from the Family Support Fund in the amount of $128,932, to the Central Program Support Fund for a total of $857,087, to reduce the deficit existing in that fund.

8. Change in Accounting Policy

On April 1, 2007 the Agency prospectively adopted, without restatement of prior periods, CICA Handbook Section 3861, "Financial Instruments - Disclosure and Presentation" and Section 3855, "Financial Instruments - Recognition and Measurement". Under these new standards, all financial instruments are included on the statement of financial position and are initially measured at fair market value.

The impact of adoption of these new standards has not required an adjustment to the carrying values of the financial instruments as at April 1, 2007.

For the year ended March 31, 2008

9. Controlled Organization Not Consolidated

Child and Family Services of Central Manitoba Inc. controls Child and Family Services of Central Manitoba Foundation Inc. Child and Family Services of Central Manitoba Foundation Inc. is operated for the purpose of receiving donations to enhance the lives of children and families in the Central Region of Manitoba and to promote well-being and happiness. The Foundation is incorporated under the laws of the Province of Manitoba and is a registered Public Foundation under the Income Tax Act. Child and Family Services of Central Manitoba Inc.'s Board of Directors serves as the Board of Directors for Child and Family Services of Central Manitoba Foundation Inc. as per the bylaws of Child and Family Services of Central Manitoba Foundation Inc.

Child and Family Services of Central Manitoba Foundation Inc. has not been consolidated in the Child and Family Services of Central Manitoba Inc.'s financial statements. Financial summaries of the unconsolidated entity as at March 31, 2008 and 2007 and for the years then ended are as follows.

Child and Family Services of Central Manitoba Foundation Inc.

Financial position

	2008	2007
Total assets	$ 521,119	$ 500,257
Total liabilities	42,223	27,957
Total net assets	478,896	472,300
	$ 521,119	$ 500,257

Results of operations

	2008	2007
Total revenues	$ 80,158	$ 70,219
Total expenses	73,562	56,574
Excess of revenue over expenses	$ 6,596	$ 13,645

Cash flows

	2008	2007
Cash provided by (used in) operations	$ (1,980)	$ 1,731
Cash provided by (used in) investing activities	1,601	(4,523)
Increase (decrease) in cash	$ (379)	$ (2,792)

For the year ended March 31, 2008

10. Change in Estimate

Effective April 1, 2007, the Agency reviewed its calculation of its severence/retirement obligation through the use of an actuary. The actuary's calculations included a wage increase estimate and a change in the discount rate to 5.5% (2007 - 6.25%). This change in accounting estimate was applied prospectively and is based on the net present value of the amounts owing to staff upon their estimated retirement and discounted to March 31, 2008.

Auditors' Report

To the Board of Directors of
Child & Family Services of Western Manitoba

We have audited the statement of financial position of **Child & Family Services of Western Manitoba** as at **March 31, 2008** and the statement of surplus and operations for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at **March 31, 2008** and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Brandon, Manitoba
April 25, 2008

Child and Family Services of Western Manitoba
Statement of Financial Position - Consolidated

March 31		2008		2007
Assets				
Current Assets				
Cash	$	**1,085,240**	$	703,978
Term deposits		**518,753**		499,597
Accounts receivable		**271,310**		424,720
Due from Province of Manitoba - vacation and severance pay		**453,534**		396,215
Prepaid expenses		**-**		10,864
Discounted certificates		**9,478**		9,374
		2,338,315		2,044,748
Property, plant and equipment (Note 2)		**1,844,820**		1,861,124
	$	**4,183,135**	$	3,905,872
Liabilities and Members' Equity				
Current Liabilities				
Deferred revenue (Note 4)	$	**149,110**	$	55,264
Working capital advance		**174,700**		174,700
Accounts payable		**184,948**		279,125
Vacation and severance pay accrual		**591,024**		562,685
Current portion of long-term debt (Note 5)		**31,311**		29,148
Funds held in trust		**13,384**		10,914
Employees' Trust Certificates		**9,478**		9,374
		1,153,955		1,121,210
Long-term debt (Note 5)		**570,838**		602,669
Special Allowance Trust Fund		**151,149**		144,011
		1,875,942		1,867,890
Surplus				
Operating Fund		**569,951**		359,073
Capital Fund		**1,242,671**		1,229,307
Trust Fund		**494,571**		449,602
		2,307,193		2,037,982
	$	**4,183,135**	$	3,905,872

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

Child and Family Services of Western Manitoba
Statement of Financial Position - Operating Fund

March 31		2008		2007
Assets				
Current Assets				
Cash	$	**910,409**	$	481,835
Term deposits		**12,068**		12,445
Accounts receivable		**269,992**		416,833
Due from Province of Manitoba - vacation and severance pay		**453,534**		396,215
Prepaid expenses		**-**		10,864
		1,646,003		1,318,192
Liabilities and Members' Equity				
Current Liabilities				
Deferred revenue	$	**149,110**	$	55,264
Working capital advance		**174,700**		174,700
Accounts payable		**161,218**		166,470
Vacation and severance pay accrual		**591,024**		562,685
		1,076,052		959,119
Surplus (deficit)				
Central Program Support		**281,515**		78,451
Resource Centre		**6**		4
Family Support Services & Brandon Avenue Projects		**50,721**		121,674
Child Maintenance		**174,552**		129,175
Residential Care		**28,404**		7,044
Early Learning Canada		**5,370**		5,371
Adoptive Families Project		**(5,791)**		(5,791)
Parenting Skills Project		**2,714**		2,714
Parenting Child Centres		**2,411**		2,411
Pre-school Enrichment		**6**		-
Victoria Day Care		**4,775**		17,309
Child Abuse Project		**24,558**		1
Healthy Child Manitoba Programming		**710**		710
		569,951		359,073
	$	**1,646,003**	$	1,318,192

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

Child and Family Services of Western Manitoba
Statement of Financial Position - Capital Fund

March 31	2008	2007
Assets		
Property, plant and equipment (Note 2)	$ 1,844,820	$ 1,861,124
Liabilities and Members' Equity		
Current Liabilities		
Current portion of long-term debt (Note 5)	31,311	29,148
Long-term debt (Note 5)	570,838	602,669
	602,149	631,817
Surplus		
Investment in property, plant and equipment, per schedule	1,242,671	1,229,307
	$ 1,844,820	$ 1,861,124

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

Child and Family Services of Western Manitoba
Statement of Financial Position - Trust Fund

March 31		2008		2007
Assets				
Current Assets				
Cash	**$**	**174,831**	$	222,143
Term deposits		**506,685**		487,152
Accounts receivable		**1,318**		7,887
Discounted certificate		**9,478**		9,374
	$	**692,312**	$	726,556
Liabilities and Members' Equity				
Current Liabilities				
Funds held in trust - clients	**$**	**13,384**	$	10,914
Discounted certificate		**9,478**		9,374
Trust accounts payable		**23,730**		112,655
		46,592		132,943
Special Allowance Trust Fund		**151,149**		144,011
		197,741		276,954
Surplus				
Surplus - White gift fund		**3,086**		3,022
Surplus - Staff gift fund		**4,953**		5,148
Surplus - Sun fund		**13,950**		11,748
Surplus - Facility account		**411,604**		370,091
Surplus - Holding account		**22,407**		21,022
Surplus - Investment Interest		**-**		-
Surplus - Endowment fund		**-**		-
Surplus - Special Allowance		**-**		-
Surplus - Training		**38,507**		38,507
Surplus - Special Projects		**64**		64
		494,571		449,602
	$	**692,312**	$	726,556

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

Child and Family Services of Western Manitoba
Statement of Surplus (Deficit) - Operating Fund

March 31		2008		2007
Central Program Support				
Surplus (deficit), beginning of year	$	78,451	$	(294,000)
Surplus for year		203,064		73,579
Deficit recovery		-		298,872
Surplus, end of year	$	281,515	$	78,451
Resource Centre				
Surplus (deficit), beginning of year	$	4	$	(274)
Surplus for year		2		278
Surplus, end of year	$	6	$	4
Family Support Service & Brandon Avenue Projects				
Surplus, beginning of year	$	121,674	$	80,936
Family Support Services - Surplus (deficit) for year		(77,403)		37,439
Brandon Avenue Project - Surplus for year		6,450		3,299
Surplus, end of year	$	50,721	$	121,674
Child Maintenance Operations				
Surplus, beginning of year	$	129,175	$	126,497
Surplus for year - Child Maintenance		45,377		2,678
Surplus, end of year	$	174,552	$	129,175
Residential Care				
Surplus, beginning of year	$	7,044	$	89,653
Surplus (deficit) for year		21,360		(82,609)
Surplus, end of year	$	28,404	$	7,044
Early Learning Canada				
Surplus, beginning of year	$	5,371		-
Surplus (deficit) for year		(1)		5,371
Surplus, end of year	$	5,370		5,371
Adoptive Families Project				
Deficit, beginning of year	$	(5,791)	$	(5,791)
Surplus for year		-		-
Deficit, end of year	$	(5,791)	$	(5,791)

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

Child and Family Services of Western Manitoba
Statement of Surplus (Deficit) - Operating Fund

March 31		2008		2007
Parenting Skills Project				
Surplus, beginning of year	**$**	**2,714**	$	2,714
Surplus, end of year	**$**	**2,714**	$	2,714
Brandon Early Years Team				
Surplus, beginning of year	**$**	**-**	$	-
Surplus, end of year	**$**	**-**	$	-
Parent Child Centres				
Surplus, beginning of year	**$**	**2,411**	$	2,411
Surplus for year		**-**		-
Surplus, end of year	**$**	**2,411**	$	2,411
Preschool Enrichment				
Surplus, beginning of year	**$**	**-**	$	-
Surplus for year		**6**		-
Surplus, end of year	**$**	**6**	$	-
Victoria Daycare				
Surplus, beginning of year	**$**	**17,309**	$	61,708
Deficit for year		**(12,534)**		(44,399)
Surplus, end of year	**$**	**4,775**	$	17,309
Child Abuse Project				
Surplus, beginning of year	**$**	**1**	$	-
Surplus for year		**24,557**		1
Surplus, end of year	**$**	**24,558**	$	1

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

Child and Family Services of Western Manitoba
Statement of Surplus (Deficit) - Operating Fund

March 31		2008		2007
Healthy Child Manitoba Programming				
Surplus, beginning of year	**$**	**710**	$	710
Surplus, end of year	**$**	**710**	$	710
Parent Child Home Program				
Surplus, beginning of year	**$**	**-**	$	1
Surplus (deficit) for year		**-**		(1)
Surplus, end of year	**$**	**-**	$	-

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

Child and Family Services of Western Manitoba
Statement of Investment in Capital Assets - Capital Fund

March 31	2008	2007
Investment in Capital Assets, beginning of year	**$ 1,229,307**	$ 1,204,215
Principal payments on mortgage made by Operating Fund	**29,666**	31,147
Capital assets purchased by Operating Fund and Trust Fund	**101,441**	100,772
	1,360,414	1,336,134
Amortization for the year	**117,743**	106,827
Investment in Capital Assets, end of year	**$ 1,242,671**	$ 1,229,307

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

Child and Family Services of Western Manitoba
Statement of surplus (deficit) - Trust Fund

March 31	2008	2007
White Gift Fund		
Surplus, beginning of year	$ 3,022	$ -
Transfer to Other Trust Accounts	64	3,022
Surplus, end of year	$ 3,086	$ 3,022
Staff Gift Fund		
Surplus, beginning of year	$ 5,148	$ 5,017
Surplus (deficit) for year	(195)	131
Surplus, end of year	$ 4,953	$ 5,148
Sun Fund		
Surplus, beginning of year	$ 11,748	$ 8,900
Surplus for year	2,202	2,848
Surplus, end of year	$ 13,950	$ 11,748
Facility Fund Operations		
Surplus, beginning of year	$ 370,091	$ 300,370
Surplus for year	41,513	69,062
Transfer to Other Trust Programs	-	659
Surplus, end of year	$ 411,604	$ 370,091
Holding Account Operations		
Surplus, beginning of year	$ 21,022	$ 23,449
Surplus (deficit) for year	1,385	(12,007)
Transfer to Other Trust Programs	-	9,580
Surplus, end of year	$ 22,407	$ 21,022
Investment Interest		
Surplus, beginning of year	$ -	$ 30,251
Surplus for year	-	-
Transfer from Other Trust Programs	-	(30,251)
Surplus, end of year	$ -	$ -

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

Child and Family Services of Western Manitoba
Statement of surplus (deficit) - Trust Fund

March 31		2008		2007
Special Allowance				
Surplus, beginning of year	$	-		3,936
Surplus for year		-		-
Transfer to Other Trust Programs		-		(3,936)
Surplus, end of year	$	-		-
Training				
Surplus, beginning of year	$	38,507	$	9,150
Surplus for year		-		8,496
Transfer to Other Trust Accounts		-		20,861
Surplus, end of year	$	38,507	$	38,507
Special Projects				
Surplus, beginning of year	$	64	$	64
Surplus for year		-		-
Surplus, end of year	$	64	$	64

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

Child and Family Services of Western Manitoba
Statement of Operations - Combined - Operating Fund

For the year ended March 31		2008		2007
Revenue				
Grant revenue	$	**5,679,347**	$	4,990,413
Fees - Province of Manitoba		**1,251,812**		913,458
Operating revenue		**921,983**		901,959
Fees		**907,027**		822,609
Brandon School Division		**20,076**		17,449
Foundation		**77,778**		92,270
Miscellaneous		**89,584**		144,069
		8,947,607		7,882,227
Expenses, per schedule		**8,598,260**		7,754,654
Surplus (deficit) before transfer to Capital Fund		**349,347**		127,573
Transfer to Capital Fund		**138,477**		131,919
Change in surplus (deficit) for year	$	**210,870**	$	(4,346)

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

Child and Family Services of Western Manitoba
Schedule of Expenditures - Combined - Operating Fund

For the year ended March 31	2008	2007
Salaries, fees and related expenses	**$ 5,222,533**	$ 4,726,375
Field service	**200,262**	114,615
Office operation	**350,075**	342,740
Professional services	**67,455**	82,771
Staff development	**8,521**	27,574
Board expenses	**10,763**	11,436
Other expenses	**250,974**	188,429
Other centres	**72,537**	71,288
Program expenditures	**555,350**	414,168
Child maintenance expenditures	**1,859,790**	1,775,258
	$ 8,598,260	$ 7,754,654

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

Child and Family Services of Western Manitoba
Statement of Operations - Combined - Trust Fund

For the year ended March 31		2008		2007
Revenue				
Staff contributions	$	**1,849**	$	1,623
Charitable donations		**3,930**		3,585
Culture and heritage		**5,000**		5,000
Grant revenue - federal		**2,152**		2,035
CFS Foundation grant		**39,982**		35,010
Interest		**19,354**		14,753
Rent		**82,629**		82,629
Community campaign		**23,153**		10,337
Memberships		**465**		1,105
Training programs - fees		**5,820**		26,400
		184,334		182,477
Expenditures				
Gift purchases		**2,044**		1,492
Camp fees		**38,738**		34,546
Office		**1,415**		1,295
Miscellaneous		**(45)**		76
Salaries		**6,735**		5,910
Transportation		**2,709**		1,645
CFS Supplements		**41,350**		9,634
Property taxes		**18,430**		17,996
Community campaign expenses		**21,072**		23,449
Training program - program costs		**6,981**		17,904
		139,429		113,947
Surplus for year	$	**44,905**	$	68,530

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

Due from Province of Manitoba - Vacation Pay

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

Investments

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

Property, Plant and Equipment

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

Amortization is recorded on a straight-line basis as a decrease in investment in property, plant and equipment in accordance with the following rates:

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

Fund Accounting

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

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

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

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

Financial Instruments

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

Effective April 1, 2007, the organization adopted the new recommendations of the Canadian Institute of Chartered Accountants (CICA) under CICA Handbook Section 1530, Comprehensive Income, Section 3251, Equity, Section 3855, Financial Instruments - Recognition and Measurement and Section 3861, Financial Instruments - Disclosure and Presentation. These new Handbook Sections provide requirements for the recognition and measurement of financial instruments. Section 1530 establishes standards for reporting and presenting comprehensive income which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with Canadian generally accepted accounting principles.

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity instruments and other financial liabilities, which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets and liabilities are measured at fair value and changes in fair value are recognized into net income. Available-for-sale financial instruments are measured at their fair value with changes in fair value recorded in other comprehensive income

As a result of the adoption of these new standards, 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. As a result of application of Section 3855, the Company's surplus was not affected.

Use of Estimates

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

Revenue Recognition

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

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

2. **Property, Plant and Equipment**

	Cost	Accumulated Amortization	2008 Net Value	2007 Net Value
800 MacTavish Avenue				
Building and land	$ 812,774	$ (181,426)	$ 631,348	$ 649,292
Office equipment and furniture	319,122	(249,480)	69,642	79,625
Other Centres				
Building and land	1,064,119	(299,236)	764,883	788,986
Equipment	74,750	(45,637)	29,113	32,850
2227 Brandon Avenue				
Building and land	215,209	(143,260)	71,949	76,669
Equipment	40,096	(30,913)	9,183	11,189
Cypress House				
Building and land	136,402	(67,204)	69,198	71,878
Equipment	35,703	(32,743)	2,960	4,746
7th Street House				
Building and land	76,370	(46,349)	30,021	31,532
Equipment	19,741	(19,741)		
Automobiles	641,625	(475,102)	166,523	114,357
	$ 3,435,911	$ (1,591,091)	$ 1,844,820	$ 1,861,124

3. **Bank Indebtedness**
The Royal Bank account carries an overdraft limit of $350,000 and carries interest at prime. As at March 31, 2008, the unused credit facility was $350,000. The overdraft limit is secured by a comfort letter from the Province of Manitoba.

4. **Deferred Revenue**
Deferred contributions consists of contributions received for operating purposes and unexpended funds. The following is a summary of changes to this account:

	2008	2007
Balance, beginning of year	$ 55,264	$ 45,207
Contributions deferred	149,110	55,264
Deferred revenue recognized in year	(55,264)	(45,207)
Balance, end of year	$ 149,110	$ 55,264

5. Long Term Debt

	2008	2007
Royal Trust mortgage, repayable at $5,878 monthly including interest at 7.65%, secured by land and building, matures 2021	**$ 602,149**	$ 631,817
Current portion	**31,311**	29,148
	$ 570,838	$ 602,669

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

2009	-	$ 31,311
2010	-	33,282
2011	-	35,582
2012	-	38,040
2013	-	40,669
Thereafter	-	423,265
		$ 602,149

6. Commitments

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

2009	-	$ 6,498
2010	-	3,249
2011	-	
2012	-	
2013	-	

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

8. **Statement of Cash Flows**
A Statement of Cash Flows has not been provided as it would not provide any further information to the users of the financial statements. The organization paid $40,865 (2007 - $42,757) in interest on long-term debt in the year.

9. **Comparative Figures**
Certain number of the comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.

BDO Dunwoody LLP/s.r.l.
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Rapport des vérificateurs

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

Nous avons vérifié le bilan consolidé du Collège universitaire de Saint-Boniface au 31 mars 2008 et les états consolidés de l'évolution des soldes de fonds, des résultats, et des flux de trésorerie pour l'exercice terminé à cette date. La responsabilité de ces états financiers incombe à la direction du Collège universitaire de Saint-Boniface. Notre responsabilité consiste à exprimer une opinion sur ces états financiers en nous fondant sur notre vérification.

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

À notre avis, ces états financiers consolidés donnent, à tous les égards importants, une image fidèle de la situation financière du Collège universitaire de Saint-Boniface au 31 mars 2008, ainsi que des résultats de son exploitation et de ses flux de trésorerie pour l'exercice terminé à cette date selon les principes comptables généralement reconnus du Canada.

BDO Dunwoody SRL

Comptables agréés

Winnipeg (Manitoba)
le 7 mai 2008

Collège universitaire de Saint-Boniface
Bilan consolidé

Au 31 mars	**2008**	2007
	000 $	000 $
Actif		
Actif à court terme		
Encaisse (note 3)	**182**	-
Comptes à recevoir et autres actifs	**5 029**	4 044
	5 211	4 044
Placements (note 4)	**19 142**	19 958
Immobilisations (note 5)	**12 346**	12 555
	36 699	36 557
Passif et soldes de fonds		
Passif à court terme		
Découvert bancaire (note 3)	**-**	44
Comptes à payer et frais courus	**3 557**	3 663
Revenus reportés	**406**	523
Contributions reportées (note 6)	**1 121**	978
	5 084	5 208
Engagements (note 8)		
Soldes de fonds		
Non grevés d'affectations	**1 284**	1 257
Affectations d'origine interne (note 9)	**8 709**	8 657
Investis en immobilisations	**12 346**	12 555
Fonds de dotation	**9 276**	8 880
	31 615	31 349
	36 699	36 557

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

_______________________________ Président

_______________________________ Rectrice

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

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

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 $	2008 000 $	2007 000 $
Solde, au début de l'exercice, tel que présenté précédemment	**1 257**	**8 657**	**12 555**	**8 880**	**31 349**	30 663
Changement de méthode comptable (note 11)	**(18)**	**-**	**-**	**(14)**	**(32)**	-
Solde, au début de l'exercice, tel que retraité	**1 239**	**8 657**	**12 555**	**8 866**	**31 317**	30 663
Excédent (insuffisance) des revenus sur les dépenses pour l'exercice	**441**	**-**	**(553)**	**410**	**298**	686
Allocation au fonds d'affectation d'origine interne (note 9)						
Revenus - intérêts	**(137)**	**137**	**-**	**-**	**-**	-
Projets stratégiques	**85**	**(85)**	**-**	**-**	**-**	-
	(52)	**52**	**-**	**-**	**-**	-
Virements interfonds						
Achats d'immobilisations	**(344)**	**-**	**344**	**-**	**-**	-
Changement net de l'exercice	**45**	**52**	**(209)**	**410**	**298**	686
Solde, à la fin de l'exercice	**1 284**	**8 709**	**12 346**	**9 276**	**31 615**	31 349

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

Collège universitaire de Saint-Boniface
État des résultats consolidé

Pour l'exercice terminé le 31 mars	**2008**	2007
	000 $	000 $
Revenus		
Subventions		
Provincial	**11 342**	10 816
Fédéral	**4 805**	4 043
Droits de scolarité	**3 379**	3 318
Autres revenus	**1 791**	1 668
Dons	**646**	589
Produits financiers	**322**	846
	22 285	21 280
Dépenses		
Salaires et avantages sociaux	**15 100**	14 193
Matériel et autres	**4 715**	4 289
Amortissement	**783**	870
Services publics	**615**	398
Déplacements et conférences	**521**	434
Bourses et prix	**253**	410
	21 987	20 594
Excédent des revenus sur les dépenses pour l'exercice	**298**	686

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

Collège universitaire de Saint-Boniface
État des flux de trésorerie consolidé

Pour l'exercice terminé le 31 mars	**2008**	2007
	000 $	000 $
Flux de trésorerie liés aux activités d'exploitation		
Excédent des revenus sur dépenses pour l'exercice	**298**	686
Éléments hors caisse		
Amortissement des immobilisations	**783**	870
	1 081	1 556
Variations d'éléments du fonds de roulement		
Comptes à recevoir et autres actifs	**(985)**	(956)
Comptes à payer et frais courus	**(106)**	155
Revenus reportés	**(117)**	(153)
Contributions reportées	**143**	382
	16	984
Flux de trésorerie liés aux activités de financement	**-**	-
Flux de trésorerie liés aux activités d'investissement		
Achats d'immobilisations	**(574)**	(853)
Diminution (augmentation) des placements	**784**	(346)
	210	(1 199)
Augmentation (diminution) nette des espèces et quasi-espèces	**226**	(215)
Espèces et quasi espèces, au début de l'exercice	**(44)**	171
Espèces et quasi espèces, à la fin de l'exercice	**182**	(44)

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

Au 31 mars 2008

1. Autorité et objectifs

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

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

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

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

Méthode de comptabilité

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

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

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

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

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

Méthode de comptabilité (suivi)

Le Fonds de dotation est constitué des apports destinés par exemple aux bourses et prix pour les étudiants et étudiantes. Les produits financiers générés par ces ressources sont comptabilisés dans le Fonds de dotation.

Immobilisations

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

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

L'amortissement est comptabilisé dans le Fonds des immobilisations.

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

Le CUSB reçoit quelquefois des dons en nature qui sont comptabilisés à leur juste valeur lorsque celle-ci peut faire l'objet d'une estimation raisonnable. Toutefois, ces dons en nature ne sont pas amortis. La valeur des dons reçus en nature au cours de l'exercice terminé le 31 mars 2008 a été d'environ 24 000 $, et la valeur de ceux qui ont été reçus antérieurement n'a pas été jugée significative.

Inventaires

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

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

Instruments financiers

Les justes valeurs en espèces ou quasi-espèces, les comptes à recevoir et les comptes à payer et frais courus se rapprochent de leurs valeurs comptables en raison des échéances à court terme de ces instruments. La juste valeur des placements à court-terme et à long terme est estimée 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 CUSB n'a fait l'acquisition d'aucun produit financier dérivé, que ce soit à titre d'instruments de couverture des risques de change ou de taux d'intérêt ou pour gérer les positions de change.

Le CUSB classe ses instruments financiers dans l'une des catégories suivantes selon ce qui a motivé l'acquisition de l'élément d'actif. La convention comptable du CUSB pour chaque catégorie se présente comme suit :

Prêts et créances – Ces éléments d'actifs sont des actifs financiers non dérivés qui sont créés du fait de la mise à disposition d'argent ou d'autres éléments d'actif par un organisme prêteur à un emprunteur, contre promesse de remboursement à une (des) date(s) précise(s), ou sur demande. Cette catégorie comprends les comptes à recevoir et les intérêts courus. Ils sont initialement comptabilisés à leur juste valeur, puis à coût non amorti, d'après la méthode de détermination de l'intérêt réel, moins toute provision pour moins-value.

Actifs financiers détenus à des fins de transactions – Ces éléments d'actif financiers comprennent certains placements en capitaux propres et en titres de créance. Ils sont reportés au bilan à la juste valeur avec des variations inhérentes à la juste valeur comptabilisées dans l'État des résultats. Les coûts de transactions liés aux instruments classés détenus à des fins de transactions, sont portés aux dépenses à mesure qu'ils sont subis. Les justes valeurs sont déterminées par référence directe aux cotations de prix publiés dans un marché actif.

Autres passifs financiers – Cette catégorie comprend tous les passifs financiers autres que ceux détenus à des fins de transactions, c'est-à-dire par exemple les comptes à payer et frais courus. Ces passifs financiers sont initialement comptabilisés à juste valeur, puis au coût non amorti, d'après la méthode de détermination de l'intérêt réel.

Les intérêts, les dividendes, les gains et pertes réalisés et non realisés sont comptabilisés au poste « Produits financiers » dans l'État des résultats.

Conversion de devises

Les montants relatifs à l'achat et la vente de placements ainsi qu'aux revenus de dividendes et en intérêts dans une monnaie étrangère sont convertis en dollars canadiens au taux de change en vigueur à la clôture du mois. Les pertes ou les gains réalisés ou non réalisés sur des placements dans une monnaie étrangère sont comptabilisés au poste « Produits financiers » dans l'État des résultats.

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

Constatation des revenus

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

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

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

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.

Fonds grevés d'affectations d'origine interne

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

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

Main-d'œuvre bénévole

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

3. Encaisse

Le CUSB dispose d'une marge de crédit d'un montant autorisé de 1 000 000 $ portant des intérêts au taux préférentiel plus 0,25 %. Cette marge n'était pas utilisée au 31 mars 2008.

4. Placements

	2008	2007
	Valeur marchande	Coût
	000 $	000 $
Encaisse et titres à revenus fixes à court terme	**2 290**	9 620
Titres à revenus fixes à long terme	**11 366**	10 184
Actions canadiennes	**3 083**	83
Actions américaines	**1 213**	18
Actions étrangères	**1 178**	41
Autres	**12**	12
	19 142	19 958

Au 31 mars 2007, la juste valeur marchande des placements était de 19 926 517 $.

5. Immobilisations

			2008	2007
	Coût	**Amortissement cumulé**	**Valeur comptable nette**	Valeur comptable nette
	000 $	**000 $**	**000 $**	000 $
Immeubles et améliorations	**17 487**	**7 535**	**9 952**	10 042
Équipement et ameublements	**4 864**	**2 914**	**1 950**	1 944
Équipement informatique et logiciels	**6 170**	**5 726**	**444**	569
	28 521	**16 175**	**12 346**	12 555

6. Contributions reportées

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

	2008	2007
	000 $	000 $
Solde, au début de l'exercice	**978**	596
Apports reçus	**970**	1 916
Virements aux revenus	**(827)**	(1 534)
Changement net de l'exercice	**143**	382
Solde, à fin de l'exercice	**1 121**	978

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

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

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

8. Engagements

Le CUSB 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 85 000 $ par année.

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

	Début de l'exercice	Opérations majorations	Retraits	Fin de l'exercice
	000 $	000 $	000 $	000 $
Bourses et prix	2 172	35	-	2 207
Campagne de levée de fonds/ appariement des dons	1 084	17	-	1 101
Projets stratégiques	1 321	20	(85)	1 256
Projets d'immobilisations importantes	1 677	27	-	1 704
Financement de transition de programmes et de services	2 403	38	-	2 441
	8 657	137	(85)	8 709

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 1,6 % (2,3 % en 2006-2007). 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 et des subventions et dons annuels.

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

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

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

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

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 CUSB, à la contribution d'une partie des coûts en capital d'un projet ou l'acquisition de futures immobilisations.

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

10. Estimation des montants

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.

11. Changement de méthode comptable

Le CUSB a adopté les nouvelles normes comptables publiées au Chapitre 3855, intitulé « Instruments financiers - comptabilisation et évaluation » ainsi que les chapitres reliés, du manuel de l'Institut canadien des comptables agréés. Ce changement de méthode comptable a été adopté avec application prospective à partir du 1er avril 2007 et donc les chiffres de l'exercice antérieur n'ont pas été redressés. Les nouvelles normes permettent l'évaluation des instruments financiers à leur juste valeur et cela affecte l'évaluation des placements.

Un ajustement de transition attribuable à ce changement a été comptabilisé dans le solde d'ouverture du fonds non grevés d'affectations (réduction de 17 927 $) et dans le solde d'ouverture du Fonds de dotation (réduction de 13 862 $). Des baisses correspondantes ont été comptabilisées dans les comptes de Placements au bilan.

12. Gestion des risques financiers

Le CUSB, dans le cours normal de ses activités, est exposé à différents risques, notamment le risque du marché et des variations aux taux d'échange. L'objectif du CUSB 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 CUSB.

Risque de marché - Le risque de 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 CUSB sont soumis aux risques du marché. La valeur de ces instruments financiers fluctuera selon l'évolution des cours du marché ou de 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 CUSB. 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.

13. Chiffres comparatifs

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

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

Au 31 mars 2008

	Fonctionnement général 000 $	Immobilisations 000 $	Dotation 000 $	2008 000 $	2007 000 $
Actif					
Actif à court terme					
Encaisse (note 3)	182	-	-	182	-
Comptes à recevoir et autres actifs	4 832	-	197	5 029	4 044
	5 014	-	197	5 211	4 044
Placements (note 4)	10 309	-	8 833	19 142	19 958
Immobilisations (note 5)	-	12 346	-	12 346	12 555
Inter-fonds	(246)	-	246	-	-
	15 077	12 346	9 276	36 699	36 557
Passif et soldes de fonds					
Passif à court terme					
Découvert bancaire (note 3)	-	-	-	-	44
Comptes à payer et frais courus	3 557	-	-	3 557	3 663
Revenus reportés	406	-	-	406	523
Contributions reportées (note 6)	1 121	-	-	1 121	978
	5 084	-	-	5 084	5 208
Engagements (note 8)					
Soldes de fonds					
Non grevés d'affectations	1 284	-	-	1 284	1 257
Affectations d'origine interne (note 9)	8 709	-	-	8 709	8 657
Investis en immobilisations	-	12 346	-	12 346	12 555
Fonds de dotation	-	-	9 276	9 276	8 880
	9 993	12 346	9 276	31 615	31 349
	15 077	12 346	9 276	36 699	36 557

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 $	2008 000 $	2007 000 $
Revenus					
Subventions					
Provincial	11 329	13	-	11 342	10 816
Fédéral	4 588	217	-	4 805	4 043
Droits de scolarité	3 379	-	-	3 379	3 318
Autres revenus	1 785	-	6	1 791	1 668
Dons	-	-	646	646	589
Produits financiers	223	-	99	322	846
	21 304	230	751	22 285	21 280
Dépenses					
Salaires et avantages sociaux	15 100	-	-	15 100	14 193
Matériel et autres	4 553	-	162	4 715	4 289
Amortissement	-	783	-	783	870
Services publics	615	-	-	615	398
Déplacements et conférences	521	-	-	521	434
Bourses et prix	74	-	179	253	410
	20 863	783	341	21 987	20 594
Excédent (insuffisance) des revenus sur les dépenses pour l'exercice	441	(553)	410	298	686

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 $	2008 000 $	2007 000 $
Revenus								
Subventions								
Provincial	**7 400**	**2 857**	**68**	**1 004**	**-**	**-**	**11 329**	10 514
Fédéral	**854**	**419**	**203**	**2 425**	**261**	**426**	**4 588**	4 043
Droits de scolarité	**2 311**	**473**	**564**	**31**	**-**	**-**	**3 379**	3 318
Autres revenus	**239**	**55**	**517**	**816**	**86**	**72**	**1 785**	1 663
Produits financiers	**-**	**-**	**-**	**223**	**-**	**-**	**223**	500
	10 804	**3 804**	**1 352**	**4 499**	**347**	**498**	**21 304**	20 038
Dépenses								
Salaires et avantages sociaux	**8 852**	**3 224**	**1 111**	**1 630**	**90**	**193**	**15 100**	14 193
Matériel et autres	**1 797**	**590**	**209**	**1 512**	**242**	**203**	**4 553**	4 086
Services publics	**285**	**56**	**11**	**263**	**-**	**-**	**615**	398
Déplacements et conférences	**162**	**76**	**64**	**121**	**28**	**70**	**521**	433
Bourses et prix	**9**	**7**	**-**	**58**	**-**	**-**	**74**	204
	11 105	**3 953**	**1 395**	**3 584**	**360**	**466**	**20 863**	19 314
Excédent (insuffisance) des revenus sur les dépenses pour l'exercice	**(301)**	**(149)**	**(43)**	**915**	**(13)**	**32**	**441**	724

BDO Dunwoody LLP/s.r.l.
Chartered Accountants and Advisors
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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, 2008 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, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
May 14, 2008

COMMUNITIES ECONOMIC DEVELOPMENT FUND
Statement of Financial Position

March 31	2008	2007
Assets		
Current Assets		
Cash	$ 266,042	$ 625,411
Trust deposits - Province of Manitoba	281,197	7,627
Due from the Province of Manitoba (Note 3)	1,970,351	2,104,903
Accounts receivable	55,611	106,294
Property held for resale	4,513	4,879
Prepaid expenses	4,707	13,991
	2,582,421	2,863,105
Loans receivable (Note 4)	21,261,404	21,393,330
Capital assets (Note 5)	105,638	14,834
	$ 23,949,463	$ 24,271,269
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	$ 717,741	$ 1,063,168
Interest payable to the Province of Manitoba	512,697	405,198
	1,230,438	1,468,366
Commitments (Note 6)		
Accrued pension liability	1,895,420	1,765,596
Advance by the Province of Manitoba (Note 7)	20,823,605	21,037,307
	$ 23,949,463	$ 24,271,269

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	2008	2007
Revenue		
Loan interest		
TEAM	**$ 136**	$ 3,150
Business program	**771,127**	866,176
Fisheries program	**1,243,137**	991,478
Investment income	**52,086**	60,764
	2,066,486	1,921,568
Cost of Funds		
Interest paid to the Province of Manitoba		
Business program	**530,052**	480,213
Life insurance	**77,924**	73,421
Trust line of credit	**107,596**	105,555
Fisheries program	**616,693**	564,986
Other	**13,001**	-
	1,345,266	1,224,175
Gross margin	**721,220**	697,393
Operating expenditures (Page 16)	**1,629,197**	1,636,676
	(907,977)	(939,283)
Other income - administration fees	**100,414**	52,926
Deficiency of revenue over expenditures before provision for doubtful loans	**(807,563)**	(886,357)
Provision for doubtful loans - regular operations	**706,893**	627,803
Deficiency of revenue over expenditures before subsidy due from the Province of Manitoba	**(1,514,456)**	(1,514,160)
Subsidy due from the Province of Manitoba	**1,514,456**	1,514,160
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	2008	2007
Cash Flows from Operating Activities		
Deficiency before subsidy	**$ (1,514,456)**	$ (1,514,160)
Adjustments for		
Amortization of capital assets	**6,019**	6,703
Provision for doubtful loans	**706,893**	627,803
	(801,544)	(879,654)
Accounts receivable	**50,683**	(42,216)
Accrued interest receivable	**(61,419)**	(168,963)
Prepaid expenses	**9,283**	(6,748)
Accounts payable	**(345,427)**	713,600
Accrued interest payable	**107,499**	52,377
Accrued pension liability	**129,824**	128,094
	(911,101)	(203,510)
Cash Flows from Financing Activities		
(Increase) decrease - Due from the Province of Manitoba	**134,552**	(76,060)
Increase (decrease) - Advance by the Province of Manitoba	**(213,702)**	(123,627)
Subsidy - Province of Manitoba	**1,514,456**	1,514,160
	1,435,306	1,314,473
Cash Flows from Investing Activities		
Loans receivable, net of repayments	**(239,977)**	(3,563,826)
Purchase of capital assets	**(96,822)**	(4,385)
Property held for resale	**366**	148,929
Trust deposits	**(273,571)**	1,322,192
	(610,004)	(2,097,090)
Net decrease in cash and cash equivalents	**(85,799)**	(986,127)
Cash and cash equivalents, beginning of year	**633,038**	1,619,165
Cash and cash equivalents, end of year	**$ 547,239**	$ 633,038
Represented by		
Cash	**$ 266,042**	$ 625,411
Trust deposits - Province of Manitoba	**281,197**	7,627
	$ 547,239	$ 633,038
Supplementary Information		
Interest paid	**$ (1,199,851)**	$ (1,097,000)
Interest received	**2,180,387**	2,402,841

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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reported period. Actual results may differ from those estimates. The significant accounting policies used in these financial statements are as follows:

Loans Receivable

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

Allowance for Doubtful Loans

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

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

Revenue Recognition

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

Pension Expense and Obligation

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

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

The total liability as at March 31, 2008 amounts to $1,895,420 (2007 - $1,765,596).

Capital Assets

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

Office furniture and equipment	10 - 30%

Financial Instruments

The Fund's 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.

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted bid or asking prices as appropriate, in the most advantageous active market for that instrument to which the Fund has immediate access.

Financial Instruments (cont'd)

Fair values determined using valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discounted rates. In determining those assumptions, external readily observable market inputs including interest rate yield curves, currency rates and price and rate volatilities are considered, as applicable.

Transaction costs for financial instruments are capitalized and then amortized over the term to the instrument using the effective interest rate method.

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

The Fund classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The Fund's accounting policy for each category is as follows:

Loans and Receivables - These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They arise principally through the provision of goods and services (accounts receivable), but also incorporate other types of contractual monetary assets (loans). They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment.

Held-for-trading - This category is comprised of cash. Cash is carried in the balance sheet at fair value.

Other Financial Liabilities - Other financial liabilities include all financial liabilities other than those classified as held-for-trading and comprises trade accounts payable and advance by the Province of Manitoba. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method.

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

Financial Instruments (cont'd)

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

All financial instruments are denominated in Canadian dollars.

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

Recent Accounting Pronouncements

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

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, 2007. The Fund is currently evaluating the impact of the adoption of these changes on the disclosure and presentation within its financial statements.

International Financial Reporting Standards

The CICA plans to converge Canadian GAAP with International Financial Reporting Standards ("IFRS") over a transition period expected to end in 2011. The impact of the transition to IFRS on the Fund's financial statements has yet to be determined.

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. Change in Accounting Policy

On April 1, 2007, the Fund retrospectively adopted, CICA Handbook Section 3861, "Financial Instruments - Disclosure and Presentation" and Section 3855, "Financial Instruments - Recognition and Measurement". Under these new standards, all financial instruments are included on the statement of financial position and are measured either at fair market value or, in limited circumstances, at cost or amortized cost.

In accordance with these revised standards, the organization has classified each of its financial instruments into the following accounting categories, effective April 1, 2007. The category for an item determines its subsequent accounting under the revised standards.

The adoption of these new standards had no material impact on the Fund's statement of financial position and statement of operations.

3. 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 $1,970,351 (2007 - $2,104,903) 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:

	2008	2007
Department of Aboriginal and Northern Affairs		
Subsidy (refundable)	**$ (248,032)**	$ 173,548
Order in Council pending	**258,244**	100,359
Pension (unfunded)	**1,876,021**	1,746,878
Pension (funded)	**18,718**	18,718
Severance accrual (unfunded)	**65,400**	65,400
	$ 1,970,351	$ 2,104,903

4. Loans Receivable

	2008	2007
Business Loan Program		
- Interest rates applied range from 4.125% to 5.5%		
Principal	**$ 11,849,346**	$ 12,495,516
Accrued interest	**700,878**	790,175
	12,550,224	13,285,691
Allowance for doubtful loans (Note 8)	**2,019,245**	1,739,027
	10,530,979	11,546,664
Fisheries Loan Program		
- Interest rates applied range from 4.125% to 5.25%		
Principal	**12,665,450**	12,042,494
Accrued interest	**1,091,302**	940,432
	13,756,752	12,982,926
Allowance for doubtful loans (Note 8)	**3,026,327**	3,140,168
	10,730,425	9,842,758
TEAM Loan Program		
Principal	**-**	3,755
Accrued interest	**-**	153
	-	3,908
	$ 21,261,404	$ 21,393,330

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

	2008 Gross Loan Balances	2008 Total Allowance	2007 Gross Loan Balances	2007 Total Allowance
Business Loan Program				
Impaired	**$ 2,340,180**	**$ 447,558**	$ 2,340,180	$ 553,631
Performing	**10,210,042**	**1,571,687**	10,945,512	1,185,396
	12,550,222	**2,019,245**	13,285,692	1,739,027
Fisheries Loan Program				
Impaired	**$ 3,026,327**	**$ 3,026,327**	$ 3,140,168	$ 3,140,168
Performing	**10,730,425**	**-**	9,842,758	-
	$ 13,756,752	**$ 3,026,327**	$ 12,982,926	$ 3,140,168
TEAM Loan Program				
Impaired	**$ -**	**$ -**	$ 3,908	$ -

5. Capital Assets

	2008			2007
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Office furniture and equipment	**$ 138,308**	**$ 125,152**	**$ 13,156**	$ 14,834
Land	**92,482**	**-**	**92,482**	-
Total	**$ 230,790**	**$ 125,152**	**$ 105,638**	$ 14,834

6. Commitments

On December 20, 2007, the Fund entered into a contract to build a new office building. The building is to be completed by November 30, 2008 as outlined in the contract terms. The total cost associated with the building is $913,242.

Loan Commitments

	2008	2007
Undisbursed balance of approved loans	**$ 467,280**	$ 950,156

7. Advance by the Province of Manitoba

	2008	2007
Business Loan Program (Note 9)	**$ 10,705,422**	$ 9,906,881
Fisheries Loan Program (Note 9)	**10,118,183**	11,130,426
	$ 20,823,605	$ 21,037,307

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

8. Allowance for Doubtful Loans

The change in the allowance is accounted for as follows:

	Specific	Non-Specific	2008 Total	2007 Total
Business Loan Program				
Balance, beginning of year	**$ 1,185,396**	**$ 553,631**	**$ 1,739,027**	$ 1,441,646
Provision for the year	**812,966**	**(106,073)**	**706,893**	427,803
	1,998,362	**447,558**	**2,445,920**	1,869,449
Loans written-off	**(426,675)**	**-**	**(426,675)**	(130,422)
Balance, end of year	**$ 1,571,687**	**$ 447,558**	**$ 2,019,245**	$ 1,739,027
Fisheries Loan Program				
Balance, beginning of year			**$ 3,140,168**	$ 2,949,198
Provision for the year			**-**	200,000
			3,140,168	3,149,198
Loans written-off			**(113,841)**	(9,030)
Balance, end of year			**$ 3,026,327**	$ 3,140,168
TEAM Loan Program				
Balance, beginning of year			**$ -**	$ 40,443
Loans previously allowed for written-off			**-**	(40,443)
Balance, end of year			**$ -**	$ -

The provision for fish loan losses recorded by the Fund exceeds the value derived by the net present value formula as at March 31, 2008 by $266,810 (2007 - $555,574).

	2008	2007
Loan Loss Provision		
Per accounts	**$ 3,026,327**	$ 3,140,168
Per net present value calculation	**(2,759,517)**	(2,584,594)
	$ 266,810	$ 555,574

The commercial fishing industry is cyclical in nature and as a result, no adjustment has been made to the loan loss provision as at March 31, 2008.

March 31, 2008

9. Loan Programs

Business Loan Program

The Communities Economic Development Fund is included under the Province of Manitoba's Loan Act Authority. Advances from the Province of Manitoba bear interest at rates established by the Minister of Finance pursuant to "The Loan Act, 2007". 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:

	2008	2007
Advances, beginning of year	**$ 11,737,235**	$ 11,832,828
Loan advances	**1,687,381**	1,759,488
Loan advance repayments	**(406,925)**	(1,724,659)
Loan write-offs	**(130,422)**	(130,422)
	12,887,269	11,737,235
Unfunded allowance, beginning of year	**1,830,354**	1,504,410
Provision for doubtful loans	**706,893**	427,803
Write-offs (Order in Council approved)	**(355,400)**	(101,859)
	2,181,847	1,830,354
Net balance, end of year (Note 7)	**$ 10,705,422**	$ 9,906,881

Fisheries Loan Program

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

	2008	2007
Advances, beginning of year	**$ 14,279,620**	$ 13,781,710
Loan advances	**-**	337,179
Loan advance repayments	**(1,012,243)**	169,763
Loan (write-offs)	**(27,242)**	(9,032)
	13,240,135	14,279,620
Unfunded allowance, beginning of year	**3,149,194**	2,949,194
Provision for doubtful loans	**-**	209,032
Write-offs (Order in Council approved)	**(27,242)**	(9,032)
	3,121,952	3,149,194
Net balance, end of year (Note 7)	**$ 10,118,183**	$ 11,130,426

10. Loan Act Authority

Amounts authorized for advances under "The Loan Act, 2007" are as follows:

	2008
Per Schedule A of "The Loan Act, 2007"	$ 4,600,000
Per Schedule B of "The Loan Act, 2006"	9,999,911
Direct loans	14,599,911
Advances made during the fiscal year	6,450,000
Unused Loan Act capital available	$ 8,149,911

11. Economic Dependence

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

12. Contingency

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.

COMMUNITIES ECONOMIC DEVELOPMENT FUND
Schedule of Operating Expenditures

For the year ended March 31	2008	2007
Amortization of capital assets	**$ 6,019**	$ 6,703
Building design and permits	**62,986**	-
Collection costs	**35,811**	67,761
Communications	**44,277**	48,818
Credit reports	**1,986**	2,255
Directors' fees and expenses	**56,616**	66,445
Government vehicles	**31,598**	43,956
Insurance	**1,535**	1,432
Legal costs	**5,582**	13,816
NFDC	**19,898**	-
Office supplies and expenses	**19,687**	18,425
Pension	**180,609**	172,772
Professional fees	**25,500**	27,235
Rent and utilities	**97,062**	94,598
Salaries and benefits	**934,967**	974,320
Sundry	**20,570**	18,536
TEAM	**23,635**	23,722
Travel	**60,859**	55,882
	$ 1,629,197	$ 1,636,676

Agriculture, Food
and Rural Initiatives
The Co-operative Loans and Loans
Guarantee Board
901C-401 York Avenue
Winnipeg MB R3C 0P8
Phone: (204) 945-8650
Fax: (204) 948-2362

May 7, 2008

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, 2008, 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.

Dori Gingera-Beauchemin
Secretary of the Board

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, 2008. 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, 2008 in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
May 7, 2008

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, 2008

	Amounts Outstanding at March 31, 2007 $	Additions $	Cancellations $	Amounts Outstanding at March 31, 2008 $
Loan Guarantees: (Note 3)				
S M W Workers Co-op Ltd.	66,000		11,000	55,000
Lakeview Consumer Co-op Ltd.		30,000		30,000
	66,000	30,000	11,000	85,000

Approved by the Board:

Chairperson

Secretary

Notes to the Schedule
for the year ended March 31, 2008

1. Nature of Operations

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

2. Accounting Policies

a) Loan guarantees are stated at the amount guaranteed.
b) The Government of the Province of Manitoba provides the services of support staff, other administrative support services, office space and utilities. The cost of support staff services for 2008 is estimated at $6,920 (2007 - $6,310) with another $2,255 (2007 - $2,100) 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.
c) In the event of a default on a loan guarantee, the Province of Manitoba is responsible for the payout of the guaranteed amount.

3. Loan Guarantees

a) S M W Workers Co-op Ltd.

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

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

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

3. Loan Guarantees (Continued)

b) Lakeview Consumer Co-operative Ltd.
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-operative Ltd dated March 5, 2007. The agreement was not executed until July 30, 2007. The loan guarantee shall reduce by $6,000 per year beginning on April 30, 2008.

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, 2007 (Schedule B)	
Guarantees	$3,500,000
Less: Amounts committed by the Board	85,000
	$3,415,000

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, 2007 to March 31, 2008. The Co-operative Loans and Loans Guarantee Board paid Board members an aggregate of $395. This amount is included in Note 2 b).

Manitoba

Agriculture, Food
and Rural Initiatives
The Cooperative Promotion Board
1129 Queens Avenue
Brandon MB R7A 1L9
Phone: (204) 726-6410
Fax: (204) 726-6260

May 7, 2008

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, 2008 are the responsibility of management and have been approved by the Board. The financial statements were prepared by management in accordance with the accounting policies set out in Note 2 to the financial statements. Any financial information contained elsewhere in the annual Report conforms to these financial statements.

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

The 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.

Mona Cornock
Secretary of the Board

Manitoba
spirited energy

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, 2008, the General Account statement of revenue and expense and fund balance and the Commercial Fishing Account statement of revenue and expense and fund balance 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, 2008, 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 7, 2008

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

Balance Sheet
as at March 31, 2008

	2008	2007
ASSETS		
General Account		
Current Assets		
Cash (Note 3)	$ 346,124	$ 340,131
Account Receivable	508	564
Accrued Interest Receivable	-	3,602
Total Current Assets	346,632	344,297
Commercial Fishing Account		
Current Assets		
Cash (Note 3)	70,941	70,269
Accrued Interest Receivable	-	676
Total Current Assets	70,941	70,945
Investments (Note 4)	507	507
Total Commercial Fishing Account	71,448	71,452
Total Assets	$ 418,080	$ 415,749
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts Payable - General Account	$ 9,411	$ 2,650
Fund Balances		
General Account - Contributed Capital	128,800	128,800
General Account	208,421	212,847
Commerical Fishing Account (Note 5)	71,448	71,452
	408,669	413,099
Total Liabilities and Fund Balances	$ 418,080	$ 415,749

Approved on behalf of the Board:

[redacted]ecretary

[redacted]ember

The Cooperative Promotion Board

General Account
Statement of Revenue and Expense and Fund Balance
for the year ended March 31, 2008

	2008	2007
Revenue		
Interest	$ 13,151	$ 14,871
Administrative expenses paid for by the Province of Manitoba (Note 2f)	19,200	16,000
Total Revenue	32,351	30,871
Expense		
Grants, (Schedule 1)	11,100	22,570
General and administrative		
Annual Report	750	740
Board members' remuneration	1,044	1,113
Board members' meals and travel	1,083	1,379
Membership Fee	756	734
Miscellaneous	21	174
Professional Fees	2,823	2,299
Administrative expenses (Note 2f)	19,200	16,000
	25,677	22,439
Total Expense	36,777	45,009
Excess of Expense over Revenue	(4,426)	(14,138)
Fund Balance, beginning of year	212,847	226,985
Fund Balance, end of year	$ 208,421	$ 212,847

Commercial Fishing Account
Statement of Revenue and Expense and Fund Balance
for the year ended March 31, 2008

	2008	2007
Revenue		
Interest	$2,496	$2,808
Dividend	-	132
Total Revenue	2,496	2,940
Expense		
Grants (Schedule 1)	2,500	-
Total Expense	2,500	-
Excess of Revenue (under) over Expense	(4)	2,940
Fund Balance, beginning of year	71,452	68,512
Fund Balance, end of year	$71,448	$71,452

Notes to the Financial Statements
for the year ended March 31, 2008

1. Nature and Objectives of the Board

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

General Account

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

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

Commercial Fishing Account

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

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, 2007 the entity adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA).

Section 1506, Accounting Changes
Section 1506 requires that voluntary changes in accounting policies are made only if they result in the financial statements providing reliable and more relevant information. Additional disclosure is required when the entity has not yet applied a new primary source of Canadian GAAP that has been issued but is not yet effective, as well as when changes in accounting estimates and errors occur. The adoption of this revised standard had no material impact on the Board's financial statements for the year ended March 31, 2008.

Section 3855, Financial Instruments – Recognition and Measurement
Section 3855 prescribes the criteria for recognition and presentation of financial instruments on the balance sheet 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 Board 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 other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

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 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.

The adoption of these new accounting standards had no impact on these financial statements for the year ended March 31, 2008.

c) **Financial Instruments**
The financial instruments consist of cash, accounts receivable, investments and accounts payable.

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.

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) **Future Accounting Policy Changes**
The CICA has issued two new standards, CICA 3862: *Financial Instruments – Disclosures* and CICA 3863: *Financial Instruments – Presentation*, which enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks.

The CICA has also issued a new standard, CICA 1535: *Capital Disclosures,* which requires the disclosure of qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital.

These changes in accounting policies, which will be adopted effective April 1, 2008 and will only require additional disclosures in the financial statements.

f) **Administrative expenses paid for by the Province of Manitoba**
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 for 2008 is estimated at $18,760 (2007-$16,000) with another $440 (2007-nil) 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.

3. Cash

General Account

The cash balance for the General Account includes $333,099 (2007 - $336,347) held in a high yield savings account at Assiniboine Credit Union at a fixed rate of 3.10% effective March 5, 2008. 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 3.70% effective March 5, 2008. Interest is paid monthly.

4. Investments, Commercial Fishing Account	2008	2007
Assiniboine Credit Union - Share	$507	$507

Notes to the Financial Statements
for the year ended March 31, 2008

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, 2008 is $71,448 (2007 - $71,452).

6. **Statement of Cash Flows**

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

7. **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, 2007 to March 31,2008, the Cooperative Promotion Board paid Board members an aggregate of $783.

8. **Grants Approved**

Grants in the amount of $14,600 were approved but the applicants have not met the payment conditions.

Schedule of Grants
for the year ended March 31, 2008

	2008	2007
General Account		
Canadian Community Investment Network Coop	$ 2,000	$ 2,500
Co-operative Housing Federation of Canada (Manitoba Office)	-	600
EarthShare Agriculture Cooperative Ltd.	-	3,468
Manitoba Cooperative Association Inc	5,700	16,002
Dr J.G. Carlberg	2,500	-
Lakeview Crocus Co-op	900	-
	11,100	22,570
Commercial Fishing Account		
Northwest Cooperative Fisheries Ltd.	2,500	-
	$ 13,600	$ 22,570

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
Margaret McDonald"

Margaret McDonald, CGA
Chief Financial Officer

"Original signed by
Sid Rogers"

Sid Rogers
Secretary to the Council

July 31, 2008
Winnipeg, Manitoba

OFFICE OF THE
AUDITOR GENERAL
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, 2008, 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, 2008, 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 31, 2008

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

THE COUNCIL ON POST-SECONDARY EDUCATION

Statement of Financial Position
As at March 31, 2008

	2008	2007
ASSETS		
Current Assets:		
Cash	$ 335,417	$ 916,150
Accounts receivable	746,108	339,346
	1,081,525	1,255,496
Long-term Receivable:		
Province of Manitoba (Note 3)	1,242,934	1,174,692
Capital Assets (Note 4)	24,467	34,838
Total Assets	$ 2,348,926	$ 2,465,026
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 228,461	$ 92,213
Grants payable	614,908	927,826
	843,369	1,020,039
Long-term Liabilities:		
Provision for employees' severance benefits (Note 5)	106,539	107,943
Provision for employer's share of employees' pension benefits (Note 6)	1,138,793	1,070,551
	1,245,332	1,178,494
Total Liabilities	2,088,701	2,198,533
Net Assets		
Investment in Capital Assets	24,467	34,838
Unrestricted Net Assets	235,758	231,655
	260,225	266,493
	$ 2,348,926	$ 2,465,026

Commitments (Note 7)

Approved on Behalf of the Council

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THE COUNCIL ON POST- SECONDARY EDUCATION

Statement of Operations
For the year ended March 31, 2008

	2008	2007
Revenues:		
Province of Manitoba grants:		
Department of Advanced Education and Literacy	$ 495,575,064	$ 447,164,616
Other	395,907	990,514
Interest	26,608	22,083
Total Revenues	495,997,579	448,177,213
Expenses:		
Operating grants	399,072,184	370,920,365
Support programs	1,216,769	1,388,579
College Expansion Initiative grants	29,218,397	29,685,933
Post Secondary Strategic grants	1,839,700	1,804,250
Equipment and Renovations grants	17,313,100	6,785,992
Major Capital grants	21,485,898	12,471,850
Access grants	7,665,300	7,167,385
Tuition Rebate grants	12,918,634	13,239,288
Inter-Provincial Training Agreement	3,881,320	3,553,979
Administrative and Other, Schedule 1	1,392,545	1,260,069
Total Expenses	496,003,847	448,277,690
Deficiency of Revenues over Expenses	$ (6,268)	$ (100,477)

Statement of Changes in Net Assets
For the year ended March 31, 2008

	2008			2007
	Investment in Capital Assets	Unrestricted Net Assets	Total	Total
Balance, Beginning of Year	$ 34,838	$ 231,655	$266,493	$366,970
Deficiency of Revenues over Expenses	-	(6,268)	(6,268)	(100,477)
Amortization	(10,371)	10,371	-	-
Balance, End of Year	$24,467	$235,758	$260,225	$266,493

Statement of Cash Flows
For the year ended March 31, 2008

	2008	2007
Cash Provided by (Used In) Operating Activities:		
Deficiency of Revenues over Expenses	$ (6,268)	$ (100,477)
Amortization	10,371	17,201
	4,103	(83,276)
Net Change in Non-Cash Working Capital Items:		
(Increase) Decrease in Accounts receivable	(406,762)	365,553
Increase (Decrease) in Accounts payable and accrued liabilities	136,248	(9,033)
(Decrease) Increase in Grants payable	(312,918)	250,960
	(579,329)	524,204
Cash Provided by (Used In) Financing Activities:		
Increase in Long-term receivable – Province of Manitoba	(68,242)	(39,206)
(Decrease) Increase in Provision for employees' severance benefits	(1,404)	2,837
Increase in Provision for employer's share of employees' pension benefits	68,242	39,206
	(1,404)	2,837
Cash Used In Investing Activities:		
Purchase of Capital Assets	0	(18,197)
(Decrease) Increase in Cash for the Year	(580,733)	508,844
Cash, beginning of year	916,150	407,306
Cash, end of year	$ 335,417	$ 916,150

Schedule 1

THE COUNCIL ON POST-SECONDARY EDUCATION

Schedule of Administrative and Other Expenses
For the year ended March 31, 2008

	2008	2007
Amortization	$ 10,371	$ 17,201
Automobile and traveling	58,605	42,991
Communication data strategy	44,950	-
Computer operating and lease costs	37,703	37,080
Course and membership fees	7,742	16,491
Furniture and equipment	4,258	4,439
Meetings-Council	5,174	7,001
Miscellaneous grants	33,861	4,750
Office rental	52,074	57,416
Postage and telephone	16,448	15,051
Printing and stationery supplies	24,152	20,921
Professional fees	62,128	22,662
Remuneration for Council members	41,112	41,023
Repairs and maintenance	572	25
Salaries and employee benefits	969,988	938,529
Subscriptions and books	1,680	3,222
Sundry	21,727	31,267
Total administrative and other expenses	$ 1,392,545	$ 1,260,069

Notes to Financial Statements
for the year ended March 31, 2008

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.

B. New Accounting Policies

Effective April 1, 2007 COPSE adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA):

Section 1506, *Accounting Changes*
Section 1506 requires that voluntary changes in accounting policies are made only if they result in the financial statements providing reliable and more relevant information. Additional disclosure is required when the entity has not yet applied a new primary source of Canadian GAAP that has been issued but is not yet effective, as well as when changes in accounting estimates and errors occur. The adoption of this revised standard had no material impact on COPSE's financial statements for the year ended March 31, 2008.

Section 3855, *Financial Instruments – Recognition and Measurement*
Section 3855 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 entity 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 the excess of revenues over expenses and unrestricted net assets, respectively. All other financial instruments are subsequently measured at amortized cost.

The Council 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 the excess of revenue over expenses.

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

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

The adoption of this revised standard had no material impact on COPSE's financial statements for the year ended March 31, 2008.

C. 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.

D. Revenue Recognition

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

E. Vacation and Severance Benefits

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

F. Employer's Share of Employees' Pension Benefits

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

G. 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
Computer Software	4 years
Machinery and Equipment	10 years
Computer Equipment	4 years

H. 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.

I. Financial Instruments

The Council on Post-Secondary Education's financial instruments consist of cash, accounts receivable, accounts payable, accrued liabilities and grants payable. The fair values of these financial instruments approximate their carrying values due to their short term maturity.

In addition, the long-term receivable - Province of Manitoba is also a financial instrument. The carrying value of this long-term receivable approximates its fair value, as the annual interest accretion is funded.

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.

J. Future Accounting Policy Changes

The CICA has issued two new standards, CICA 3862: *Financial Instruments – Disclosures* and CICA 3863: *Financial Instruments – Presentation*, which enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks.

The CICA has also issued a new standard, CICA 1535: *Capital Disclosures,* which requires the disclosure of qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital.

These changes in accounting policies, which will be adopted effective April 1, 2008, will only require additional disclosures in the financial statements.

3. Long-term Receivable – Province of Manitoba

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

Severance	$ 104,141	$ 104,141
Pension	1,138,793	1,070,551
	$ 1,242,934	$ 1,174,692

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.

The Province has accepted responsibility for the funding of 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 $1,138,793 (2007 - $1,070,551) and has recorded revenue for the year ended March 31, 2008 equal to its pension expense of $68,242 (2007 - $39,206). The Province makes payments on the receivable when it is determined that the cash is required to discharge the related pension obligation.

4. Capital Assets

	2008			2007
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture	$ 59,089	$ 53,653	$ 5,436	$ 8,782
Leasehold Improvements	25,019	14,150	10,869	13,372
Computer Software	5,590	2,096	3,494	4,891
Office Equipment	10,685	9,437	1,248	2,316
Computer Equipment	24,196	20,776	3,420	5,477
	$ 124,579	$ 100,112	$ 24,467	$ 34,838

5. Provision for Employees' Severance Benefits

	2008	2007
Balance at beginning of year	$ 107,943	$ 105,106
Experience gain	-	(167)
Benefits accrued	4,709	4,527
Interest accrued on benefits	7,568	6,713
Benefits paid	(13,681)	(8,236)
Balance at end of year	$ 106,539	$ 107,943

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 were a rate of return of 7% (2007 – 7%), inflation 2.5% (2007 – 2.5%) and salary rate increases of 3.25% (2007 – 3.25%). The accrued benefit cost method with salary projection was used and the liability has been extrapolated to March 31, 2008 using a formula provided by the actuary.

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

	2008	2007
Balance at beginning of year	$ 1,070,551	$ 1,031,345
Benefits accrued	47,552	49,475
Interest accrued on benefits	75,836	74,095
Benefits paid	(55,146)	(84,364)
Balance at end of year	$ 1,138,793	$ 1,070,551

An actuarial valuation of the pension obligations as at December 31, 2004 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The key actuarial assumptions used were a rate of return of 7% (2007 – 7%), inflation 2.5% (2007 – 2.5%), salary rate increases of 3.25% (2007 – 3.25%) and post retirement indexing at 2/3 of the inflation rate. The accrued benefit cost method with salary projection was used and the liability has been extrapolated to March 31, 2008 using a formula provided by the actuary.

7. Commitments

The Council on Post-Secondary Education has approved incremental funding for the following new programs:

System Restructuring Envelope	$ 40,000
Strategic Program Envelope	443,400
Total	$ 483,400

8. 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.

9. Economic Dependence

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

BDO

BDO Dunwoody LLP/s.r.l.
Chartered Accountants and Advisors
Comptables agréés et conseillers

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Auditors' Report

To the Members of
CROWN CORPORATIONS COUNCIL

We have audited the balance sheet of **CROWN CORPORATIONS COUNCIL** as at December 31, 2007 and the statement of income and reserve reflecting net investment in capital assets for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

The financial statements as at December 31, 2006 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their report dated March 2, 2007.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
February 13, 2008

FINANCIAL STATEMENTS

BALANCE SHEET

ASSETS	December 31 2007	December 31 2006
	(thousands of dollars)	
Current:		
Cash	**$ 513**	$ 439
Accounts receivable	**9**	6
	522	445
Capital assets (note 5)	**1**	6
	$ 523	$ 451

LIABILITIES AND RESERVE REFLECTING NET INVESTMENT IN CAPITAL ASSETS

	2007	2006
Current:		
Accounts payable and accrued liabilities	**$ 102**	$ 91
Levies received in advance	**162**	109
Due to Manitoba Crown corporations (note 4)	**78**	96
	342	296
Retirement allowances and other benefits payable (notes 2 (e) and 6)	**180**	149
	522	445
Reserve reflecting net investment in capital assets	**1**	6
	$ 523	$ 451

Approved by the Board

Original Signed By
Chairman

Original Signed By
Director

(see accompanying notes)

FINANCIAL STATEMENTS

STATEMENT OF INCOME AND RESERVE REFLECTING NET INVESTMENT IN CAPITAL ASSETS

	Year Ended December 31	
	2007	2006
	(thousands of dollars)	
Income		
Recoveries from corporations through levies	**$ 706**	$ 694
Interest	**12**	12
	718	706
Expenses		
Salaries and benefits (notes 2(e) and 6)	**522**	501
Board remuneration and expenses	**77**	78
Rent	**76**	76
Professional fees	**9**	17
Automobile expense	**8**	8
Telephone, courier and internet	**7**	7
Office supplies and printing	**7**	6
Travel	**6**	1
Depreciation	**5**	14
Industry conferences	**2**	7
Equipment rental and maintenance	**2**	3
Insurance and miscellaneous	**1**	1
Professional development	**1**	1
	723	720
Excess (deficit) of income over expenses	**$ (5)**	$ (14)
Reserve reflecting net investment in capital assets, beginning of year	**6**	20
Reserve reflecting net investment in capital assets, end of year	**$ 1**	$ 6

(see accompanying notes)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

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 recognizes and measures financial assets and financial liabilities on the Balance Sheet when they become a party to the contractual provisions of a financial instrument. All transactions related to financial instruments are recorded on a settlement date basis. All 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.

Held for Trading

Financial instruments are classified under this category if they are:
(i) acquired principally for the purpose of selling or repurchasing in the near term;
(ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
(iii) a derivative, except for a derivative that is a financial guarantee contract or a designated effective hedging instrument; or
(iv) designated at fair value using the fair value option ("FVO")

Financial instruments cannot be transferred into or out of the Held for Trading category after inception. For designation at fair value using the FVO option, reliable fair values must be readily available.

These instruments are recognized initially at fair value and transaction costs are taken directly to the Statement of Income. They are subsequently measured at fair value and gains and losses arising from changes in fair value of these instruments are recorded in the Statement of Income.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable repayment dates, usually with interest, that are not debt securities or instruments classified as held for trading on initial recognition.

Accounts receivable have been classified as loans and receivables. These instruments are initially recognized at fair value including direct and incremental transaction costs. They are subsequently valued at amortized cost using the effective interest method less any provision for impairment.

Other Financial Liabilities

Other financial liabilities are non-derivative financial liabilities and include accounts payable. These instruments are initially recognized at fair value including direct and incremental transaction costs. They are subsequently measured at amortized cost using the effective interest method.

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted bid or asking prices as appropriate, in the most advantageous active market for that instrument to which the Council has immediate access.

Fair values determined using valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discounted rates. In determining those assumptions, external readily observable market inputs including interest rate yield curves, currency rates and price and rate volatilities are considered, as applicable.

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 (2006 - $23,000).

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

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.

3. Change in accounting policy

On January 1, 2007 the Council adopted four new accounting standards that were issued by the Canadian Institute of Chartered Accountants ("CICA"). These standards were: Comprehensive Income (handbook "Section 1530"), Financial Instruments – Recognition and Measurement (handbook "Section 3855"), Financial Instruments – Disclosure and Presentation (handbook "Section 3861"), and Hedges (handbook "Section 3865"). The adoption of these new standards resulted in changes in the accounting for financial assets and liabilities, non-financial derivatives and hedge accounting (which is optional), none of which had a significant impact on the financial reporting of the Council.

4. Due to Manitoba Crown corporations

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

5. Capital assets

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

	December 31 **2007**	December 31 2006
	(in thousands of dollars)	
Cost		
Office furniture and equipment	**$ 61**	$ 61
Computer equipment	**46**	46
	$107	$107
Accumulated depreciation		
Office furniture and equipment	**$ 60**	$ 60
Computer equipment	**46**	41
	$106	$101
Net book value	**$ 1**	$ 6

6. Retirement allowances and enhanced pension benefits

The Council measures its accrued benefit obligation for each of the retirement allowance and enhanced pension benefits as at December 31 of each year. The most recent actuarial valuation report was at December 31, 2004 and the next required valuation is as of December 31, 2007. The December 31, 2007 actuarial valuation was not complete as of the date of this report.

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

	2007 $	2006 $
Accrued benefit obligation		
Balance, beginning of year	**100**	91
Current service cost	**4**	4
Interest cost	**6**	5
Experience loss on triennial adjustment	**0**	0
Accrued benefit obligation, December 31	**110**	100
Unamortized transitional amount, December 31	**(10)**	(15)
Accrued retirement allowance, December 31	**100**	85

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

	2007 $	2006 $
Current service costs	**4**	4
Interest cost	**5**	5
Accrued earned interest	**(1)**	0
Experience loss on triennial adjustment	**0**	0
Amortization of transitional amount	**5**	5
Total retirement allowance expense	**13**	14

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

	2007 %	2006 %
Benefit costs for the year ended December 31		
Discount rate	**6.50**	6.50
Rate of compensation increase	**4.00**	4.00

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

	2007 $	2006 $
Accrued benefit obligation and accrued pension liability		
Balance, beginning of year	**64**	51
Current service cost	**11**	9
Interest cost	**5**	4
Experience gain on triennial adjustment	**0**	0
Accrued benefit obligation and accrued pension liability, December 31	**80**	64

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

	2007 $	2006 $
Current service costs	**11**	9
Interest cost	**5**	4
Experience gain on triennial adjustment	**0**	0
Employee contributions	**(2)**	(2)
Total enhanced pension expense	**14**	11

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

	2007 %	2006 %
Benefit costs for the year ended December 31		
Discount rate	**6.50**	6.50
Rate of compensation increase	**4.00**	4.00

7. Lease commitments

The Council is committed under a premises lease expiring on April 30, 2010 to annual basic rental payments of approximately $35,400 and annual common area and operating costs of approximately $36,800.

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

Year	Base Rent
2008	$35,379
2009	$35,379
2010	$11,793
	$82,551

8. Statement of cash flows

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

AUDITORS' REPORT

To the Member of
Diagnostic Services of Manitoba Inc.

We have audited the statement of financial position of **Diagnostic Services of Manitoba Inc.** as at March 31, 2008 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, 2008 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 23, 2008.

Chartered Accountants

Diagnostic Services of Manitoba Inc.

Incorporated under the laws of Manitoba

STATEMENT OF FINANCIAL POSITION

[Expressed in thousands of dollars]

As at March 31

	2008	2007
	$	$
ASSETS		
Current		
Cash and cash equivalents	**1,756**	1,572
Accounts receivable *[note 3]*	**7,256**	7,539
Prepaid expenses	**24**	20
Vacation pay recoverable from		
Manitoba Health	**21**	21
Regional Health Authorities of Manitoba	**3,667**	3,441
Total current assets	**12,724**	12,593
Capital assets *[note 4]*	**37,533**	13,258
Pre-retirement benefits recoverable *[note 5]*	**6,838**	6,399
	57,095	32,250
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities *[note 6]*	**10,492**	12,298
Current portion of obligations under capital lease *[note 7]*	**254**	—
Accrued vacation pay	**3,896**	3,607
Total current liabilities	**14,642**	15,905
Accrued pre-retirement benefits *[note 11[b]]*	**7,044**	6,491
Obligations under capital lease *[note 7]*	**885**	—
Deferred contributions *[note 8]*	**33,382**	9,015
Total liabilities	**55,953**	31,411
Commitments *[note 9]*		
Net assets	**1,142**	839
	57,095	32,250

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

	2008	2007
	$	$
REVENUE		
Manitoba Health operating income	**3,902**	3,943
Investment income	**99**	12
Recoveries from Regional Health Authorities of Manitoba	**49,069**	33,393
Recognition of deferred contributions *[note 8]*		
Capital - amortization	**2,407**	565
Expenses	**259**	114
	55,736	38,027
EXPENSES		
Direct operating *[note 10]*	**52,912**	36,029
Amortization of capital assets	**2,521**	565
	55,433	36,594
Excess revenue over expenses for the year	**303**	1,433

See accompanying notes

Diagnostic Services of Manitoba Inc.

STATEMENT OF NET ASSETS

[Expressed in thousands of dollars]

Year ended March 31

	2008			2007
	Invested in capital assets	**Unrestricted**	**Total**	**Total**
	$	$	$	$
	[note 12]			
Net assets (deficiency), beginning of year	**—**	**839**	**839**	(594)
Excess revenue over expenses (expenses over revenue) for the year	**(114)**	**417**	**303**	1,433
Purchase of capital assets	**151**	**(151)**	**—**	—
Net assets, end of year	**37**	**1,105**	**1,142**	839

See accompanying notes

Diagnostic Services of Manitoba Inc.

STATEMENT OF CASH FLOWS

[Expressed in thousands of dollars]

Year ended March 31

	2008	2007
	$	$
OPERATING ACTIVITIES		
Excess revenue over expenses for the year	**303**	1,433
Add (deduct) items not involving cash		
Amortization of capital assets	**2,521**	565
Amortization of deferred contributions related to capital assets	**(2,407)**	(565)
Recognition of deferred contributions related to expenses	**(259)**	(114)
	158	1,319
Net change in non-cash working capital balances related to operations	**(4,931)**	(700)
Deferred contributions received - future expenses	**289**	319
Cash provided by (used in) operating activities	**(4,484)**	938
INVESTING ACTIVITIES		
Accounts payable related to capital assets	**3,581**	4,673
Acquisition of capital assets	**(13,825)**	(8,522)
Cash used in investing activities	**(10,244)**	(3,849)
FINANCING ACTIVITIES		
Deferred contributions received - capital assets	**13,773**	4,483
Capital lease obligations, net of repayments	**1,139**	—
Cash provided by financing activities	**14,912**	4,483
Net increase in cash and cash equivalents during the year	**184**	1,572
Cash and cash equivalents, beginning of year	**1,572**	—
Cash and cash equivalents, end of year	**1,756**	1,572

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

[Expressed in thousands of dollars]

March 31, 2008

1. NATURE OF BUSINESS

Diagnostic Services of Manitoba Inc. ["DSM"] is a not-for-profit organization incorporated under the laws of Manitoba on the 20th of December 2002. The Minister of Health is the sole member of the corporation. DSM was created with the intention of providing lab services throughout the province of Manitoba, and imaging services within the rural environment. Currently the organization is in a period of transition which will culminate in the transfer of all staff and assets with respect to the operations described above to DSM.

Effective April 1, 2005, agreements were signed with 11 Regional Health Authorities of Manitoba ["RHAs"] and 7 non-devolved facilities ["Facilities"]. This agreement addressed the transfer of non-union staff, management, scientists, and physicians to DSM.

Effective April 1, 2006, DSM entered into an agreement with the Winnipeg Regional Health Authority ["WRHA"] and 7 non-devolved facilities to transfer to DSM all unionized staff, existing lab assets and contracts of the facilities and outline the provision of services between the signators. Pursuant to the agreement, employees, contracts and assets have been transferred and costs specified in the agreement recovered from the RHAs or Facilities.

Effective November 1, 2007, DSM entered into an agreement with 10 Regional Health Authorities to transfer to DSM all unionized staff, existing diagnostic services assets and contracts of the facilities and outline the provision of service between signators.

Pursuant to the agreement all assets and contracts have been transferred at costs specified in the agreement. Consistent with the terms of the agreement, staff will be transferred in the upcoming year.

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.

NOTES TO FINANCIAL STATEMENTS

[Expressed in thousands of dollars]

March 31, 2008

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. 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%

[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 revenues and expenses during the reporting periods presented. Actual results could differ from these estimates.

[g] Financial instruments

Effective April 1, 2007, DSM adopted the recommendations of CICA Handbook Section 3855, "Financial Instruments – Recognition and Measurement" and Section 3861, "Financial Instruments – Disclosure and Presentation". Section 3855 establishes standards for recognizing and measuring financial instruments, including the accounting treatment for changes in fair value. The new standard prescribes when to recognize a financial instrument in the balance sheet and at what amount. Under the new standards, all financial instruments are 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.

[Expressed in thousands of dollars]

The fair value of these financial instruments approximates the carrying value. It is management's opinion that DSM is not exposed to significant interest, currency or credit risk arising from these financial instruments. The adoption of these recommendations did not have a significant impact on the financial statements in the prior or current year.

3. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	2008 $	**2007** $
Due from Manitoba Health	**612**	216
Due from RHAs	**5,992**	7,097
Other	**652**	226
	7,256	7,539

4. CAPITAL ASSETS

Capital assets consist of the following:

	2008		
	Cost $	**Accumulated amortization** $	**Net book value** $
Computer hardware/software	**3,126**	**630**	**2,496**
Furniture and equipment	**18,670**	**2,364**	**16,306**
System software-in-progress	**17,555**	**—**	**17,555**
Equipment under capital lease	**1,290**	**114**	**1,176**
	40,641	**3,108**	**37,533**

[Expressed in thousands of dollars]

	2007		
	Cost $	**Accumulated amortization** $	**Net book value** $
Computer hardware/software	95	27	68
Furniture and equipment	3,837	560	3,277
System software-in-progress	9,913	—	9,913
	13,845	587	13,258

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

During the year, $11,738 of capital assets were transferred to DSM from the RHAs pursuant to the agreement dated November 1, 2007. In addition, RIS/PACS assets valued at $1,164 were transferred from the WRHA to DSM. These assets were recorded at an amount equal to the contributing RHA's carrying amount [net book value] of the transferred assets given the RHAs are considered related parties. The assets were transferred for nil cash consideration and the offsetting credit was recorded in deferred contributions *[note 8]*. Similarly, $69 in capital assets from Canadian Blood Services were transferred to DSM pursuant to an agreement dated April 1, 2007. These assets were transferred for nil cash consideration and the offsetting credit was recorded in deferred contributions.

In the prior year, $3,176 of capital assets were transferred to DSM from WRHA pursuant to the agreement dated April 1, 2006.

5. PRE-RETIREMENT BENEFITS RECOVERABLE

	2008 $	**2007** $
Pre-retirement benefits recoverable from		
Manitoba Health	**111**	108
RHAs	**6,727**	6,291
	6,838	6,399

[Expressed in thousands of dollars]

Pre-retirement benefits recoverable from Manitoba Health is recovered as benefits are provided and is guaranteed by the Province of Manitoba.

The amount recorded as a receivable for pre-retirement costs were 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.

Pre-retirement benefits recoverable from the RHAs will be repaid as benefits are provided.

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

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	2008 $	**2007** $
Accounts payable and accrued liabilities	**5,597**	7,378
Due to Manitoba Health	**—**	103
Due to Winnipeg Regional Health Authority	**4,895**	4,817
	10,492	12,298

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% - 6.5%, and are repayable in fixed blended monthly amounts of approximately $21. The obligations will be fully paid in May 2014 and June 2012, respectively.

NOTES TO FINANCIAL STATEMENTS

[Expressed in thousands of dollars]

March 31, 2008

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

	$
2009	253
2010	253
2011	253
2012	253
2013	161
Balance	166
	1,339
Less interest	(200)
	1,139
Less current portion	(254)
	885

8. DEFERRED CONTRIBUTIONS

Deferred contributions consist of the following:

	2008 $	**2007** $
Deferred contributions		
Expenses	**356**	326
Capital	**33,026**	8,689
	33,382	9,015

[Expressed in thousands of dollars]

[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.

Deferred contributions, future expenses consist of the following:

	2008 $	2007 $
Balance, beginning of year	**326**	121
Deferred contributions received	**289**	319
Recognized in revenue	**(259)**	(114)
Balance, end of year	**356**	326

[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.

	2008 $	2007 $
Balance, beginning of year	**8,689**	1,595
Debt assumed by the Province of Manitoba	**11,813**	3,982
Deferred contributions received	**1,960**	501
Deferred contributions transferred *[note 4]*	**12,971**	3,176
Amounts amortized to revenue	**(2,407)**	(565)
Balance, end of year	**33,026**	8,689

Debt that has been incorporated in deferred contributions includes $11,813 of a committed term facility that is now held by the Province of Manitoba. This facility is available by way of prime based loans, bearing interest at prime minus 1.25%.

NOTES TO FINANCIAL STATEMENTS

[Expressed in thousands of dollars]

March 31, 2008

9. COMMITMENTS

[a] Lease payments

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

	$
2009	170
2010	172
2011	174
2012	174
2013	87
	777

In addition, pursuant to the agreements dated November 1, 2007 and April 1, 2006, DSM entered into leases with the RHAs for premises totalling $4,296 per year. These leases have no expiry dates.

[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 $10,600 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.

[Expressed in thousands of dollars]

10. DIRECT OPERATING EXPENSES

Direct operating expenses consist of the following:

	2008 $	**2007** $
Salaries and benefits	**48,217**	32,775
Communications	**6**	1
Equipment	**386**	247
External consulting	**285**	184
Insurance	**52**	46
Interest on capital lease obligations	**70**	—
Lab and diagnostic supplies	**10**	10
Legal and audit	**76**	82
Meetings	**22**	21
Miscellaneous	**8**	7
Printer, paper and office supplies	**61**	34
Recruitment	**115**	220
Rent	**3,097**	2,107
Staff training and development	**325**	209
Telephone	**17**	9
Travel	**165**	77
	52,912	36,029

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 $2,414 [2007 - $1,452]. The most recent actuarial value of the plan as at January 1, 2008 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.

[Expressed in thousands of dollars]

[b] Accrued pre-retirement benefits

DSM has a commitment to provide pre-retirement leave benefits for employees that meet certain eligibility criteria. If eligibility criteria are met, pre-retirement leave of four days per year of service 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 the retirement date.

DSM measures its accrued obligation for the pre-retirement benefits as at March 31 of each year. The most recent actuarial valuation report was at March 31, 2007.

During the current year, the pre-retirement obligation incurred (recovered) amounted to $553 [2007 – ($51)] and has been recorded as an expense of the period. An offsetting recovery of $438 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:

	Year ended March 31, 2008 %	**Year ended March 31, 2007** %
Discount rate	**5.50**	4.85
Rate of base compensation increase	**3.50**	3.00

[Expressed in thousands of dollars]

12. INVESTED IN CAPITAL ASSETS

Change in net assets' invested in capital assets is calculated as follows:

[a] Surplus (deficit)	**2008** $	**2007** $
Amortization of capital assets	**(2,521)**	(565)
Amounts funded by deferred capital contributions, amortized to revenue	**2,407**	565
	(114)	—

[b] Purchase of capital assets	**2008** $	**2007** $
Acquisition	**26,796**	13,823
Amounts funded by:		
Accounts payable	**(3,581)**	(4,569)
Deferred contributions	**(21,925)**	(9,254)
Capital lease obligations	**(1,139)**	—
	151	—
Change in net assets	**37**	—

The acquisition of assets and related deferred contribution includes $12,971 of assets transferred to DSM *[note 4]*.

[Expressed in thousands of dollars]

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

Related party transactions are recorded at the exchange amount and are in the normal course of operations. In addition to those disclosed elsewhere in these financial statements, DSM had the following transactions with Manitoba Health and the RHAs:

	2008 $	**2007** $
Salaries and benefits	**44,851**	30,624
Equipment	**432**	211
External consulting	**174**	78
Insurance	**33**	31
Lab and diagnostic supplies	**10**	10
Legal and audit	**11**	2
Printer, paper and office supplies	**6**	8
Recruitment	**75**	161
Rent	**2,958**	2,002
Staff training and development	**215**	164
Telephone	**1**	1
Travel	**95**	43

14. ECONOMIC DEPENDENCE

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

15. ACCOUNTING POLICY CHANGES

Effective April 1, 2007, DSM adopted CICA Section 1506, "Accounting Changes". The new standard allows for voluntary changes in an accounting policy only when the changes result in the financial statements providing more reliable and relevant information. The section also requires a change in accounting policy to be applied retroactively and calls for enhanced disclosure about the effects of changes in accounting policies, estimates and errors on the financial statements. It requires the disclosure of a description and the impact on the DSM's financial results of any new primary source of generally accepted accounting principles that has been issued but is not yet effective. The adoption of the new standard did not have any impact on DSM's financial position or on the results of its operations.

The CICA has issued two new standards, Section 3862, "Financial Instruments – Disclosures" and Section 3863, "Financial Instruments – Presentation", which enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks.

The CICA has also issued a new accounting standard, Section 1535, "Capital Disclosures", which requires the disclosure of qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital.

These changes in accounting policies, which will be adopted effective April 1, 2009, will only require additional disclosures in the financial statements.

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, 2008 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, 2008 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 9, 2008

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	**2008**	2007
Assets		
Current		
Petty cash	**$**	$
Funds on deposit		
Minister of Finance		
Cash	**6,458**	11,110
Accounts receivable		
Province of Manitoba	**2,257**	4,109
Other	**41,129**	37,429
Prepaid expenses	**934**	893
	50,778	53,541
Investment in Manitoba Technology Centre Ltd. (Note 3)	**1**	1
	$ 50,779	$ 53,542
Liabilities		
Current		
Accounts payable and accrued liabilities		
Province of Manitoba	**$ 8,834**	$ 13,535
Other	**10,000**	4,908
Unearned project receipts	**-**	12,501
	18,834	30,944
Equity		
Funds retained (Exhibit B)	**31,945**	22,598
	$ 50,779	$ 53,542

See accompanying notes to the financial statements.

Economic Innovation and Technology Council

Exhibit B

Statements of Revenue, Expenditure and Funds Retained

Year Ended March 31	2008	2007
Revenue		
Government of Canada, program grant	$ 68,083	$ 85,838
Sundry	15,000	
	83,083	85,838
Expenditure		
Operating expenses (Schedule 1)	73,736	95,040
Surplus (deficiency) of revenue over expenditure	$ 9,347	$ (9,202)

	2008	2007
Funds retained, beginning of year	$ 22,598	$ 31,800
Surplus (deficiency) of revenue over expenditure	9,347	(9,202)
Funds retained, end of year (Exhibit A)	$ 31,945	$ 22,598

See accompanying notes to the financial statements.

Economic Innovation and Technology Council

Exhibit C

Statement of Project Revenue and Expenditures

Year Ended March 31	2008	2007 (Note 5)
Receipts (by Program/Project)		
Life Science Initiatives		
Contribution from Province of Manitoba (Note 4)	**$ 35,000**	$ 7,500
Program sponsors		570
Knowledge Based Initiatives		
Contribution from Province of Manitoba	**6,825**	85,950
Program sponsors	**15,530**	5,500
Energy and Climate Change Initiatives		
Contribution from Government of Canada	**0**	20,092
Contribution from Province of Manitoba (Note 4)	**277,072**	264,403
Science and Technology Initiatives		
Contribution from Province of Manitoba (Note 4)	**28,077**	72,413
Targeted Geoscience Initiatives		
Contribution from Government of Canada	**67,900**	9,809
	430,404	466,237
Expenditure (by Program/Project)		
Life Science Initiatives	**35,000**	8,070
Knowledge Based Initiatives	**22,355**	91,450
Energy and Climate Change Initiatives	**277,072**	284,495
Science and Technology Initiatives	**28,077**	72,413
Targeted Geoscience Initiatives	**67,900**	9,809
	430,404	466,237
Excess of revenue over expenditures retained	**$ -**	$ -

See accompanying notes to the financial statements.

Economic Innovation and Technology Council
Statement of Cash Flows

Exhibit D

Year Ended March 31		**2008**		2007
Increase (decrease) in cash and funds on deposit				
Operating				
Deficiency of Council operations revenue over expenditure (Exhibit B)	**$**	**9,347**	$	(9,202)
Net changes in non-cash working capital balances				
Accounts receivable		**(1,848)**		(30,457)
Prepaid expenses		**(41)**		6,396
Accounts payable and accrued liabilities		**391**		9,068
Unearned project revenues		**(12,501)**		2,122
Net decrease in cash		**(4,652)**		(22,073)
Cash and funds on deposit, beginning of year		**11,110**		33,183
Cash and funds on deposit, end of year	**$**	**6,458**		11,110
Represented by:				
Cash	**$**		$	
Funds on deposit				
Minister of Finance				
Cash		**6,458**		11,110
	$	**6,458**	$	11,110

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) New Accounting Policies

Effective April 1, 2007 the entity adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA):

Section 1506, *Accounting Changes*
Section 1506 requires that voluntary changes in accounting policies are made only if they result in the financial statements providing reliable and more relevant information. Additional disclosure is required when the entity has not yet applied a new primary source of Canadian GAAP that has been issued but is not yet effective, as well as when changes in accounting estimates and errors occur. The adoption of this revised standard had no material impact on the entities financial statements for the year ended March 31, 2008.

Section 1530, *Comprehensive Income*
Section 1530 requires the presentation of a statement of comprehensive income and provides guidance for the reporting and display of other comprehensive income. Comprehensive income represent the change in equity of an enterprise during a period from transactions and other events arising from non-owner sources including gains and losses arising on translation of self-sustaining foreign operations, 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 entity has not recognized any adjustments through other comprehensive income for the year ended March 31, 2008. Because the entity has no items related to other comprehensive income, comprehensive income is equivalent to net income.

Section 3855, *Financial Instruments – Recognition and Measurement*
Section 3855 prescribes the criteria for recognition and presentation of financial instruments on the balance sheet 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 entity 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 valued with any change in fair value recoded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The Entity 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 net earnings. These financial assets are recorded at values that approximate their fair values.

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

Investment in related party is classified as available for sale and is measured at cost with gains and losses recognized in non-comprehensive income.

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.

The adoption of this revised standard had no material impact on the entities financial statements for the year ended March 31, 2008.

c) Financial instruments

The entities financial instruments consist of cash, funds on deposit, accounts receivable, and 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 accounts receivable, accounts payable and accrued liabilities approximates their carrying values due to their short-term maturity.

d) 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.

e) 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.

f) Revenue recognition

Revenue is recognized as program expenditures are incurred.

g) Future Accounting Policy Changes

The CICA has issued two new standards, CICA 3862: Financial Instruments – Disclosures and CICA 3863: Financial Instruments – Presentation, which enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks.

The CICA has also issued a new standard, CICA 1535: Capital Disclosures, which requires the disclosure of qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital.

These changes in accounting policies, which will be adopted affective April 1, 2008, will only require additional disclosures in the financial statements.

3. Investment in Manitoba Technology Centre Ltd.

Effective June 1, 1996, EITC discontinued its role in the operations of the Environmental Sciences Centre (ESC). Prior to June 1, 1996, the financial activities of ESC were reflected in the financial statements of EITC. On June 1, 1996, EITC entered into a public/private partnership with Enviro-Test Laboratories, a division of ETL Chemspec Analytical Limited (ETL). A new corporation, Manitoba Technology Centre Ltd. (MTC), was incorporated and certain assets of EITC, namely the assets of ESC, were transferred to MTC pursuant to an Asset Purchase Agreement in exchange for 25 Class A Common Shares with a paid-up capital value of $25, 1,500,000 Class A Special Preferred Shares with a redemption and paid-up capital value of $875,000, and 1 Class B Special Preferred Share with a paid-up capital value of $1. Subsequent to the Asset Purchase Agreement, MTC issued 75 Class A Common Shares with a paid-up capital value of $75 to ETL. A Unanimous Shareholders Agreement between EITC and ETL sets out the rights and obligations in respect of the shares of MTC. The regular operations and management of MTC are the responsibility of ETL.

Class A Special Preferred Shares

Each Class A Special Preferred Share was non-voting, redeemable and retractable on a semi-annual basis, with one share cancelled for each dollar contributed or invested by ETL in equipment, facilities, management and marketing. The redemption amount of the shares was equal to the agreed value of ESC's contributed assets of $875,000 divided by 1,500,000 or $.5833 per share. As part of the Unanimous Shareholders Agreement, ETL was committed to contributing $1,500,000 over the first three years of the agreement.

All Class A Special Preferred Shares were redeemed prior to May 31, 2002.

Class B Special Preferred Share

The Class B Special Preferred Share is non-voting, retractable and redeemable at $1.00 per share.

Effective May 31, 2002, EITC has the option of retaining ownership of the Class B Special Preferred Share as long as it may wish and be entitled for so long as it holds this share to nominate one director to the Board of Directors provided that:

1. EITC no longer holds any common shares;

2. MTC continues to occupy premises owned by the Province of Manitoba; and

3. MTC has material contracts with the Province of Manitoba.

Common Shares

On May 31, 1999, MTC redeemed EITC's 25 common shares with a paid up capital value of $25 for $434,200.

A gain of $434,175 resulting from this redemption was recorded.

4. Related party transactions

EITC is related in terms of common ownership to all departments, agencies and Crown corporations created by the Province of Manitoba. EITC enters into transactions with these entities in the normal course of business.

5. Comparative figures

Certain of the comparative figures have been reclassified to conform to the presentation adopted for the current year.

Economic Innovation and Technology Council

Schedule 1

Schedule of Expenses

Year Ended March 31	**2008**	2007
National Research Council - Industrial Research Assistance Program	**$ 68,083**	$ 85,838
Council activities		4,000
Printing and stationery		200
Professional fees	**5,588**	5,520
Purchased services	**65**	
Rental and property tax		36
Travel		(554)
	$ 73,736	$ 95,040

THE EXCHANGE

chartered accountants LLP

AUDITORS' REPORT

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

We have audited the statement of financial position of First Nations of Northern Manitoba Child and Family Services Authority as at March 31, 2008 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 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, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The Exchange

chartered accountants LLP

Winnipeg, Manitoba
May 20, 2008

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FIRST NATIONS OF NORTHERN MANITOBA CHILD AND FAMILY SERVICES AUTHORITY

Statement of Financial Position

March 31, 2008

		2008		2007
ASSETS				
CURRENT				
Cash	**$**	**1,000,183**	$	1,157,356
Accounts receivable from the Province		**906,911**		993,121
Working capital receivable from agencies		**128,000**		-
Accounts receivable		**113,357**		93,761
Prepaid expenses		**15,135**		15,347
		2,163,586		2,259,585
EQUIPMENT *(Notes 2, 3)*		**97,331**		48,722
	$	**2,260,917**	$	2,308,307
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	**$**	**679,965**	$	1,152,525
Working capital payable to the Province		**128,000**		-
		807,965		1,152,525
NET ASSETS				
Unrestricted		**64,279**		35,247
Internally restricted *(Note 5)*		**788,107**		470,565
Externally restricted *(Note 6)*		**503,235**		601,248
Invested in equipment		**97,331**		48,722
		1,452,952		1,155,782
	$	**2,260,917**	$	2,308,307

LEASE COMMITMENT *(Note 8)*

ON BEHALF OF THE BOARD

___________________________________ *Director*

___________________________________ *Director*

FIRST NATIONS OF NORTHERN MANITOBA CHILD AND FAMILY SERVICES AUTHORITY

Statement of Changes in Net Assets

Year Ended March 31, 2008

	Unrestricted	Internally Restricted	Externally Restricted	Invested in Equipment	**2008**	2007
NET ASSETS - BEGINNING OF YEAR	$ 35,247	$ 470,565	$ 601,248	$ 48,722	**$ 1,155,782**	$ 969,260
Excess of revenue over expenses	327,451	-	-	(30,281)	**297,170**	186,522
Interfund transfers	(219,529)	317,542	(98,013)	-	**-**	-
Purchase of Assets	(78,890)	-	-	78,890	**-**	-
NET ASSETS - END OF YEAR	$ 64,279	$ 788,107	$ 503,235	$ 97,331	**$ 1,452,952**	$ 1,155,782

FIRST NATIONS OF NORTHERN MANITOBA CHILD AND FAMILY SERVICES AUTHORITY

Statement of Revenues and Expenses

Year Ended March 31, 2008

	2008	2007
REVENUE		
Province of Manitoba - Authority Funding	**$ 12,540,879**	$ 9,612,433
Interest	**77,002**	50,010
Other	**834**	-
	12,618,715	9,662,443
EXPENSES		
Annual general meeting	**13,642**	8,907
Audit	**3,562**	3,605
Bad debts	**4,092**	-
Bank and service fees	**639**	507
Board expenses	**2,804**	1,374
Board honorarium	**15,200**	1,200
Changes for children	**186,876**	-
Communications	**12,831**	8,620
IT support	**6,118**	-
Insurance	**11,243**	12,408
Joint training unit	**88,095**	-
Memberships and subscriptions	**2,010**	2,211
Miscellaneous	**25,274**	20,580
Office supplies	**10,917**	5,898
Payments to agencies	**10,328,402**	8,505,456
Payments to authorities	**247,888**	113,850
Payroll processing	**1,654**	1,186
Postage and courier	**1,188**	974
Printing and stationery	**2,390**	2,237
Professional fees	**124,914**	84,833
Recruitment costs	**7,484**	-
Rent	**47,115**	35,756
Salaries and benefits	**884,485**	512,992
Small equipment and repairs	**1,501**	-
Staff development	**10,567**	3,108
Strategic planning	**8,918**	15,671
Transition	**98,013**	2,142
Travel	**143,442**	110,318
	12,291,264	9,453,833
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	**327,451**	208,610
OTHER EXPENSES		
Amortization	**(30,016)**	(22,088)
Loss on disposal of assets	**(265)**	-
	(30,281)	(22,088)
EXCESS OF REVENUE OVER EXPENSES	**$ 297,170**	$ 186,522

FIRST NATIONS OF NORTHERN MANITOBA CHILD AND FAMILY SERVICES AUTHORITY

Statement of Cash Flows

Year Ended March 31, 2008

	2008	2007
OPERATING ACTIVITIES		
Excess of revenue over expenses	**$ 297,170**	$ 186,522
Items not affecting cash:		
Amortization	**30,016**	22,088
Loss on disposal of assets	**265**	-
	327,451	208,610
Changes in non-cash working capital:		
Accounts receivable	**(61,385)**	(559,905)
Accounts payable and accrued liabilities	**(344,561)**	684,350
Prepaid expenses	**212**	(5,859)
	(405,734)	118,586
Cash flow from (used by) operating activities	**(78,283)**	327,196
INVESTING ACTIVITY		
Purchase of equipment	**(78,890)**	(33,053)
Cash flow used by investing activity	**(78,890)**	(33,053)
INCREASE (DECREASE) IN CASH FLOWS	**(157,173)**	294,143
CASH - BEGINNING OF YEAR	**1,157,356**	863,213
CASH - END OF YEAR	**$ 1,000,183**	$ 1,157,356
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	**$ 77,002**	$ 50,010

1. DESCRIPTION OF OPERATIONS

The First Nations of Northern Manitoba Child and Family Services Authority (Northern Authority) has been incorporated under the Child and Family Services Authority Act, which was proclaimed by the Province of Manitoba on November 24, 2003.

The mandate of the Northern Authority is to administer and provide for the delivery of child and family services in Manitoba to people who are members of the northern First Nation, people who identify with those northern First Nations and others as determined in accordance with protocols established in the regulations which form part of the Child and Family Services Authority Act. The Northern Authority is exempt from income taxes under Section 149(1)(l) of the Income Tax Act.

On June 10, 2002 legislation to create the First Nations of Northern Manitoba Child and Family Services Authority was introduced in the Legislative Assembly. Royal Assent was received on August 9, 2002. The Child and Family Services Authorities Act came into force upon proclamation. Proclamation occurred on November 30, 2003. All assets and liabilities of 4601149 Manitoba Association Inc. as of November 30, 2003 were transferred to the First Nations of Northern Manitoba Child and Family Services Authority on December 1, 2003.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of reporting

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

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 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.

(continues)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

New accounting policies

Effective April 1, 2007 the Authority adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA):

Section 1506, Accounting Changes

Section 1506 requires that voluntary changes in accounting policies are made only if they result in the financial statements providing reliable and more relevant information. Additional disclosure is required when the Authority has not yet applied a new primary source of Canadian generally accepted accounting principles that has been issued but is not yet effective, as well as when changes in accounting estimates and errors occur. The adoption of this revised standard had no material impact on the Authority's financial statements for the year ended March 31, 2008.

Section 1530, Comprehensive Income

Section 1530 requires the presentation of a statement of comprehensive income and provides guidance for the reporting and display of other 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 arising on translation of self-sustaining foreign operations, 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 Authority has not recognized any adjustments through other comprehensive income for the year ended March 31, 2008. Because the entity has no items related to other comprehensive income, comprehensive income is equivalent to net income.

(continues)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Section 3855, Financial Instruments – Recognition and Measurement

Section 3855 prescribes the criteria for recognition and presentation of financial instruments on the balance sheet 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 Authority 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 other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The Authority has designated its financial instruments as follows:

Cash is 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.

Receivables 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.

The adoption of this revised standard had no material impact on the Authority's financial statements for the year ended March 31, 2008.

Future accounting policy changes

Section 3862, Financial Instruments – Disclosures and Section 3863, Financial Instruments – Presentation

The CICA has issued two new standards, CICA 3862: Financial Instruments – Disclosures and CICA 3863: Financial Instruments – Presentation, which enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks.

These changes in accounting policies, which will be adopted effective April 1, 2008, will require additional disclosures in the financial statements.

Section 1535, Capital Disclosures

The CICA has also issued a new standard, CICA 1535: Capital Disclosures, which requires the disclosure of qualitative and quantitative information that enables users of financial statements to evaluate the entity’s objectives, policies and processes for managing capital.

This accounting policy change, which will be adopted effective April 1, 2008, will require additional disclosure in the financial statements.

(continues)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

The Authority's financial instruments consist of cash, receivables, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Authority is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair value of receivables, accounts payable and accrued liabilities approximates their carrying values due to their short term maturity.

Equipment

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

Computer equipment	3 years
Computer software	5 years
Equipment	5 years
Furniture and fixtures	5 years

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

Revenue recognition

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 they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Authority funding from the Province of Manitoba is recognized when earned.

3. EQUIPMENT

	2008 Cost	2008 Accumulated amortization	2007 Cost	2007 Accumulated amortization
Computer equipment	**$ 63,339**	**$ 29,587**	$ 52,099	$ 42,407
Computer software	**10,214**	**6,311**	10,214	4,631
Equipment	**78,267**	**36,334**	49,619	23,539
Furniture and fixtures	**33,330**	**15,587**	19,764	12,397
	$ 185,150	**$ 87,819**	$ 131,696	$ 82,974
Net book value	**$ 97,331**		$ 48,722	

During the year ended March 31, 2008, the Authority incurred the following capital expenditures:

	2008	2007
Computer equipment	**$ 34,025**	$ 9,751
Computer software	**-**	3,008
Equipment	**28,648**	18,223
Furniture and fixtures	**16,217**	2,071
	$ 78,890	$ 33,053

4. PUBLIC SECTOR COMPENSATION DISCLOSURE ACT

It is a requirement of the Public Sector Compensation Disclosure Act that annual public disclosure be made of aggregate compensation paid to employees, officers and directors in an amount exceeding $50,000. For the year ended March 31, 2008, the following officers, directors or employees received compensation at reportable levels:

		2008
Rose McKay	Chief Executive Officer	$89,239
Cheryl Freeman	Chief Financial Officer	$83,197
Mare Lands	Implementation Team Manager	$65,869
Shirley Allarie	Senior Manager	$56,492
Mary Werba	Foster Care Recruitment & Retention Officer	$52,816
Theresa Henderson	Education & Training Coordinator	$53,674

5. INTERNALLY RESTRICTED NET ASSETS

The Board approved the following internal restrictions:

	2008	2007
Legal counsel	**$ -**	$ 88,000
Education and training	**-**	94,152
Copier replacement	**9,270**	6,722
Furniture replacement	**9,270**	6,722
Transitional expenses to Northern location	**50,600**	50,600
Winnipeg projects	**57,339**	24,369
Communication strategy	**100,000**	100,000
Statistical development	**100,000**	-
Research and development	**-**	100,000
Agency development work	**105,000**	-
CME report contract	**25,000**	-
Executive assistant term position	**50,000**	-
Furniture, computers and equipment	**55,000**	-
Repatriation	**35,000**	-
Joint training unit	**79,905**	-
Family support innovations	**111,723**	-
	$ 788,107	$ 470,565

6. 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.

7. ECONOMIC DEPENDENCE

First Nations of Northern Manitoba Child and Family Services Authority is solely dependent on the Province of Manitoba for revenue to fund its operations.

8. LEASE COMMITMENT

The Authority has entered into a five year lease for one of their premises that expires on January 31, 2012. Under the lease, the Authority is required to pay a base annual rent of $39,963.

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 17, 2008

Daniel Richard, Chief Financial Officer

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, 2008 and the statements of revenues and expenses 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, 2008 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Meyers Norris Penny LLP

Winnipeg, Manitoba

July 17, 2008

Chartered Accountants

500 - 1661 Portage Avenue, Winnipeg, Manitoba, R3J 3T7, 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, 2008

	Operating Fund	*Capital Fund*	*Repatriation Fund*	*Total 2008*	*Total 2007*
Assets					
Current					
Cash and short-term deposits *(Note 4)*	876,966	-	-	**876,966**	1,067,556
Accounts receivable	4,707,274	-	-	**4,707,274**	2,075,830
Prepaid expenses and deposits	5,539	-	-	**5,539**	3,978
	5,589,779	-	-	**5,589,779**	3,147,364
Capital Assets *(Note 5)*	-	362,737	-	**362,737**	366,348
Due from Agencies *(Note 6)*	2,084,500	-	-	**2,084,500**	1,338,800
Interfund advances	-	-	248,475	**248,475**	241,240
	7,674,279	362,737	248,475	**8,285,491**	5,093,752
Liabilities					
Current					
Accounts payable and accruals	2,507,591	-	-	**2,507,591**	1,330,302
Deferred revenue *(Note 7)*	334,694	-	-	**334,694**	1,326,881
	2,842,285	-	-	**2,842,285**	2,657,183
Deferred revenue *(Note 7)*	2,396,701	-	-	**2,396,701**	80,916
Due to Province of Manitoba *(Note 6)*	2,084,500	-	-	**2,084,500**	1,338,800
Interfund advances	248,475	-	-	**248,475**	241,240
	7,571,961	-	-	**7,571,961**	4,318,139
Net Assets					
Unrestricted	102,318	-	-	**102,318**	168,025
Invested in Capital Assets	-	362,737	-	**362,737**	366,348
Restricted	-	-	248,475	**248,475**	241,240
	102,318	362,737	248,475	**713,530**	775,613
	7,674,279	362,737	248,475	**8,285,491**	5,093,752

Approved on behalf of the board

Director **Director**

MNP

First Nations of Southern Manitoba Child and Family Services Authority
Statement of Revenues and Expenses
For the year ended March 31, 2008

	Revenues	Other Revenues	Expenses	2008 Excess (Deficiency) of Revenues over Expenses	2007 Excess (Deficiency) of Revenues over Expenses
Operating Fund *(Schedule 1)*	30,387,542	104,867	(30,422,339)	**70,070**	342,486
Capital Fund *(Schedule 2)*	-	-	(110,598)	**(110,598)**	(92,500)
Repatriation Program *(Schedule 3)*	-	-	(21,555)	**(21,555)**	(82,614)
	30,387,542	104,867	(30,554,492)	**(62,083)**	167,372

The accompanying notes are an integeral part of these financial statements

1. Incorporation and operations

The Authority was incorporated on November 24, 2003 under the Province of Manitoba through The Child and Family Services Authority Act, S.M. 2002, c. 35 excerpt section 20; the Act came into force by proclamation on November 24, 2003.

Operations

The Authority was established as a non-profit organization with the responsibility for administering and providing for the delivery of a system of child and family services to Southern First Nations people who are members of the Southern First Nations and other persons who are identified with those Southern First Nations. In partnership with the Province of Manitoba, the 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. 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 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.

2. 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 First Nations of Southern Manitoba Child and Family Services Authority , the accounts are maintained on a fund accounting basis. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the contributors or in accordance with the directives issued by the Board of Directors. Four funds are maintained Operating Fund, Capital Fund, Repatriation Fund and Repatriation: Aboriginal Healing Foundation Fund.

The Operating Fund is used to account for all revenue and expenditure related to general and ancillary operations of the First Nations of Southern Manitoba Child and Family Services Authority.

The Capital Fund is used to account for all capital assets of the organization 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 earnings for the year.

Financial instruments

Held for trading:

The Authority has classified cash and short-term deposits 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 income.

Loans and receivables:

The Authority has classified accounts receivable and advances 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 net income upon derecognition or impairment.

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.

2. Accounting policies *(Continued from previous page)*

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 net income upon derecognition or impairment.

Comprehensive income (loss)

The Authority does not have any items giving rise to other comprehensive income, nor is there any accumulated balance of other comprehensive income. All gains and losses, including those arising from measurement of all financial instruments have been recognized in net income for the period.

3. Change in accounting policies

Financial instruments

During the year, the Authority retroactively adopted new presentation and disclosure requirements with respect to financial instruments. The adoption of the standard resulted in no change to the comparative financial statements.

4. Cash and short-term deposits

Included in cash and short-term deposits are $607,188 (2007 - $250,000) in guaranteed investment certificates bearing interest at 3.00% to 3.25% (2007 - 3.75%) maturing from June 2008 to March 2009.

5. Capital assets

	Cost	*Accumulated amortization*	*2008 Net book value*	*2007 Net book value*
Computer equipment	**513,913**	**294,143**	**219,770**	233,552
Furniture and fixtures	**192,410**	**63,044**	**129,366**	132,798
Leasehold improvements	**15,112**	**1,511**	**13,601**	-
	721,435	**358,698**	**362,737**	366,350

6. Due from Agencies/Due to Province of Manitoba

The Province of Manitoba advanced the Authority a working capital advance in the amount of $2,084,50, 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.

	2008	*2007*
Animikii-Ozoson CFS	**406,890**	406,890
Child and Family All Nations Coordinated Response Network	**538,400**	538,400
Dakota Ojibway CFS	**393,510**	393,510
Sandy Bay CFS	**158,700**	-
Southeast CFS	**362,000**	-
West Region CFS	**225,000**	-
	2,084,500	1,338,800

7. Deferred revenue

Deferred revenue represents funds received during the year, which have been deferred to periods when their specified expenditures are expected to be incurred.

8. 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.

9. Commitments

The Authority has entered into various lease agreements with estimated minimum annual payments as follows:

2009	1,287,000
2010	1,287,000
2011	1,287,000
2012	1,248,000
2013	1,235,000

10. 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.

11. Statement of cash flows

The statement of cash flows has not been prepared as the source and use of cash is readily apparent from the financial statements.

First Nations of Southern Manitoba Child and Family Services Authority

Schedule 1 - Statement of Operations and Net Assets - Operating Fund

For the year ended March 31, 2008

	2008	*2007*
Revenues		
Province of Manitoba - Department of Family Services and Housing Division	**30,193,897**	21,811,585
First Nations of Northern Manitoba Child and Family Services Authority	**120,644**	113,850
Centre for Aboriginal Human Resource Development (CAHRD)	**-**	2,509
Other	**73,001**	1,000
	30,387,542	21,928,944
Expenses		
Personnel		
Recruitment	**2,903**	1,050
Salaries, wages and benefits	**987,322**	748,214
Salaries, wages and benefits - CAHRD	**-**	2,509
Training and education	**17,299**	11,872
Travel	**29,218**	24,891
	1,036,742	788,536
Office Operations		
Interest and bank charges	**2,364**	461
Information technology	**169,476**	133,355
Supplies	**37,609**	18,847
Telephone, fax and internet	**22,986**	22,651
	232,435	175,314
Office and Building		
Insurance	**14,274**	15,711
Rent	**118,239**	90,142
	132,513	105,853
Other		
Agency central support	**26,675,805**	19,823,311
Agency family support innovations fund	**253,000**	213,000
Annual meeting	**11,207**	5,204
Board expenses	**19,689**	18,831
Changes for Children costs	**873,788**	-
Common table costs	**293,537**	473,893
Professional fees	**27,316**	9,422
Process costs	**33,472**	35,475
Public relations	**4,536**	629
Standing committee	**16,545**	-
406 Edmonton Street Facility	**811,754**	-
	29,020,649	20,579,765

Continued on next page

Continued from previous page

	2008	2007
Transition		
Agency site development	-	30,131
Communication	-	250
Furniture, equipment and supplies	-	23,062
	-	53,443
Other Income		
Interest	**73,579**	100,180
Goods and Service Tax	**21,288**	6,273
Rental	**10,000**	10,000
	104,867	116,453
Excess (deficiency) of revenues over expenses	**70,070**	342,486
Net assets, beginning of year	**168,025**	50,992
Inter-fund transefers	**(135,777)**	(225,453)
Net assets, end of year	**102,318**	168,025

Schedule 2 - Statement of Operations and Net Assets - Capital Fund

For the year ended March 31, 2008

	2008	*2007*
Expenses		
Amortization	**110,598**	92,500
Deficiency of revenues over expenses	**(110,598)**	(92,500)
Net assets, beginning of year	**366,348**	218,491
Inter-fund transefers	**106,987**	240,357
Net assets, end of year	**362,737**	366,348

First Nations of Southern Manitoba Child and Family Services Authority

Schedule 3 - Statement of Operations and Net Assets - Repatriation Fund

For the year ended March 31, 2008

	2008	*2007*
Expenses		
Education and training	-	500
Office	-	25
Salaries, wages and benefits	**21,555**	81,016
Travel and entertainment	-	1,073
Deficiency of revenues over expenses	**(21,555)**	(82,614)
Net assets, beginning of year	**241,240**	338,758
Inter-fund transefers	**28,790**	(14,904)
Net assets, end of year	**248,475**	241,240

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, 2008 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, 2008 and the results of its operations and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Magnus & Buffie

July 22, 2008 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, 2008

	OPERATING FUND	TRANSITION FUND	AGENCY FUND	TOTAL 2008	TOTAL 2007
ASSETS					
CURRENT ASSETS					
Cash	$ 248,826	$ -	$ -	$ 248,826	$ 103,525
Accounts receivable	623,489	-	65,759	689,248	180,644
Prepaid expenses	5,575	-	-	5,575	4,007
Interfund balances	(5,111)	5,111	-	-	-
	872,779	5,111	65,759	943,649	288,176
CAPITAL ASSETS (Note 4)	-	65,834	-	65,834	48,871
	$ 872,779	$ 70,945	$ 65,759	$ 1,009,483	$ 337,047
LIABILITIES AND FUND BALANCES					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	$ 56,888	$ -	$ 65,759	$ 122,647	$ 44,534
Deferred contributions (Note 5)	378,647	5,111	-	383,758	104,510
	435,535	5,111	65,759	506,405	149,044
DEFERRED CONTRIBUTIONS RELATING TO CAPITAL ASSETS (Note 5)	-	65,834	-	65,834	48,871
FUND BALANCES	437,244	-	-	437,244	139,132
	$ 872,779	$ 70,945	$ 65,759	$ 1,009,483	$ 337,047

APPROVED ON BEHALF OF THE BOARD:

_______________________________ Director

_______________________________ Director

GENERAL CHILD AND FAMILY SERVICES AUTHORITY
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 2008

	OPERATING FUND	TRANSITION FUND	AGENCY FUND	2008	2007
REVENUE					
Province of Manitoba					
Operating grant	$ 839,349	$ -	$ -	$ 839,349	$ 643,117
Transition grant (Note 5(ii))	-	12,037	-	12,037	24,516
Transition grant relating to capital assets (Note 5(iii))	-	20,399	-	20,399	14,744
Agency grants (Note 6)	-	-	7,322,109	7,322,109	6,366,100
Miscellaneous grants	643,871	-	-	643,871	120,614
Interest and other	4,234	1,936	-	6,170	1,993
	1,487,454	34,372	7,322,109	8,843,935	7,171,084
EXPENSES					
Agency allocations (Note 6)	-	-	7,322,109	7,322,109	6,366,100
Amortization	-	20,399	-	20,399	14,744
Board expenses and meetings	5,865	-	-	5,865	6,282
Insurance	993	-	-	993	2,970
Interest and bank charges	479	-	-	479	371
Miscellaneous grant expenses	64,605	-	-	64,605	116,432
Office and miscellaneous	199,265	13,973	-	213,238	18,104
Professional services	27,034	-	-	27,034	64,531
Rent	46,679	-	-	46,679	34,709
Telephone	12,050	-	-	12,050	8,613
Training	132,668	-	-	132,668	1,249
Travel	19,795	-	-	19,795	6,973
Wages and benefits	679,909	-	-	679,909	433,230
	1,189,342	34,372	7,322,109	8,545,823	7,074,308
EXCESS OF REVENUE OVER EXPENSES	$ 298,112	$ -	$ -	$ 298,112	$ 96,776

GENERAL CHILD AND FAMILY SERVICES AUTHORITY
STATEMENT OF FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2008

	OPERATING FUND	TRANSITION FUND	AGENCY FUND	2008	2007
Balance, beginning of year	$ 139,132	$ -	$ -	$ 139,132	$ 42,356
Excess of revenue over expenses	298,112	-	-	298,112	96,776
Balance, end of year	$ 437,244	$ -	$ -	$ 437,244	$ 139,132

GENERAL CHILD AND FAMILY SERVICES AUTHORITY
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2008

	2008	2007
CASH FLOW FROM (USED IN)		
OPERATING ACTIVITIES		
Excess of revenue over expenses	$ 298,112	$ 96,776
Adjustments for		
Amortization	20,399	14,744
Recognition of deferred contributions	(146,192)	(39,892)
Amortization of deferred contributions relating to capital assets	(20,399)	(14,744)
	151,920	56,884
Changes in the following		
Accounts receivable	(508,604)	161,523
Prepaid expenses	(1,568)	(657)
Accounts payable and accrued liabilities	78,110	(261,503)
	(280,142)	(43,753)
INVESTING AND FINANCING ACTIVITIES		
Purchase of capital assets	(37,359)	(18,399)
Receipt of deferred contributions	462,802	-
	425,443	(18,399)
CHANGE IN CASH	145,301	(62,152)
CASH, beginning of year	103,525	165,677
CASH, end of year	$ 248,826	$ 103,525

1. ORGANIZATION

The General Child and Family Services Authority (the "Authority") was established November 24, 2003 under The Child and Family Services Authorities Act. The authority is a non-profit organization responsible for the administration and provision of child and family services by the agencies under its jurisdiction, being Child and Family Services of Western Manitoba, Child and Family Services of Central Manitoba, Jewish Child and Family Service, Churchill Child and Family Services, Winnipeg Child and Family Services Branch and Rural and Northern Services Branch (Interlake, Eastman, Parkland, Northern).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles using the following significant accounting policies:

(a) Fund accounting

The authority records its activities in the following funds:

(i) Operating fund

This fund accounts for the activity relating to the principal activity of the authority (Note 1).

(ii) Transition fund

The Province of Manitoba has provided one-time transition funding in support of the restructuring of the child and family services system, as initiated under the Aboriginal Justice Inquiry - Child Welfare Initiative. Funding is to be used to support the resource transfer process and the development of the corporate infrastructure of the authority and mandated child and family services agencies under the jurisdiction of the authority. The resource transfer process involves the transfer of cases from agencies under the jurisdiction of the authority to the Metis Child and Family Services Authority, Northern First Nations Child and Family Services Authority, and First Nations of Southern Manitoba Child and Family Services Authority. All contributions to this fund are externally restricted for this purpose.

(iii) Agency fund

The Province of Manitoba provides the authority with grant payments for the private mandated child and family services agencies under its jurisdiction. As set out in Section 19 of The Child and Family Services Authorities Act, the authority is responsible for determining funding allocations among its mandated agencies. The mandated agencies include both private agencies and government offices, which have different funding arrangements with the Authority. Private agencies receive all of their funding from the authority (excluding child maintenance), while government offices receive funding directly from 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Capital assets

Capital assets are recorded at cost and are amortized over their estimated useful lives based on the following rates and methods:

	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) Financial instruments - recognition and measurement

Transaction costs are expensed as incurred for financial instruments designated as held for trading. The effective interest rate method of amortization is used for any transaction costs for financial instruments measured at amortized cost.

Loans and Receivables, Held-to-maturity investments and Other financial liabilities are initially measured at fair value and subsequently measured at amortized cost. Gains or losses resulting from revaluation, impairment write-downs and foreign exchange translation adjustments are recognized in net earnings for the period. The authority has designated accounts receivable and goods as Loans and Receivables and accounts payable and accrued liabilities as Other financial liabilities. The authority does not have any financial instruments designated as Held-to-maturity Investments.

Available-for-sale Financial Assets are initially and subsequently recorded at fair value, except for equity instruments that do not have a quoted market price in an active market as they are recorded at cost. Gains and losses resulting from revaluation are recognized directly in net assets. Impairment write-downs are included in net earnings for the period. The authority does not have any financial instruments designated as Available-for-sale Financial Assets.

Held-for-trading financial instruments include cash and are initially and subsequently recorded at fair value. Gains or losses on revaluation are included in net earnings for the period.

(f) 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.

3. ADOPTION OF NEW ACCOUNTING STANDARDS

FINANCIAL INSTRUMENTS

On April 1, 2007, the authority prospectively adopted two new accounting standards that were issued by the Canadian Institute of Chartered Accountants (CICA): Section 3855, Financial Instruments - Recognition and Measurement, and Section 3865, Hedges.

3. ADOPTION OF NEW ACCOUNTING STANDARDS (continued)

(a) Financial Instruments - Recognition and Measurement

Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. It requires that financial assets and financial liabilities, including derivatives, be recognized on the balance sheet when the authority becomes a party to the contractual provisions of the financial instrument or non-financial derivative contract. Under this standard, all financial instruments are required to be measured at fair value on initial recognition except for certain related party transactions. Measurement in subsequent periods depends on the financial instrument's classification.

- Financial assets Held-to-maturity, Loans and Receivables, and Other financial liabilities are measured at amortized cost using the effective interest method of amortization. Gains and losses are recorded in earnings when the assets are derecognized or impaired, and through the amortization process.
- Available-for-sale financial assets are measured at fair value with gains and losses recognized directly in net assets, except for impairment losses.
- Financial assets and liabilities classified as held-for-trading are measured at fair value with changes in fair value recognized in earnings and are included in the category "fair value through earnings." Derivative instruments are classified as fair value through earnings, including those derivatives that are embedded in financial or non-financial contracts and are not closely related to the host contacts.

The application of the above standards did not result in adjustment in these financial statements.

(b) Hedges

Section 3865 established criteria that must be satisfied in order for hedge accounting to be applied. It sets standards for the identification, designation, documentation and effectiveness of hedging relationships for the following hedging strategies: fair value hedges, cash flow hedges and hedges of foreign currency exposure of net investment in a self-sustaining foreign operation. The purpose of hedge accounting is to ensure that gains, losses, revenues and expenses from effective hedging relationships are recorded in earnings in the same period. Hedge accounting is discontinued prospectively when the derivative no longer qualifies as an effective hedge, or the derivative is terminated or sold, or upon the sale or early termination of the hedged item. The authority does not participate in hedging strategies and therefore did not have any gains, losses, revenues and expenses related to hedging relationships recorded in earnings for the period.

4. CAPITAL ASSETS

		Accumulated	Net Book Value	
	Cost	Amortization	2008	2007
Computer software	$ 8,424	$ 2,571	$ 5,853	$ 78
Furniture and fixtures	38,496	12,779	25,717	15,883
Leaseholds	72,427	38,163	34,264	32,910
	$ 119,347	$ 53,513	$ 65,834	$ 48,871

5. 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

	2008	2007
Beginning balance	$ 50,000	$ 65,376
Add contributions:		
Province of Manitoba	454,400	-
Children's Aid Foundation	8,402	-
	512,802	65,376
Less: amounts amortized to revenue	134,155	15,376
Ending balance	$ 378,647	$ 50,000

Deferred contributions in the transition fund relate to a one-time grant from the Province of Manitoba for transition funding. The balance continuities are as follows:

(ii) Deferred contributions

	2008	2007
Beginning balance	$ 54,510	$ 97,428
Less: - amounts transfered from deferred contributions to capital assets (note 5(iii))	37,362	-
- amounts recognized as revenue in the year	12,037	42,918
Ending balance	$ 5,111	$ 54,510

(iii) Deferred contributions relating to capital assets

	2008	2007
Beginning balance	$ 48,871	$ 45,214
Add contributions:		
Amounts transfered from deferred contributions (note 5(ii))	37,362	18,401
	86,233	63,615
Less: amounts amortized to revenue	20,399	14,744
Ending balance	$ 65,834	$ 48,871

6. AGENCY GRANTS

The authority received funding from the Province of Manitoba in the amount of $7,322,109 (2007 - $6,366,100) to be allocated to the agencies under its jurisdiction. The Agency grants were allocated as follows:

	Child and Family Services Division			
Agency	**Child Protection Branch**	**Strategic Initiatives Branch**	**Total 2008**	**Total 2007**
Child and Family Services of Central Manitoba	$ 2,675,659	$ -	$ 2,675,659	$ 2,400,500
Child and Family Services of Western Manitoba	4,402,550	-	4,402,550	3,727,500
Jewish Child and Family Services	232,600	-	232,600	227,100
Churchill Regional Health Authority	11,300	-	11,300	11,000
Total	$ 7,322,109	$ -	$ 7,322,109	$ 6,366,100

Child maintenance is paid directly to the above agencies from the Province of Manitoba and is not included in the accounts of the authority.

7. FINANCIAL INSTRUMENTS

(i) Risk management and hedging activities

In the normal course of operations the authority is exposed to various financial risks. Management's close involvement in the operations allows for the identification of risks and variances from expectations. The authority does not meaningfully participate in the use of financial instruments to control these risks. The authority has no designated hedging transactions. The financial risks and management's risk management objectives and policies are as follows:

(a) Currency risk
The authority does not hold any significant assets or liabilities denominated in a foreign currency.

(b) Market risk
The authority is not exposed to any meaningful market risk.

(c) Credit risk
The authority is exposed to credit risk on accounts receivable. Management monitors credit exposure on a specific creditor basis and the majority of the accounts receivable are from the Province of Manitoba resulting in minimal credit risk.

(d) Liquidity risk
Management monitors the authority's liquidity and is of the opinion that it is unlikely that the authority will encounter difficulty in raising funds to meet commitments associated with financial instruments.

(e) Interest rate risk
The authority is not exposed to any meaningful interest rate risk.

(ii) Fair values

The fair values of the authority's financial instruments approximate their carrying value.

GENERAL CHILD AND FAMILY SERVICES AUTHORITY
SCHEDULE OF PUBLIC SECTOR COMPENSATION DISCLOSURE
FOR THE YEAR ENDED MARCH 31, 2008
(in thousands of dollars)

Pursuant to the disclosure required by the Public Sector Compensation Disclosure Act, $8 of remuneration or other benefits were paid to board members during the year.

The Public Sector Compensation Disclosure Act also requires all publicly funded bodies to disclose compensation to any employee or officer when such compensation exceeds $50 per annum. This information follows:

EMPLOYEE	TITLE	COMPENSATION 2008	2007
Jay Rodgers	Chief Executive Officer	$ 99	$ -
Dale Robinson	Chief Financial Officer	86	72
Jeanette Grennier	Program Specialist - Child in Care	71	-
Colette MacPherson	Hotel Reduction Strategy Resource Development	68	-
Laura Morton	Resource Development Specialist	68	-
Patricia Wawyn	Community Inquiry Specialist	67	65
Anne Pratt	Senior Administrative Assistant	51	-
Pamela Zorn	Training Coordinator	51	-
Dennis Schellenberg	Chief Executive Officer	-	95
Diva Faria	Child Protection and Family Services Specialist	-	65

HELEN BETTY OSBORNE MEMORIAL FOUNDATION

RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Helen Betty Osborne Memorial Foundation are the responsibility of the Board of Trustees and have been prepared in accordance with Canadian generally accepted accounting principles. In the Board of Trustees' opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating the Board's best judgment regarding all necessary estimates and all other data available up to June 6, 2008. The financial information presented elsewhere in the Annual Report is consistent with that in the financial statements.

The Board of Trustees maintain internal controls to properly safeguard the assets and to provide reasonable assurance that the books and records from which the financial statements are derived accurately reflect all transactions , and that established policies and procedures are followed.

The responsibility of the Auditor General of Manitoba is to express an independent, professional opinion on whether the financial statements of Helen Betty Osborne Memorial Foundation 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.

On behalf of the Board of Trustees,

Diane Carriere
Chairperson
Helen Betty Osborne Memorial Foundation

June 6, 2008

2ND FLOOR 405 BROADWAY AVENUE, WINNIPEG, MB R3C 3L6 | 204.945.3909 | FAX 204.948

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

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, 2008, and the statement of operations and changes in net assets 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, 2008, and the results of its operations and changes in net assets 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 6, 2008

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

THE HELEN BETTY OSBORNE MEMORIAL FOUNDATION
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2008

		Unrestricted Fund	Restricted Fund	Endowment Fund	Total 2008	Total 2007
ASSETS						
CURRENT ASSETS						
Cash and bank	$	(793)	21,940	49,285	70,432	43,867
Short-term investments		-	-	208,215	208,215	200,129
Accrued interest receivable		-	1,274	-	1,274	1,305
Accounts receivable		1,667	-	-	1,667	2,961
	$	874	23,214	257,500	281,588	248,262
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts payable	$	-	-	-	-	4,294
Deferred contributions (Note 3)		-	23,214	-	23,214	33,105
		-	23,214	-	23,214	37,399
NET ASSETS						
Endowment		-	-	257,500	257,500	207,500
Unrestricted		874	-	-	874	3,363
		874	-	257,500	258,374	210,863
	$	874	23,214	257,500	281,588	248,262

APPROVED BY THE BOARD:

______________________________ **Director**

______________________________ **Director**

THE HELEN BETTY OSBORNE MEMORIAL FOUNDATION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2008

	Unrestricted Fund	Restricted Fund	Endowment Fund	Total 2008	Total 2007
REVENUE					
Donations	$ 74,466	-	-	74,466	89,583
Investment income (Note 4)	-	8,056	-	8,056	6,950
Restricted contributions (Note 5)					
Bursaries and scholarships	-	53,600	-	53,600	20,000
Project	-	15,962	-	15,962	8,995
	74,466	77,618	-	152,084	125,528
EXPENSES					
Bursaries and scholarships	-	77,000	-	77,000	44,000
Fundraising	61,310	-	-	61,310	83,605
Project	-	16,263	-	16,263	8,995
	61,310	93,263	-	154,573	136,600
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	13,156	(15,645)	-	(2,489)	(11,072)
NET ASSETS, BEGINNING OF YEAR	3,363	-	207,500	210,863	171,935
Endowment fund contribution	-	-	50,000	50,000	50,000
Inter-fund transfers	(15,645)	15,645	-	-	-
NET ASSETS, END OF YEAR	$ 874	-	257,500	258,374	210,863

THE HELEN BETTY OSBORNE MEMORIAL FOUNDATION
STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2008

		2008	2007
CASH PROVIDED BY (USED IN):			
OPERATING ACTIVITIES			
Excess (deficiency) of revenue over expenses	$	(2,489)	(11,072)
Endowment fund contribution		50,000	50,000
		47,511	38,928
Change in non-cash working capital:			
Accrued interest receivable		31	(289)
Accounts receivable		1,294	(2,961)
Accounts payable and accrued liabilities		(4,294)	4,294
Deferred contributions		(9,891)	33,105
		34,651	73,077
FINANCING AND INVESTING ACTIVITIES			
Investments		(8,086)	(36,660)
INCREASE IN CASH		26,565	36,417
CASH, BEGINNING OF YEAR		43,867	7,450
CASH, END OF YEAR	$	70,432	43,867

ADDITIONAL INFORMATION:			
Interest received	$	8,087	6,661

THE HELEN BETTY OSBORNE MEMORIAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2008

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 collectability 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) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) New Accounting Policies

Effective April 1, 2007 the entity adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA):

Section 1506, Accounting Changes

Section 1506 requires that voluntary changes in accounting policies are made only if they result in the financial statements providing reliable and more relevant information.

Additional disclosure is required when the entity has not yet applied a new primary source of Canadian GAAP that has been issued but is not yet effective, as well as when changes in accounting estimates and errors occur. The adoption of this revised standard had no material impact on the Foundation's financial statements for the year ended March 31, 2008.

Section 3855, Financial Instruments – Recognition and Measurement

Section 3855 prescribes the criteria for recognition and presentation of financial instruments on the balance sheet 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 Foundation 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 other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The Foundation 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 net earnings. Due to the relatively short period to maturity of these financial assets, the carrying values approximate their fair values.

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.

The adoption of this revised standard had no material impact on the Foundation's financial statements for the year ended March 31, 2008.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial Instruments

The Foundation's financial instruments consist of cash, outstanding deposits, accrued interest, accounts receivable, and accounts payable.

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

The fair value of accrued interest, accounts receivable, and accounts payable approximates their carrying values due to their short-term maturity.

(f) Use of Estimates

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

(g) Future Accounting Policy Changes

The CICA has issued two new standards, CICA 3862: Financial Instruments – Disclosures and CICA 3863: Financial Instruments – Presentation, which enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks.

The CICA has also issued a new standard, CICA 1535: Capital Disclosures, which requires the disclosure of qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital.

These changes in accounting policies, which will be adopted affective April 1, 2008, will only require additional disclosures in the financial statements.

(h) 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.

(i) 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.

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:

	2008	2007
Balance, beginning of year	$ 33,105	-
Add: Investment revenue restricted for scholarship purposes	8,056	6,950
Restricted contributions		
Bursaries and scholarships (Note 7)	53,600	20,000
Project (Note 5)	6,071	42,100
Subtotal	100,832	69,050
Deduct current year:		
Amounts recognized as restricted contributions		
Bursaries and scholarships	53,600	20,000
Project	15,962	8,995
Amounts recognized as investment income	8,056	6,950
Balance, end of year	$ 23,214	33,105

4. INVESTMENT INCOME

	2008	2007
Total investment income recognized as revenue	$ 8,056	6,950

5. EXTERNALLY FUNDED RESTRICTED PROJECT

During the year ended March 31, 2008, the Foundation continued a project in the memory of Helen Betty Osborne. The funding for this specific project is to come from external parties who have placed specific restrictions on the use of the funds for that purpose. In addition, there are requirements on the Foundation to report results to the external funders.

Additionally, the amount of $6,071 was received during the fiscal year ended March 31, 2008 from one external funder and an additional $1,429 will be received in the next fiscal year upon further expenses being incurred.

6. CONTRACTUAL COMMITMENTS

During March 31, 2008, the Foundation has entered into a contractual arrangement with Planners Plus to organize four separate events, which include the November 2007 awards dinner, two breakfast events to be held in 2008 and the May 2008 Gala Dinner. A commitment of $9,800 exists under this arrangement for the 2009 fiscal year.

During March 31, 2008, the Foundation also entered into a contractual arrangement with David Robertson to provide writing and print-related services in the development of a graphic novel. An amount of $3,040 is to be paid under the arrangement in the next fiscal year.

7. FUNDING COMMITMENT RESTRICTED TO SPECIFIC BURSARIES

During the fiscal year ended March 31, 2007, the Department of Aboriginal & Northern Affairs provided a funding commitment of $20,000 per year for three years to be used for Engineering related bursaries and scholarships according to certain criteria. An amount of $20,000 was received for March 31, 2008, and a further $20,000 will be received over the next fiscal year.

During the fiscal year ended March 31, 2008, the Government of Canada provided a funding commitment of $26,100 to be used for bursaries and scholarships and $2,900 to be used for administration. An amount of $26,100 was received for March 31, 2008 and a hold back amount of $2,900 will be received in the next fiscal year upon the completion of final reports.

During March 31, 2008, the Manitoba Metis Federation provided a funding commitment of $7,500 to be used for bursaries and scholarships.

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.

9. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to reflect the financial statement presentation adopted for the current year.

BDO Dunwoody LLP/s.r.l.
Chartered Accountants and Advisors
Comptables agréés et conseillers

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Auditors' Report

To the Members of
INSURANCE COUNCIL OF MANITOBA

We have audited the statement of financial position of **INSURANCE COUNCIL OF MANITOBA** as at March 31, 2008 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, 2008 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 16, 2008

INSURANCE COUNCIL OF MANITOBA
Statement of Financial Position

March 31		2008		2007
Assets				
Current Assets				
Cash and bank	**$**	**35,923**	$	110,148
Short-term investments (Note 4)		**236,862**		7,599
Accounts receivable		**-**		1,145
Interest receivable		**42,726**		29,496
Prepaid expenses		**14,625**		16,336
		330,136		164,724
Long-term investments (Note 5)		**787,290**		755,293
Capital assets (Note 7)		**34,203**		34,721
	$	**1,151,629**	$	954,738

Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued liabilities	**$**	**23,367**	$	49,278
Deferred revenue		**152,905**		138,544
		176,272		187,822
Net Assets				
Information Technology Reserve (Note 8)		**100,000**		60,000
Unrestricted net assets		**875,357**		706,916
		975,357		766,916
	$	**1,151,629**	$	954,738

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	2008	2007
Revenue		
Licences (Note 6)	$ 690,105	$ 645,678
Other	65,841	43,598
Interest income	48,579	37,267
Examinations	45,397	47,592
Change in market value of investments	5,024	-
	854,946	774,135
Expenses		
Advertising, dues and subscriptions	4,569	4,289
Amortization	10,877	11,465
Bad debts	7,500	-
Bank charges and interest	618	468
Computer consulting fees	37,750	24,765
Conference	9,924	-
Council	24,375	18,382
Equipment leases	6,317	5,123
Insurance	10,564	10,843
Meetings and travel	23,301	31,120
Office and equipment rental	23,466	26,350
Postage and courier	16,531	7,449
Professional fees	32,133	63,303
Recruiting	15,440	-
Rent	60,610	63,044
Salaries and benefits	359,530	375,397
Telephone	7,660	7,650
Training	1,251	5,316
	652,416	654,964
Excess of revenues over expenses for the year	202,530	119,171
Net assets, beginning of year	706,916	587,745
Change in accounting policy (Note 2)	5,911	-
Transfer to Information Technology Reserve (Note 8)	(40,000)	-
Net assets, end of year	$ 875,357	$ 706,916

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		**2008**		2007
Cash Flows from Operating Activities				
Net income for the year	**$**	**202,530**	$	119,171
Amortization		**10,877**		11,465
Change in fair value of investments held for trading		**(5,024)**		-
Changes in non-cash working capital balances				
Accounts receivable		**1,145**		1,796
Interest receivable		**(13,230)**		(15,866)
Prepaid expenses		**1,711**		(8,150)
Accounts payable and accrued liabilities		**(25,911)**		2,543
Deferred revenue		**14,361**		12,230
		186,459		123,189
Cash Flows from Investing Activities				
Purchase of capital assets		**(10,359)**		(8,490)
Proceeds on sale of investments		**276,192**		90,000
Purchase of investments		**(297,254)**		(221,618)
		(31,421)		(140,108)
Increase (decrease) in cash and cash equivalents for the year		**155,038**		(16,919)
Cash and cash equivalents, beginning of year		**117,747**		134,666
Cash and cash equivalents, end of year	**$**	**272,785**	$	117,747
Represented by				
Cash and bank	**$**	**35,923**	$	110,148
Short-term investments		**236,862**		7,599
	$	**272,785**	$	117,747

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

Financial Instruments

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

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 into one of the following categories based on the purpose for which the asset was acquired. The Council's accounting policy for each category is as follows:

Loans and Receivables - These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They arise principally through the provision of goods and services (accounts receivable), but also incorporate other types of contractual monetary assets. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment.

Held-for-trading - This category is comprised of certain investments in equity and debt instruments. They are carried in the balance sheet at fair value with changes in fair value recognized in the income statement. Transaction costs related to instruments classified as held-for-trading are expensed as incurred. The fair value of bonds are determined by reference to published price quotations in the active market.

Other Financial Liabilities - Other financial liabilities include trade accounts payable and accrued liabilities. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method.

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

Information Technology Reserve

The Information Technology Reserve is to be used for funding future upgrades to the Council's information technology system.

Revenue Recognition

License fees are recognized as income over the term of the license period. Examinations revenue is recognized when the exam is administered. Interest revenue is recognized on an accrual basis. Other fee revenue is recognized as services are provided.

1. Nature of Business

The Council was created under the provisions of the Insurance Act (Manitoba) on October 17, 1991 and commenced activities on May 6, 1992. The purpose of the Council is to administer the examinations for and licensing of insurance agents in Manitoba. The Council is exempt from income taxes under section 149(1) of the *Income Tax Act*.

2. Change in Accounting Policy

On April 1, 2007, the Council retroactively adopted, without restatement of prior periods, CICA Handbook Section 3861, "Financial Instruments - Disclosure and Presentation", Section 3855, "Financial Instruments - Recognition and Measurement". Under these new standards, all financial instruments are included on the statement of financial position and are measured either at fair market value or, in limited circumstances, at cost or amortized cost.

In accordance with the provisions of these new standards, the Council's financial statements reflect an increase in long-term investments and an increase in unrestricted net assets of $5,911 as of April 1, 2007.

3. Employee Benefits

The Council matches employee RRSP contributions. Employees may contribute up to 5.1 percent on the first $35,400 of earnings and up to 7 percent on earnings thereafter up to the maximum level allowed under federal taxation regulations. The Council's contributions to employee RRSP's for the year ended March 31, 2008 were $16,495 ($16,894 in 2007).

4. Short-term Investments

	2008	2007
Bank of Montreal Money Market Fund	**$ 236,862**	$ 7,599

The fair value of the short-term investment approximates the carrying value.

5. Long-term Investments

		2008 Fair Value		2007 Fair Value
Province of Manitoba Portfolio Allocation Notes, Series 1	$	**30,479**	$	34,161
Manitoba Builder Bonds, 3.80%, due June 15, 2007		**-**		149,813
Montreal Trust GIC, 4.00%, due August 1, 2007		**-**		30,632
Equitable Trust GIC, 3.70%, due September 20, 2007		**-**		20,375
Equitable Trust GIC, 3.75%, due September 14, 2007		**-**		20,611
Home Trust Company GIC, 3.70%, due October 22, 2007		**-**		55,797
Manitoba Builder Bonds, 3.25%, due June 15, 2008		**49,910**		54,684
Manitoba Builder Bonds, 4.25%, due June 15, 2008		**59,844**		49,356
Maple Trust GIC, 4.20%, due March 10, 2009		**35,063**		34,998
Canadian Western Bank GIC, 4.45%, due August 4, 2009		**30,029**		29,990
AGF Trust Company GIC, 4.89%, due August 4, 2009		**32,253**		-
AGF Trust Company GIC, 4.175%, due October 20, 2009		**62,948**		62,684
Manitoba Builder Bonds, 3.70%, due June 15, 2010		**102,685**		98,384
Manitoba Builder Bonds, 4.60%, due June 15, 2010		**161,412**		-
Wells Fargo Fin Canada, 3.60%, due June 28, 2010		**42,549**		-
Manitoba Hydro Bonds 4.35%, due June 15, 2011		**49,944**		50,000
AGF Trust Company GIC, 4.82%, due November 7, 2011		**60,663**		-
Bank of Montreal GIC, 4.50%, due June 14, 2012		**69,511**		69,719
	$	**787,290**	$	761,204

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.

6. Related Party Transactions

The Council and the Office of the Superintendent of Insurance of Manitoba (OSIM) levy fees on members. The Council acts as agent and remits 44 percent of license and other fees and 15 percent of examination fees to the OSIM. These amounts are not included in the financial statements. In 2008, this amount is $597,609 ($549,918 in 2007).

Included in accounts payable and accrued liabilities is $nil ($32,083 in 2007) payable to OSIM.

7. Capital Assets

	2008			2007		
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Computer software	**$ 91,551**	**$ 82,486**	**$ 9,065**	$ 87,479	$ 79,474	$ 8,005
Furniture & fixtures	**48,252**	**39,056**	**9,196**	47,354	36,870	10,484
Computer hardware	**98,497**	**82,555**	**15,942**	93,109	76,877	16,232
	$ 238,300	**$ 204,097**	**$ 34,203**	$ 227,942	$ 193,221	$ 34,721

8. Transfer to Information Technology Reserve

In 2008, the Council adopted a motion to internally restrict an additional $40,000 of accumulated net assets into the Information Technology Reserve. The reserve is accumulating for the use for future upgrades to the Council's information technology system.

	2008	2007
Information Technology Reserve, beginning of year	**$ 60,000**	$ 60,000
Change in internally restricted funds	**40,000**	-
Information Technology Reserve, end of year	**$ 100,000**	$ 60,000

9. Commitments

The Council leases equipment and office premises under the provisions of operating leases which expire up to November 2011. Commitments to expiry are as follows:

2009	$ 70,891
2010	70,371
2011	26,407

10. 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.

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, 2008 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, 2008 and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
July 21, 2008

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

		2008		2007
ASSETS				
Current Assets				
Cash	$	1,804,400	$	2,086,968
Client accounts receivable, net (Note 3)		150,956		183,081
Receivable from the Province of Manitoba		5,918,000		4,100,000
Receivable from the Government of Canada		148,797		324,834
Other receivables, net (Note 4)		66,711		82,061
Prepaid expenses		202,152		263,744
		8,291,016		7,040,688
Capital Assets (Note 5)		346,743		351,475
Long-term receivable - charges on land, net (Note 6)		726,238		757,005
Long-term receivable - severance - Province of Manitoba (Note 7)		716,166		716,166
Long-term receivable - pension - Province of Manitoba (Note 14)		12,063,756		11,051,780
	$	22,143,919	$	19,917,114
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	$	4,351,454	$	4,292,301
Accrued vacation pay		892,488		846,747
Deferred revenue from clients		421,058		408,548
		5,665,000		5,547,596
Severance liability (Note 8)		1,533,709		1,435,200
Provision for employee pension benefits (Note 14)		12,063,756		11,051,780
		13,597,465		12,486,980
Net Assets				
Invested in Capital Assets		346,743		351,475
Restricted Net Assets		78,559		91,107
Unrestricted Net Assets		2,456,152		1,439,956
		2,881,454		1,882,538
	$	22,143,919	$	19,917,114

Approved by the Council

____________________ Chairperson

____________________ Council Member

LEGAL AID MANITOBA

Statement of Revenue and Expense
for the year ended March 31

		2008		2007
Revenue				
Province of Manitoba (Note 9)	$	20,750,223	$	20,677,425
Manitoba Law Foundation (Note 10)		3,290,634		1,493,901
Contributions from clients		850,293		838,954
Recoveries from third parties		435,517		273,784
Government of Canada		15,775		246,140
Judgment costs and settlements		89,580		102,722
Interest income		69,470		46,873
Other		8,723		3,087
	$	25,510,215	$	23,682,886
Expense				
Private bar fees and disbursements (Note 13)				
Legal aid certificates	$	7,941,564	$	7,481,994
Duty counsel services		696,933		295,686
Transcripts		77,487		81,383
		8,715,984		7,859,063
Community Law Centres, Schedule 1		10,199,725		9,546,499
Public Interest Law Centre, Schedule 1		642,314		565,327
University Law Centre, Schedule 1		103,017		96,663
General and Administrative, Schedule 1		4,850,259		5,049,831
	$	24,511,299	$	23,117,383
Excess of Revenue over Expense	$	998,916	$	565,503

LEGAL AID MANITOBA

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

	2008				2007
	Invested in Capital Assets	Restricted Net Assets (Note 15)	Unrestricted Net Assets	Total	Total
Balance, Beginning of Year	$ 351,475	$ 91,107	$ 1,439,956	$ 1,882,538	$ 1,317,035
Restricted Net Assets Expenses	-	(12,548)	12,548	-	-
Excess of Revenue over Expense	(86,665)	-	1,085,581	998,916	565,503
Capital Asset Additions	81,933	-	(81,933)	-	-
BALANCE, END OF YEAR	$ 346,743	$ 78,559	$ 2,456,152	$ 2,881,454	$ 1,882,538

LEGAL AID MANITOBA

Statement of Cash Flow
for the year ended March 31

		2008		2007
Cash Flow Provided by (Used In) Operating Activities:				
Excess of Revenue over Expense	$	998,916	$	565,503
Add items not affecting cash:				
Amortization		86,665		107,123
Bad debt expense		138,105		207,773
Changes in working capital:				
Client accounts receivable		(62,532)		(80,731)
Province of Manitoba receivable		(1,818,000)		165,000
Government of Canada receivable		176,037		(55,226)
Other receivables		(58,867)		(98,357)
Prepaid expenses		61,592		21,497
Accounts payable and accrued vacation pay		104,894		(183,882)
Deferred revenue		12,510		(5,341)
		(360,680)		643,359
Cash Flow Provided by (Used In) Financing Activities:				
Charges on land		61,536		3,495
Long-term funding commitments - pension		(1,011,976)		(1,028,751)
Severance liability		98,509		199,473
Provision for employee pension benefits		1,011,976		1,028,751
		160,045		202,968
Cash Flow Provided by (Used In) Investing Activities:				
Purchase of capital assets		(81,933)		(227,541)
		(81,933)		(227,541)
Net Increase (Decrease) in Cash for the Year		(282,568)		618,786
Cash - Beginning of Year		2,086,968		1,468,182
Cash - End of Year	$	1,804,400	$	2,086,968

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, 2007 the Corporation adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA):

Section 1506, Accounting Changes
Section 1506 requires that voluntary changes in accounting policies are made only if they result in the financial statements providing reliable and more relevant information. Additional disclosure is required when the Corporation has not yet applied a new primary source of Canadian GAAP that has been issued but is not yet effective, as well as when changes in accounting estimates and errors occur. The adoption of this revised standard had no material impact on the entities financial statements for the year ended March 31, 2008.

Section 3855, Financial Instruments – Recognition and Measurement
Section 3855 prescribes the criteria for recognition and presentation of financial instruments on the balance sheet 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 or directly to unrestricted net assets, respectively. All other financial instruments are subsequently measured at amortized cost.

The Corporation 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.

Client accounts receivables, receivable from the Province of Manitoba, receivable from the Government of Canada, other receivables, long-term receivable from Province of Manitoba – severance, long-term receivable from Province of Manitoba – pension and long-term receivable - charges on land 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 vacation pay are classified as other financial liabilities. These financial liabilities are recorded at their amortized cost using the effective interest rate method.

The adoption of this revised standard had no material impact on the Corporation's financial statements for the year ended March 31, 2008.

c) Financial Instruments

The Corporation's financial instruments consist of cash, client accounts receivables, receivable from the Province of Manitoba, receivable from the Government of Canada. other receivables, long-term receivable from Province of Manitoba – severance, long-term receivable from Province of Manitoba – pension and long-term receivable - charges on land and accounts payable and accrued liabilities.

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 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.

It is management's opinion that the Corporation 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) Future Accounting Policy Changes

The CICA has issued two new standards, CICA 3862: Financial Instruments – Disclosures and CICA 3863: Financial Instruments – Presentation, which enhance the abilities of users of financial statements to evaluate the significance of financial instruments to the Corporation, related exposures and the management of these risks.

The CICA has also issued a new standard, CICA 1535: Capital Disclosures, which requires the disclosure of qualitative and quantitative information that enables users of financial statements to evaluate the Corporation's objectives, policies and processes for managing capital.

These changes in accounting policies, which will be adopted effective April 1, 2008, will only require additional disclosures in the financial statements.

f) Revenue Recognition

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

g) Recognition of Contributions from Clients

Clients may be required to pay a portion or all of the legal costs incurred on their behalf by the Corporation based on the clients' ability to pay.

i) Agreements to Pay

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 The Corporation Act in a Land Titles Office against property owned by clients. The revenue and receivable are recognized at the later of the date the lien is filed or the date of the lawyer's billing. Collection of these accounts in the future is dependent on the client disposing of the property or arranging for payment.

h) Allowance for Doubtful Accounts

The allowances for doubtful accounts are determined annually based on a review of individual accounts. The allowances represent management's best estimate of probable losses on receivables. Where circumstances indicate doubt as to the ultimate collectibility of an account, specific allowances are established for individual accounts. In addition to the allowances identified on an individual account basis, the Corporation establishes a further allowance representing management's best estimate of additional probable losses in the remaining accounts receivable.

i) 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.

j) 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.

3. Client Accounts Receivable, net

	2008	2007
Agreements to Pay	$ 57,281	$ 71,885
Expanded Eligibility	364,395	404,849
	421,676	476,734
Less: Allowance for Doubtful Accounts	270,720	293,653
Clients Accounts Receivable, net	$ 150,956	$ 183,081

Notes to Financial Statements
for the year ended March 31, 2008

4. Other Receivables, net

	2008	2007
Court Costs	$ 233,624	$ 239,634
Child and Family Services Agencies	11,304	7,908
Employment and Income Assistance	22,618	10,211
Employee Advances, GST Recoverable and Miscellaneous	28,883	59,401
	296,429	317,154
Less: Allowance for Doubtful Accounts	229,718	235,093
Other Receivables, net	$ 66,711	$ 82,061

5. Capital Assets

	2008 Cost	2008 Accumulated Amortization	2007 Cost	2007 Accumulated Amortization
Furniture and office equipment	$ 218.728	$ 69.430	$ 160.183	$ 50.485
Computer hardware and software	198.589	114.732	198.590	76.052
Leasehold improvements	274.253	168.140	258.339	139.100
Work in Progress	7.475	-	-	-
	$ 699.045	$ 352.302	$ 617.112	$ 265.637
Net Book Value		$ 346.743		$ 351.475

6. Charges on Land, net

	2008	2007
Charges on Land	$ 1,452,475	$ 1,514,011
Less: Allowance for Doubtful Accounts	726,237	757,006
Charges on Land, net	$ 726,238	$ 757,005

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, 2007 by Ellement & Ellement Ltd., Consulting Actuaries. The report provides a formula to update the liability on an annual basis.

Severance pay, at the employee's date of retirement, will be determined using the eligible employee's years of service and based on the calculation as set by the Province of Manitoba. The maximum payout is currently 23 weeks at the employee's weekly salary at the date of retirement. Eligibility will require that the employee has achieved a minimum of nine years of service and that the employee is retiring from the Corporation.

9. Revenue from the Province of Manitoba

	2008	2007
Grant	$ 11,541,814	$ 11,422,994
Salaries and other payments	8,322,630	8,363,627
Health and post secondary education tax levy	171,777	175,532
Employer portion of employee benefits	714,002	715,272
	$ 20,750,223	$ 20,677,425

Grant revenue from the Province of Manitoba includes the Corporation's share of provisions recorded for unfunded pension liabilities.

10. Revenue from the Manitoba Law Foundation

	2008	2007
Statutory Grant	$ 3,021,134	$ 1,268,901
Public Interest Law Centre	180,000	150,000
University Law Centre	89,500	75,000
	$ 3,290,634	$ 1,493,901

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, 2008, there were no funds remaining from these grants.

11. Commitments

i) Lease

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

2009	$	671,043
2010		667,675
2011		626,125
2012		410,452
2013		59,325
Thereafter		-
	$	2,434,620

ii) Private Bar

Estimated total commitments for future billings on outstanding legal aid certificates amount to $1,550,000 as at March 31, 2008 (2007 - $ 1,403,000).

12. Related Parties Transactions

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

13. Private Bar Fees and Disbursements

	Fees	Disbursements	2008 Total	2007 Total
Legal Aid Certificates	$7,599,556	$342,008	$7,941,564	$ 7,481,994
Duty Counsel	696,933	-	696,933	295,686
Transcripts	-	77,487	77,487	81,383
Total	$8,296,489	$419,495	$ 8,715,984	$ 7,859,063

The Management Council declared a hold back holiday for all certificates processed during the fiscal year April 1, 2007 to March 31, 2008. Certificates issued in this fiscal year were not subject to a hold back.

14. Provision for Employee Pension Benefits

Pension costs consist of the employer's share of pension benefits 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 as at December 31, 2004 by Ellement & Ellement Ltd., Consulting Actuaries.

		2008		2007
Balance at beginning of year	$	11,051,780	$	10,023,029
Benefits accrued		532,517		539,168
Interest accrued on benefits		763,939		719,082
Benefits paid		(284,480)		(229,499)
Balance at end of year	$	12,063,756	$	11,051,780

The key actuarial assumptions were a rate of return of 6.50% (2001 – 6.75%), 2.50% inflation (2001 – 2.75%), salary rate increases of 4.25% (2001 – 4.5%) and post retirement indexing at 2/3 of the inflation rate. The projected benefit method was used and the liability has been extrapolated to March 31, 2008 using a formula provided by the actuary.

The Province has accepted responsibility for the 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 $12,063,756 (2007 - $11,051,780), and has recorded revenue for 2007/08 equal to its pension expense of $1,011,976 (2007 - $1,028,751). 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 incurred expenses of $12,548 (2007 – $204) for private bar fees and disbursements related to wrongful conviction cases. The balance remaining is $78,559.

16. Public Sector Compensation Disclosure

For the purposes of the Public Sector Compensation Disclosure Act, all compensation for employees, Management Council members and the private bar fees and disbursements from the Corporation is disclosed in a separate statement.

17. 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.

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	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Advertising	$ -	$ -	$ -	$ -	$ -	$ -	$ 28,912	$ 25,314	$ 28,912	$ 25,314
Amortization	56,564	77,786	3,314	2,967	390	-	26,397	26,370	86,665	107,123
Bad debts	-	-	-	-	-	-	138,105	207,773	138,105	207,773
Bank charges	-	-	-	-	-	-	2,140	2,190	2,140	2,190
Collection costs	-	-	-	-	-	-	9,525	7,481	9,525	7,481
Computer costs	10,778	13,473	1,965	-	1,391	-	41,465	29,932	55,599	43,405
Council expenses	-	-	-	-	-	-	122,480	112,045	122,480	112,045
Duty counsel	132,470	190,417	904	-	-	-	1,240	813	134,614	191,230
Equipment maintenance	96,567	85,481	8,839	11,509	-	-	65,532	47,996	170,938	144,986
Expert witnesses and consultants	-	-	13,775	25,350	-	-	-	-	13,775	25,350
File disbursements	272,891	231,382	189,931	45,158	811	978	26,226	26,935	489,859	304,453
Library	49,880	27,296	8,801	6,008	-	74	8,255	25,548	66,936	58,926
Meetings	27,757	27,818	630	13,610	-	-	19,633	18,436	48,020	59,864
Office expenses	190,254	184,766	14,355	14,325	3,785	3,580	124,855	155,222	333,249	357,893
Office relocation	3,011	4,371	-	-	-	-	933	1,133	3,944	5,504
Pension costs (note 14)	-	-	-	-	-	-	1,296,456	1,258,250	1,296,456	1,258,250
Premise costs	626,258	612,674	23,260	23,495	45	39	159,627	172,316	809,190	808,524
Professional fees	102,279	127,375	7,335	8,999	-	-	146,691	153,192	256,305	289,566
Salaries, benefits and levy	8,260,629	7,712,682	350,584	400,896	88,677	86,869	2,369,454	2,333,361	11,069,344	10,533,808
Severance benefits	-	-	-	-	-	-	172,539	290,575	172,539	290,575
Staff development	110,985	39,699	5,018	1,877	7	-	19,338	84,088	135,348	125,664
Staff recruitment	56,942	22,159	624	105	-	-	5,291	10,327	62,857	32,591
Telephone	96,246	95,933	7,200	5,069	1,979	2,617	44,857	42,050	150,282	145,669
Transcripts	11,991	9,663	-	-	-	55	-	-	11,991	9,718
Travel	94,223	83,524	5,779	5,959	5,932	2,451	20,308	18,484	126,242	110,418
TOTAL	$ 10,199,725	$ 9,546,499	$ 642,314	$ 565,327	$ 103,017	$ 96,663	$ 4,850,259	$ 5,049,831	$ 15,795,315	$ 15,258,320

MASC
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

JUNE 16, 2008

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, 2008, 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, 2008, 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
June 16, 2008

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

Balance Sheet

As at March 31, 2008 (in thousands)

		2008		2007
ASSETS:				
Cash	$	1,619	$	1,538
Investments *(Notes 4(B) & 8)*		268,158		193,454
Accounts receivable *(Note 9)*		37,973		22,696
Prepaid expenses		100		93
Loans receivable *(Note 10)*		288,769		300,419
Real estate *(Note 13)*		758		806
Property and equipment *(Note 14)*		290		305
	$	597,667	$	519,311
LIABILITIES AND FUNDS RETAINED:				
Reinsurance premiums payable *(Notes 15 & 16)*	$	4,435	$	3,056
Claims payable *(Note 17)*		29,230		12,411
Accounts payable and accrued liabilities *(Note 18)*		12,588		11,138
Provision for losses on guaranteed loans *(Note 24)*		13,240		12,244
Advances from the Province of Manitoba *(Note 20)*		324,698		326,478
Deferred revenue *(Note 21)*		290		305
Funds retained		213,186		153,679
	$	597,667	$	519,311

Approved by the Board:

Original Signed By

John S. Plohman
CHAIR

Original Signed By

Frieda Krpan
VICE CHAIR

Statement of Operations and Funds Retained

For the year ended March 31, 2008 (in thousands)

	2008	2007
REVENUE:		
Insurance premiums *(Note 4(l))*		
Insured producers	$ 73,235	$ 58,848
Government of Canada	55,225	42,507
Province of Manitoba	36,815	28,336
	165,275	129,691
Interest from loans	20,453	20,444
Other contributions - Government of Canada	7,609	6,894
Other contributions - Province of Manitoba	55,392	36,301
Investment income	10,449	6,782
Real estate and other income	681	1,040
Reinsurance recoveries *(Notes 15 & 16)*	-	118
Total revenue	259,859	201,270
EXPENSES:		
Insurance indemnities and compensation payments *(Note 22)*	88,829	50,494
Reinsurance premiums *(Notes 15 & 16)*	25,232	18,118
Interest on borrowed funds	18,574	19,621
Bad debt and guaranteed loan loss expense *(Notes 12 & 24)*	1,247	1,688
Young farmer incentives	1,737	1,338
Loan interest concession *(Note 11)*	221	-
Farmland school tax rebate payments	29,199	26,034
Other program payments	16,528	294
Administrative expenses *(Schedule 1)*	18,785	17,695
Total expenses	200,352	135,282
Net income and comprehensive income for the year	59,507	65,988
Funds retained, beginning of year	153,679	87,691
Funds retained, end of year (Schedule 2)	$ 213,186	$ 153,679

Statement of Cash Flows

For the year ended March 31, 2008 (in thousands)

	2008	2007
Cash provided by (used for)		
Operating activities		
Net income and comprehensive income for the year		
Income before investment income	$ 49,058	$ 59,206
Investment income	10,449	6,782
	59,507	65,988
Items not involving cash		
Change in provisions and allowances	465	478
Loan interest concession	221	-
Gain on disposal of real estate	(70)	(145)
Amortization of property and equipment	95	122
Loans disbursed	(69,541)	(69,215)
Loan principal received	81,372	51,704
Changes in:		
Accounts receivable	(15,331)	(9,042)
Prepaid expenses	(7)	33
Loans receivable	353	32,223
Reinsurance premiums payable	1,379	1,957
Claims payable	16,819	(6,921)
Accounts payable and accrued liabilities	1,266	(205)
Deferred revenue	(15)	(46)
Cash provided by operating activities	76,513	66,931
Investing activities		
Sale (purchase) of investments	27,771	(14,326)
Net proceeds on sale of real estate	132	543
Purchase of property & equipment	(80)	(76)
Cash provided by (used for) investing activities	27,823	(13,859)
Financing activities		
Advances repaid to the Province of Manitoba	(1,780)	(16,342)
Cash used for financing activities	(1,780)	(16,342)
Net increase in cash and equivalents	102,556	36,730
Cash and equivalents, beginning of the year	93,988	57,258
Cash and equivalents, end of year	$ 196,544	$ 93,988
Cash and equivalents comprised of the following:		
Investments	$ 268,158	$ 193,454
Investments with terms greater than 90 days	(73,233)	(101,004)
Investments with terms of 90 days or less	194,925	92,450
Cash	1,619	1,538
	$ 196,544	$ 93,988

Notes to Financial Statements

as at March 31, 2008 (tabular amounts in thousands of dollars)

1. AUTHORITY AND PURPOSE

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

MASC provides lending, insurance and other programs and services. Its core programs include direct loans to agriculture producers, loan guarantees, Production Insurance and Hail Insurance. 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

Effective April 1, 2007, MASC has adopted the following recommendations of the CICA Handbook:

(A) SECTION 1506, ACCOUNTING CHANGES:

This revised standard requires that (i) a voluntary change in accounting principles can be made if, and only if, the changes result in more reliable and relevant information; (ii) changes in accounting policies are accompanied with restated amounts for prior periods and reasons for the change; and (iii) for changes in estimates, the nature and amount of the change should be disclosed. MASC has not made any voluntary change in accounting principles since the adoption of the revised standard.

(B) SECTION 3855, FINANCIAL INSTRUMENTS – RECOGNITION AND MEASUREMENT:

This section describes the standards for recognizing and measuring financial instruments and the standards for reporting gains and losses in the financial statements. Under the new standard, financial assets and liabilities are initially recorded at fair value. Subsequently, financial instruments classified as financial assets or liabilities held for trading, financial assets available-for-sale and derivative financial instruments, whether part of a hedging relationship or not, have to be measured at fair value on the balance sheet at each reporting date, whereas other financial instruments are measured at amortized cost using the effective interest method.

(C) SECTION 3861, FINANCIAL INSTRUMENTS – DISCLOSURE AND PRESENTATION:

This section establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them.

(D) SECTION 1530, COMPREHENSIVE INCOME:

Section 1530 requires the presentation of a statement of comprehensive income and provides guidance for the reporting and display of other 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 arising on translation of self-sustaining foreign operations, 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. MASC has not recognized any adjustments through other comprehensive income for the year ended March 31, 2008. Because MASC has no items related to other comprehensive income, comprehensive income is equivalent to net income.

(E) SECTION 3251, EQUITY:

This section establishes standards for the presentation of net assets and changes in net assets during the reporting period.

These new standards were applied retroactively as of April 1, 2007 without restatement of the prior year's figures. MASC's net assets as of April 1, 2007 were not affected by these new standards.

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 Manitoba Crop Insurance Corporation (MCIC) became a fully funded matching employer. Upon the formation of the Manitoba Agricultural Services Corporation (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, the Manitoba Agricultural Credit Corporation (MACC) did not match employees' current service contributions, and instead contributed 50% of the pension disbursements made to retired employees. Effective September 1, 2005, the current pension contributions for former MACC employees are matched on a go-forward basis. MASC accrues a provision for its liability for the pensionable service that was earned 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 19. 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 2007/08 totalled $563,735.

(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 impaired loans is determined annually, through a review of individual accounts. The provision represents management's best estimate of probable losses on receivables. Where circumstances indicate doubt as to the ultimate collectability of principal or interest, specific provisions are established for individual accounts. These accounts are valued at the lower of their recorded value or the estimated net realizable value of the security held for the accounts. In addition to the provision for impaired loans identified on an individual loan basis, MASC establishes a further provision representing management's best estimate of additional probable losses in the entire loan portfolio.

The provisions for losses on loan guarantees are determined annually by a review of each guarantee program. The provisions represent management's best estimate of probable claims against the guarantees. Such provisions are intended to cover principal, accrued and unpaid interest, and any additional recoverable amounts.

Current year provisions for impaired loans and loan guarantees are charged as expenses to bad debt and guaranteed loan loss expense. Actual accounts that have been written off are charged to the appropriate provision.

(G) REAL ESTATE ACQUIRED IN SETTLEMENT OF LOANS

Real estate that is acquired through foreclosure and voluntary transfers of titles in the settlement of loans is recorded at the lower of the recorded value of the loan or the appraised value of the real estate at acquisition date. Real estate is reported net of a provision for a decline in real estate values.

(H) REAL ESTATE UNDER LONG-TERM LEASE

Real estate that was acquired for the purpose of 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 Production Insurance Agreement, which is Annex B to the Canada-Manitoba Implementation Agreement, provides for the cost sharing of premiums under the Production Insurance Program. Premiums for crop loss are shared between insured producers (40%), the Government of Canada (36%) and the Province of Manitoba (24%).

In addition to the general premiums sharing provisions noted above, alternative premium sharing arrangements apply for basic Excess Moisture Insurance (EMI), the EMI Zero Deductible Option and the Fall Frost Insurance Pilot Program.

(J) ADMINISTRATIVE EXPENSES

Identifiable administrative expenses for all of the programs administered by MASC are charged directly to the specific program. Where the direct charging of administrative expenses to specific programs is not possible, these expenses are allocated to each program on a basis approved by MASC's Board of Directors.

The federal-provincial agreement relating to Production Insurance 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 financial 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 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 and transaction costs related to all financial instruments are expensed as incurred.

RISK MANAGEMENT

Credit risk:

MASC provides direct loans to clients in the normal course of operations. Credit reviews of individual clients are carried out on a continuing basis, thereby providing estimated provisions for contingent credit losses.

Interest rate risk:

Interest rate risk is the risk to MASC's earnings that arises from fluctuations in interest rates. During the year ended March 31, 2008, MASC did not utilize derivative financial instruments to reduce its exposure to interest rate risk. MASC borrows funds from the Province of Manitoba at fixed rates and normally lends those funds at 1.5% above the borrowing rate, therefore, cash flow exposure is not significant.

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 and accrued liabilities (excluding pension and severance pay liabilities). Cost approximates fair market value for these instruments due to their short-term nature.

The carrying value 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 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.

Fair value of loans receivable, provision for losses on guaranteed loans, and advances from the province are disclosed in their respective notes.

(M) FUTURE ACCOUNTING CHANGES

In December 2006, the CICA issued Section 3862, Financial Instruments - Disclosures; Section 3863, Financial Instruments - Presentation; and Section 1535, Capital Disclosures. All three sections will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2007. Accordingly, MASC will adopt the new standards for its fiscal year beginning April 1, 2008. Section 3862 on financial instruments disclosures, requires the disclosure of information about: a) the significance of financial instruments for the entity's financial position and performance and b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. Section 3863 on the presentation of financial instruments is unchanged from the presentation requirements included in Section 3861. Section 1535 on capital disclosures requires the disclosure of information about an entity's objectives, policies and processes for managing capital. MASC is currently assessing the impact of these new standards on its financial statements.

5. WILDLIFE DAMAGE COMPENSATION PROGRAM

MASC administers the Wildlife Damage Compensation Program, which compensates producers for 80% of damage to agricultural crops and products caused by waterfowl or wildlife (big game animals), and the injury or death of domestic livestock caused by natural predators. Compensation and all administrative expenses are shared by the Government of Canada (60%) and the Province of Manitoba (40%).

6. FARMLAND SCHOOL TAX REBATE PROGRAM

In April 2005, MASC became responsible for the administration of the Farmland School Tax Rebate Program. The purpose of the program is to assist Manitoba farmland owners by providing a rebate of 65% of the school tax paid on farmland in 2007. The rebate was increased from 60% in 2006. The program provides a three-year time frame for claiming rebates. Recorded rebate payments of $29,199,000 include a provision of $4,894,000 for 2007 rebates that had not yet been applied for. In addition, a provision of $4,824,000 remains for 2005 and 2006 rebates. The Province of Manitoba pays for the full cost of the Farmland School Tax Rebate Program.

7. OTHER PROGRAMS

MANITOBA AGRICULTURE WEATHER SERVICE CONSORTIUM

In March 2005, MASC became responsible for the administration of the Manitoba Agriculture Weather Service Consortium. The purpose of this initiative is to establish a network of weather stations, which will provide the regional weather data that is required to forecast pest and plant disease outbreaks and moisture conditions for crop production. A total of $216,000 in administrative expenses was incurred for the year ended March 31, 2008 (2007 - $129,000). Funding for this project was provided to MASC by the Manitoba Association of Agricultural Societies.

ALUS – AN ECOLOGICAL GOODS AND SERVICES RESEARCH PROJECT – MANITOBA

In December 2005, MASC became responsible for the administration of ALUS: An Ecological Goods and Services Research Project - Manitoba in the RM of Blanshard (ALUS stands for Alternative Land Use Services). The goal of this project is to test and evaluate the concept of paying producers for specified land management practices that are determined to produce/maintain environmental benefits. Producers' payments totalled $298,000 (2007 - $294,000) and was provided to MASC by the Keystone Agricultural Producers (KAP). A total of $24,000 in administrative expenses was incurred for the year ended March 31, 2008 (2007 - $82,000), which was funded by the Province of Manitoba's Covering New Ground Initiative.

ASSINIBOINE VALLEY PRODUCERS FLOOD ASSISTANCE PROGRAM

In May 2007, MASC became responsible for the administration of the Assiniboine Valley Producers Flood Assistance Program. The program is funded by the Government of Manitoba for the purpose of providing assistance to agricultural producers along the Assiniboine River between the Shellmouth Reservoir and Brandon. The program covers flood losses in 2005, 2006 and 2007 due to the interaction of unexpected rainfall and the operation of the Shellmouth dam. Producer compensation totalled $1,730,000, which includes a $446,000 provision for outstanding payments. Administrative expenses totalled $97,000 for the year ended March 31, 2008.

MANITOBA RUMINANT ASSISTANCE PROGRAM

In March 2008, MASC became responsible for the administration of the Manitoba Ruminant Assistance Program. The program is being funded by the Government of Manitoba for the purpose of providing short-term financial assistance to Manitoba ruminant producers to help sustain the livestock industry during a period of high feed costs and weak market prices. Program payments are based on the higher of a participant's 2005 or 2006 eligible net sales of ruminant livestock. A provision of $14,700,000 has been set up, comprised of $14,500,000 for program payments and $200,000 for administrative expenses.

8. INVESTMENTS

MASC's investments as of March 31, 2008 consist of the following:

INVESTMENT MATURITY TERMS	AVERAGE INTEREST RATE	LENDING PROGRAMS	PRODUCTION INSURANCE PROGRAM	HAIL INSURANCE PROGRAM	FARMLAND SCHOOL TAX REBATE PROGRAM	2008 TOTAL	2007 TOTAL
1 year	3.291%	$ 9,000	223,707	20,903	4,548	$ 258,158	$ 175,754
2 years	3.992%	-	-	2,700	-	2,700	10,800
3 years	3.874%	-	-	2,700	-	2,700	2,700
4 years	4.180%	-	-	1,500	-	1,500	2,700
5 years	4.474%	-	-	3,100	-	3,100	1,500
	3.322%	$ 9,000	223,707	30,903	4,548	$ 268,158	$ 193,454

9. ACCOUNTS RECEIVABLE

MASC's accounts receivable as of March 31, 2008 consist of the following:

	LENDING PROGRAMS	PRODUCTION INSURANCE PROGRAM	HAIL INSURANCE PROGRAM	FARMLAND SCHOOL TAX REBATE PROGRAM	OTHER PROGRAMS	2008 TOTAL	2007 TOTAL
Insured producers	$ -	1,628	509	1	-	$ 2,138	$ 3,456
Government of Canada	-	4,437	-	-	254	4,691	5,999
Province of Manitoba	6,212	2,927	-	5,312	15,224	29,675	11,645
Accrued investment interest	1	883	316	25	-	1,225	1,215
Reinsurance receivable	-	149	-	-	-	149	269
Other	36	59	-	-	-	95	112
	$ 6,249	10,083	825	5,338	15,478	$ 37,973	$ 22,696

RECEIVABLES FROM THE PROVINCE OF MANITOBA RELATED TO:

Pension liability

The Province of Manitoba has accepted responsibility for funding the Manitoba Agricultural Services Corporation's pension liability (for pensionable service earned by the employees of the former Manitoba Agricultural Credit Corporation prior to amalgamation on September 1, 2005) and related expense which includes an interest component. The Manitoba Agricultural Services Corporation has therefore recorded a receivable from the Province equal to the estimated value of its actuarially determined pension liability of $6,212,000 as at March 31, 2008 (2007 - $6,115,000), and has recorded revenue for 2007/08 equal to its pension expense of $428,000 (2007 - $415,000). The Province 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 for vacation pay expenses was initially based on the estimated value of the corresponding liability as at March 31, 1999. Subsequent to March 31, 1999, the Province has included in its ongoing annual funding to the Manitoba Agricultural Services Corporation, an amount equal to its share of the current year's expense for vacation pay entitlements. As of March 31, 2008 the receivable for vacation pay liabilities was $169,000 (2007 - $169,000).

Severance pay liability

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, 1999. Subsequent to March 31, 1999, the Province provides annual grant funding for its share of the 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 pay 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. As of March 31, 2008 the receivable for severance pay liabilities was $429,000 (2007 - $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, 2008 consist of the following:

		2008	2007
Amounts are due over the following terms:			
1 year	Accrued interest	$ 9,215	$ 9,882
	Arrears	13,957	16,668
	Prepayments	(8,888)	(9,880)
	Regular instalments	41,728	43,221
		56,012	59,891
2 years	Regular instalments	30,429	30,710
3 years	Regular instalments	29,603	31,221
4 years	Regular instalments	20,460	29,512
5 years	Regular instalments	19,205	23,847
Over 5 years	Regular instalments	162,277	154,989
		317,986	330,170
Less: Unamortized discount on loans with concessionary interest rates (Note 11)		221	-
		317,765	330,170
Less: Provisions for impaired loans (Note 12)		28,996	29,751
		$ 288,769	$ 300,419

The approximate fair value of loans receivable, before any discounts or provisions for impaired loans are applied, as of March 31, 2008 is $331,760,000 (2007– $320,380,000). Fair value is based on expected future cash flows discounted by current interest rates for loans with similar terms and credit risk.

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 at the same frequency as the contractual payment term and the rebate is applied in equal payments over the first five years of the loan. Over the next five years, YFR will provide approximately $5.8 million in payments towards the loan receivable balance.

TERMS OF LOANS RECEIVABLE

All loans have fixed rates, with an average yield breakdown as follows:

	REGULAR PROGRAM LOANS	SPECIAL ASSISTANCE LOANS*	TOTAL LOANS
4.0% and lower	$ -	6,689	$ 6,689
4.01% to 5.0%	1,338	4,132	5,470
5.01% to 6.0%	17,773	38,884	56,657
6.01% to 7.0%	163,063	21,220	184,283
7.01% to 8.0%	60,328	573	60,901
More than 8.0%	3,947	39	3,986
	$ 246,449	71,537	$ 317,986

*Includes Manitoba Hog Assistance, BSE Recovery, Producer Recovery, Flood Proofing Assistance and Comprehensive Refinancing loans.

Loans maturities are as follows:

	AVERAGE INTEREST RATE	REGULAR PROGRAM LOANS	SPECIAL ASSISTANCE LOANS*	TOTAL LOANS
Less than 5 years	6.178%	$ 43,115	$ 42,876	$ 85,991
5 to 10 years	6.299%	54,367	20,645	75,012
10 to 15 years	6.758%	72,935	5,315	78,250
15 to 20 years	6.712%	56,081	2,113	58,194
20 to 25 years	6.669%	19,951	588	20,539
	6.465%	$ 246,449	$ 71,537	$ 317,986

*Includes Manitoba Hog Assistance, BSE Recovery, Producer Recovery, Flood Proofing Assistance and Comprehensive Refinancing loans.

11. UNAMORTIZED DISCOUNT ON LOANS WITH CONCESSIONARY INTEREST

Loans receivable includes the Manitoba Hog Assistance Program loan portfolio, implemented in February 2008, which has an interest concession for the first three years of the eight-year amortization period. The first year interest rate is 2.25% (with an additional 1% discount for young farmers under 40 years of age), rising to 4.5% (with the additional 1% discount applicable carried forward) for the next two years. The portfolio balance was $5,193,000 on March 31, 2008 and a present value discount of $221,000 for the loan interest concessions was applied, reducing the carrying value of the portfolio to $4,972,000. Given that these loans were disbursed in March 2008, there has been no amortization of this discount as at March 31, 2008.

12. PROVISIONS FOR IMPAIRED LOANS

	REGULAR PROGRAM LOANS	SPECIAL ASSISTANCE LOANS*	TOTAL LOANS
Beginning provision balance	$ 15,515	$ 14,236	$ 29,751
Loans written off	(301)	(469)	(770)
Provision (recovery)	(264)	279	15
Ending provision balance	$ 14,950	$ 14,046	$ 28,996

*Includes Manitoba Hog Assistance, BSE Recovery, Producer Recovery, Flood Proofing Assistance and Comprehensive Refinancing loans.

13. REAL ESTATE

Based on a review of the current real estate portfolio, MASC determined that a provision for future declines in real estate values is not necessary (2007 - $14,000 provision).

	2008	2007
Real estate book value	$ 758	$ 820
Provision for decline in real estate value	-	(14)
	$ 758	$ 806

14. PROPERTY AND EQUIPMENT

	2008		2007	
	COST	ACCUMULATED AMORTIZATION	COST	ACCUMULATED AMORTIZATION
Furniture and equipment	$ 344	$ 194	$ 359	$ 177
Computer hardware	325	242	356	318
Computer software	189	132	182	105
Major software development	2,907	2,907	2,907	2,907
Leasehold improvements	298	298	298	290
	$ 4,063	$ 3,773	$ 4,102	$ 3,797
Net book value		$ 290		$ 305

15. REINSURANCE – PRODUCTION INSURANCE PROGRAM

In accordance with the terms of the reinsurance agreement between the Government of Canada and the Province of Manitoba, the two levels of government maintain separate reinsurance accounts. MASC pays reinsurance premiums to the Crop Reinsurance Fund of Canada for Manitoba, and to the Crop Reinsurance Fund of Manitoba, based on the amount of premiums collected and the cumulative financial balance of the Production Insurance Program.

When indemnities paid to insured producers exceed the funds retained by MASC, after accounting for private sector reinsurance recoveries, transfers are made from the reinsurance funds to MASC. Interest is not credited or charged to the respective reinsurance funds by the Government of Canada or the Province of Manitoba. 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	
	2008	2007	2008	2007
Opening surplus (deficit)	$ 1,419	$ 832	$ 23,438	$ 22,851
Current year premium contributions (net)*	755	587	755	587
Net book value	$ 2,174	$ 1,419	$ 24,193	$ 23,438

*Current year reinsurance premium contributions are shown net of an allowance for uncollectible accounts.

For 2007/08, MASC entered into a one-year private sector reinsurance agreement for the Production Insurance Program in addition to the financial protection provided by the federal-provincial reinsurance agreement noted above. Through the private sector reinsurance agreement, 25 reinsuring companies assumed 90% of losses (including a deemed loss adjustment expense) from 15.0% to 27.5% (2007 – 15.0% to 25.0%) of Production Insurance liability (coverage). Reinsurance premiums were $22,701,000 (2007 – $16,063,000). There were no private sector reinsurance recoveries (2007 - $118,000).

16. REINSURANCE – HAIL INSURANCE PROGRAM

Starting in 2007/08, MASC entered into a three-year private sector reinsurance agreement for the Hail Insurance Program. Through the agreement, eight reinsuring companies assume 80% of hail insurance losses (including actual loss adjustment expenses) from 4.25% to 7.00% of hail insurance liability (coverage). In 2006/07, 90% of losses (including actual loss adjustment expenses) from 125% to 200% of gross premium were reinsured. Reinsurance premiums were $1,022,000 (2007 - $881,000). There were no reinsurance recoveries in 2008 (2007 – nil).

17. CLAIMS PAYABLE

Claims payable of $29,230,000 (2007 - $12,411,000) includes: a provision of $3,184,000 (2007 - $3,900,000) for the Production Insurance Program, which represents the liability for unpaid claims and the over-winter deterioration of unharvested crops; a provision of $9,823,000 (2007 - $7,447,000) for outstanding Farmland School Tax Rebate payments; a provision of $276,000 (2007 - $274,000) for the Wildlife Damage Compensation Program, a provision of $446,000 for the Assiniboine Valley Producers Flood Assistance Program compensation and $14,500,000 for the Manitoba Ruminant Assistance Program payments. The balance represents actual claims payable.

18. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable at March 31, 2008 include the following:

	LENDING PROGRAMS	PRODUCTION INSURANCE PROGRAM	WILDLIFE DAMAGE COMPENSATION PROGRAM	OTHER PROGRAMS	2008 TOTAL	2007 TOTAL
Province of Manitoba	$ -	1,623	-	-	$ 1,623	$ 1,326
Accrued vacation pay	-	917	-	-	917	863
Provision for pension obligations *(Note 19)*	6,212	13	-	-	6,225	6,124
Provision for severance obligations	-	1,656	-	-	1,656	1,386
Other	431	1,444	15	277	2,167	1,439
	$ 6,643	5,653	15	277	$ 12,588	$ 11,138

19. PROVISION FOR EMPLOYEE PENSION BENEFITS

MASC 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 Manitoba Agricultural Credit Corporation (MACC) for service up to September 1, 2005. Additionally, MASC has a pension liability for employees whose earnings are out of the scope of the 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 at December 31, 2004 was conducted by Ellement & Ellement. The key actuarial assumptions were a rate of return of 6.50% (2001 – 6.75%), 2.50% inflation (2001 – 2.75%), salary rate increases of 3.25% (2001 – 3.50%) 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, 2008 using a formula provided by the actuary. The following table provides the calculation of the liability for pension benefits of $6,225,000 (2007 - $6,124,000):

	2008	2007
Accrued pension liability – beginning of year	$ 6,124	$ 5,976
Benefits accrued	3	(37)
Interest accrued on benefits	429	418
Benefits paid	(331)	(233)
Accrued pension liability – end of year	$ 6,225	$ 6,124

20. 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 based on the net present value of the future cash flows of the loan being prepaid less the net present value of a loan with the same terms, except having an interest rate of a semi-annual, non-callable Province of Manitoba bond with the same term to maturity.

Advances are repayable in equal annual blended installments of principal and interest, with interest rates ranging from 3% to 8%. The average interest rate of the entire portfolio at March 31, 2008 was 5.394% (2007 - 5.656%).

MATURITIES OF PRINCIPAL OVER THE FOLLOWING TERMS	2008	2007
1 year	$ 63,566	$ 61,010
2 years	41,455	39,204
3 years	38,327	36,548
4 years	38,106	33,095
5 years	33,800	32,654
More than 5 years	109,444	123,967
	$ 324,698	$ 326,478

The approximate fair value of advances from the Province of Manitoba at March 31, 2008 is $347,863,000 (2007 - $339,611,000). Fair values for the advances from the Province of Manitoba are based on the net present value of expected future cash flows, discounted by current interest rates for loans with similar terms and credit risk.

21. 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.

22. INDEMNITIES

Production Insurance indemnities of $72,433,000 (2007 - $44,323,000) represent $73,851,000 for the 2007/08 crop year and a reduction of $1,418,000 as a result of an excess in the estimate of claims payable at March 31, 2007.

23. 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
2009	$ 143
2010	112
2011	46
2012	6
2013 and beyond	-
	$ 307

24. CONTINGENCIES

(A) Contingent liabilities and the corresponding provisions for MASC's loan guarantee programs as of March 31, 2008 are shown below.

	CONTINGENT LIABILITY		PROVISION FOR LOSSES	
	2008	2007	2008	2007
Operating Credit Guarantees	$ 10,197	$ 9,349	$ 1,629	$ 1,502
Manitoba Livestock Associations Loan Guarantees	5,671	4,683	1,418	1,171
Diversification Loan Guarantees	6,245	7,609	1,060	1,141
Enhanced Diversification Loan Guarantees	59,551	56,196	9,133	8,430
	$ 81,664	$ 77,837	$ 13,240	$ 12,244

The approximate fair value of the provision for losses on the loan guarantee programs as of March 31, 2008 was $11,460,000 (2007 - $9,685,000). Fair value is based on expected future cash flows discounted by current rates of return.

The Operating Credit Guarantee Program was introduced on April 1, 2003, replacing the Guaranteed Operating Loan Program. The Operating Credit Guarantee provides the participating lending institution a guarantee of 25% of each individual loan made under this program. The maximum allowable individual loan is $450,000, with $700,000 available for partnerships, corporations and co-operatives.

The Manitoba Livestock Associations Loan Guarantee Program was introduced in 1991. For each association, MASC provides a guarantee to the lending institutions based on 25% of the amount of the loan to a maximum guarantee of $1,250,000.

The Diversification Loan Guarantee Program was introduced in December 1995 to provide guarantees on loans made by participating lenders for diversification or farm value-added activities. Under this program, 25% of the private lender's loan portfolio was guaranteed. The maximum allowable individual loan was $3.0 million.

In 2001, the Enhanced Diversification Loan Guarantee Program replaced the Diversification Loan Guarantee Program. Guarantees are now based on 25% of the original principal amount of each individual loan, with no maximum loan amount.

(B) MASC provides surety bonds for certain agricultural agencies in the amount of $83,130 (2007 - $83,130). No contingency provision is made for these undertakings in the financial statements. Any payments arising from claims under these guarantees will be recorded as an expense in the period that such claims occur.

(C) As at March 31, 2008 MASC had approved but not disbursed loans in the amount of $15,520,963 (2007 - $16,621,358).

(D) Various legal actions for additional indemnity payments have been commenced by insured producers against MASC. The outcome of these claims cannot be determined at this time.

25. ACTUARIAL REVIEW

An actuarial certification of the Production Insurance Program was completed by Tillinghast - Towers Perrin, consulting actuaries, in June 2003. The actuarial review of MASC concludes that the methodologies used to establish the probable yields for insured crops meet the requirements of the federal Crop Insurance Regulation; that the premium rate methodologies are actuarially sound and are sufficient to meet expected claim costs; and that the program meets the financial self-sustaining criteria defined by the Government of Canada.

A new full actuarial certification was completed in March 2008, and will take effect in the 2008/09 crop year. Any new programs or program changes require actuarial review prior to implementation.

26. 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 $10,134,000 (2007 - $6,498,000). Included in accounts receivable (Note 9) is $1,225,000 (2007 - $1,215,000) of accrued interest related to these investments.

27. COMPARATIVE FIGURES

Certain 2007 figures have been reclassified to conform to the 2008 financial statement presentation.

28. SUBSEQUENT EVENT

The two administration collective agreements between the Manitoba Government and General Employees' Union and MASC expired on March 17, 2006. A new administration collective agreement was ratified by the union membership on May 15, 2008. The new contract spans four years as is effective from March 18, 2006 to March 26, 2010. The general salary increases agreed to are 2.5% for each of the first three years and 2.9% for the final year of the agreement.

The estimated additional expense of $750,000 for the two-year period ended March 31, 2008, net of the estimated contributions from the Province of Manitoba and the Government of Canada of $660,000 will be recorded in the 2008/09 financial statements.

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, 2008, 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

Auditor's Report

To the Members of the Council,
Manitoba Arts Council

We have audited the statement of financial position of Manitoba Arts Council as at March 31, 2008 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, 2008 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Magnus and Buffie,
CHARTERED ACCOUNTANTS

May 14, 2008

MANITOBA ARTS COUNCIL

Statement of Financial Position

AS AT MARCH 31, 2008

	GRANTS & PROGRAMS FUND	BRIDGES FUND	2008 TOTAL	2007 TOTAL
Assets				
Current Assets				
Cash and short-term investments (note 5)	$531,044	$0	$531,044	$560,689
Accrued interest income	7,507	0	7,507	14,452
Accounts receivable	35,677	0	35,677	39,217
Prepaid expenses	9,424	0	9,424	16,823
	$583,652	$0	$583,652	$631,181
Recoverable, Province of Manitoba (note 13)	36,000	0	36,000	36,000
Recoverable, Province of Manitoba	0	200,000	200,000	4,000
Long term investments (note 6)	400,000	0	400,000	400,000
Musical instruments	104,796	0	104,796	104,796
Works of visual art	329,995	0	329,995	329,995
Capital assets (note 7)	68,651	0	68,651	75,192
Interfund balances	(73,000)	73,000	0	0
Total Assets	$1,450,094	$273,000	$1,723,094	$1,581,164
Liabilities and Fund Balances				
Current Liabilities				
Accounts payable and accrued liabilities	106,608	0	106,608	111,200
Commitments for grants and programs	514,337	5,000	519,337	603,597
Deferred grant revenue	0	200,000	200,000	0
	620,945	205,000	825,945	714,797
Investments in musical instruments and works of visual art	434,791	0	434,791	434,791
	1,055,735	205,000	1,260,735	1,149,588
Fund Balances				
Invested in capital assets	68,651	0	68,651	75,192
Internally restricted (note 9)	46,000	68,000	114,000	140,000
Unrestricted	279,707	0	279,707	216,384
	394,358	68,000	462,358	431,576
Lease Commitment (note 10)				
Total Liabilities and Fund Balances	$1,450,094	$273,000	$1,723,094	$1,581,164

On behalf of Council

Chair

Executive Director

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

Statement of Revenues and Expenses

AS AT MARCH 31, 2008

	GRANTS & PROGRAMS FUND	BRIDGES FUND	2008 TOTAL	2007 TOTAL
Revenues				
Province of Manitoba - Operating Grant (note 11)	$8,461,400	$0	$8,461,400	$8,411,400
Province of Manitoba - Bridges Grant	0	875,000	875,000	875,000
Province of Manitoba - Education Grant	0	0	0	50,000
Investment Income	115,660	0	115,660	114,105
Other	35,000	0	35,000	39,002
	$8,612,060	$875,000	$9,487,060	$9,489,507
Expenses				
ORGANIZATIONS				
Annual & Operating Grants				
Arts Training Schools	151,000	0	151,000	151,000
Arts Service Organizations	188,000	0	188,000	179,900
Dance Companies	970,000	0	970,000	967,000
Music Organizations	1,139,500	0	1,139,500	1,170,000
Theatre Companies	1,615,000	0	1,615,000	1,602,000
Visual Arts Organizations	813,000	0	813,000	813,000
Book Publishers	262,300	0	262,300	255,500
Periodical Publishers	205,775	0	205,775	207,500
	5,344,575	0	5,344,575	5,345,900
Touring Grants	319,500	0	319,500	327,500
Presentation Grants	294,398	0	294,398	293,781
Technical Assistance	10,259	0	10,259	0
Special Grants	1,000	0	1,000	22,500
Management & Governance	0	58,030	58,030	70,429
	$5,969,732	$58,030	$6,027,762	$6,060,110
INDIVIDUALS				
Professional Development Grants	262,165	0	262,165	278,090
Creation and Production Grants	878,783	0	878,783	911,498
Touring Grants	14,150	0	14,150	30,000
Aboriginal Arts Grants	0	84,082	84,082	117,642
	$1,155,098	$84,082	$1,239,180	$1,337,230
ARTS DEVELOPMENT				
Residencies	340,397	0	340,397	305,667
Award of Distinction	30,000	0	30,000	30,000
Special Projects	11,347	0	11,347	44,192
Special Opportunities	123,751	0	123,751	108,296
Community Connections	0	159,965	159,965	119,636
Arts Education Initiatives	0	20,000	20,000	(5,000)
ArtsSmarts Grant	0	30,000	30,000	30,000
	$505,495	$209,965	$715,460	$632,791
	7,630,325	352,077	7,982,402	8,030,131
Arts Program Delivery Expenses (Schedule)	633,133	120,746	753,879	694,794
	8,263,458	472,823	8,736,281	8,724,925
Administrative Expenses (Schedule)	724,917	0	724,917	670,892
	8,988,375	472,823	9,461,198	9,395,817
Rescinded Commitments	(4,920)	0	(4,920)	(16,433)
Total expenses	$8,983,455	$472,823	$9,456,278	$9,379,384
Excess (Expenses) Revenues for the Year	(371,395)	402,177	30,782	110,123

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

MANITOBA ARTS COUNCIL

Statement of Changes in Fund Balances

AS AT MARCH 31, 2008

	GRANTS & PROGRAM FUND INVESTED IN CAPITAL ASSETS	GENERAL (NOTE 7)	BRIDGES FUND (NOTE 7)	2008 TOTAL	2007 TOTAL
Fund Balances, Beginning of Year	$75,192	$293,384	$63,000	$431,576	$321,453
Excess (expenses) revenues for the year	(21,226)	(350,169)	402,177	30,782	110,123
Additions to capital assets	14,685	(14,685)	0	0	0
Interfund transfer (note 7)	0	397,177	(397,177)	0	0
Fund Balances, End of Year	$68,651	$325,707	$68,000	$462,358	$431,576

Notes to Financial Statements

AS AT MARCH 31, 2008

1. Authority & Purpose

The Arts Council Act established the Manitoba Arts Council in 1965 to "…promote the study, enjoyment, production and performance of works in the arts." The Council is a registered charity (public foundation) and, as such, is exempt from income taxes under the Income Tax Act (Canada).

2. Summary of Significant Accounting Policies and Reporting Practices

(a) Basis of Presentation
These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles within the framework of the accounting policies summarized in these notes to the financial statements.

(b) Fund Accounting
The financial statements disclose the activities of the following funds maintained by the Council:

(i) Grants & Program Fund

This fund reflects the disbursement and administration of grants and programs in the spirit of the aims and objects of Council defined in The Arts Council Act.

(ii) Bridges Fund

This fund was established in June 1999 to generate new initiatives in art development and practice, enhance public access to the arts and enhance administrative and governance skills for arts organizations. As well, the program will encourage new partnerships, provide more opportunities for professional development and assist in audience development. The excess of revenues over expenditures, if any, is transferred to the Grants & Programs Fund at an amount determined by the Council to fulfill similar goals and objectives.

(c) Revenue Recognition
The Council follows the deferral method accounting for revenues. Externally restricted revenues are deferred and recognized as revenue in the applicable fund in the year in which the related expenses are incurred. Unrestricted and internally restricted revenues are recognized as revenue in the applicable fund when received or receivable.

(d) Grant Commitments
Grants and program commitments are reflected as expenses when funding is formally approved and committed by Council. Cancellations of prior years' grant expenses are reflected as rescinded grant commitments.

(e) Capital Assets
Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Office furniture and equipment	5-10 years
Computer hardware and software	3 years

(f) 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) Financial Instruments – recognition and measurement
Transaction costs are expensed as incurred for financial instruments designated as held for trading. The effective interest rate method of amortization is used for any transaction costs for financial instruments measured at amortized cost.

Loans and Receivables, Held-to-maturity Investments and Other financial liabilities are measured at fair value and subsequently measured at amortized cost. Gains or losses resulting from revaluation, impairment write-downs and foreign exchange translation adjustments are recognized in net earnings for the period. The Council has designated recoverable, Province of Manitoba as Loans and Receivables. The Council does not have any financial instruments designated as Held-to-maturity Investments or Other financial liabilities.

(g) Financial instruments – recognition and measurement (continued)
Available-for-sale Financial Assets are initially and subsequently recorded at fair value, except for equity instruments that do not have a quoted market price in an active market as they are recorded at cost. Gains and losses resulting from revaluation are recognized directly in net assets. Impairment write-downs are included in net earnings for the period. The Council does not have any financial instruments designated as Available-for-sale Financial Assets.

Held-for-trading financial instruments include cash and short-term investments, accrued interest income, accounts receivable, receivable, Province of Manitoba, long term investments, accounts payable and accrued liabilities and commitments for grants and programs are initially and subsequently recorded at fair value. Gains or losses on revaluation are included in net earnings for the period.

(i) Use of Estimates
The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenses during the year. Actual results could differ from these estimates.

3. Adoption of New Accounting Standards

Financial Instruments

On February 1, 2007, the Council prospectively adopted two new accounting standards that were issued by the Canadian Institute of Chartered Accountants (CICA): Section 3855, Financial Instruments - Recognition and Measurement, and Section 3865, Hedges.

(a) Financial Instruments - Recognition and Measurement
Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. It requires that financial assets and financial liabilities, including derivatives, be recognized on the balance sheet when the organization becomes a party to the contractual provisions of the financial instrument or non-financial derivative contract. Under this standard, all financial instruments are required to be measured at fair value on initial recognition except for certain related party transactions. Measurement in subsequent periods depends on the financial instrument's classification.

(i) Financial assets Held-to-maturity, Loans and Receivables, and Other financial liabilities are measured at amortized cost using the effective interest method of amortization. Gains and losses are recorded in earnings when the assets are derecognized or impaired, and through the amortization process.

(ii) Available-for-sale financial assets are measured at fair value with gains and losses recognized directly in net assets, except for impairment losses.

(iii) Financial assets and liabilities classified as held-for-trading are measured at fair value with changes in fair value recognized in earnings and are included in the category "fair value through earnings." Derivative instruments are classified as fair value through earnings, including those derivatives that are embedded in financial or non-financial contracts are not closely related to the host contacts.

The application of the above standards did not result in adjustment in these financial statements.

(b) Hedges
Section 3865 established criteria that must be satisfied in order for hedge accounting to be applied. It sets standards for the identification, designation, documentation and effectiveness of hedging relationships for the following hedging strategies: fair value hedges, cash flow hedges and hedges of foreign currency exposure of net investment in a self-sustaining foreign operation. The purpose of hedge accounting is to ensure that gains, losses, revenues and expenses from effective hedging relationships are recorded in earnings in the same period. Hedge accounting is discontinued prospectively when the derivative no longer qualifies as an effective hedge, or the derivative is terminated or sold, or upon the sale or early termination of the hedged item. The company does not participate in hedging strategies and therefore did not have any gains, losses, revenues and expenses related to hedging relationships recorded in earnings for the period.

4. Future Accounting Changes

Capital Disclosures and Financial Instruments - Disclosures and Presentation

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535, Capital Disclosures, Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation. These new standards will be applicable to the organization on February 1, 2008.

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

The new Sections 3862 and 2863 replace Section 3861, Financial Instruments - Disclosure and Presentation, revising and enhancing disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

5. Cash and short term investments

Cash and short term investments consist of $34,097 cash (2007 - $57,133) and a short term investment of $496,947 (2007 - $503,556). The short term investment matures May 6, 2008 with a yield of 3.4%.

6. Long Term Investments

	2008		2007	
	COST	MARKET	COST	MARKET
Farm Credit Canada (Due Sept. 15, 2009, yielding 3.3%)	$100,000	$100,645	$0	$0
Golden Credit Card Trust (Due Oct. 15, 2008, yielding 4.159%)	100,000	102,180	0	0
Manitoba Builder Bonds (Due June 15, 2007, yielding 3.8%)	0	0	200,000	204,997
Manitoba Hydro Bonds (Due June 15, 2011, yielding 4.2%)	100,000	105,922	100,000	105,736
Royal Bank of Canada Issuer Extendible Step-Up Med. Term Notes (Yielding 3.20%-4.25%, Maturing September 2006 to September 2010)	100,000	101,551	100,000	99,972
	$400,000	$410,298	$400,000	$410,705

As the difference between costs and market is not significant The Council has not adjusted its carrying value of long term investments to their market value.

7. Capital Assets

	2008		2007	
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	NET BOOK VALUE
Office furniture and equipment	$129,234	$76,093	$53,141	$65,736
Computer hardware and software	272,211	256,701	15,510	9,456
	$401,445	$332,794	$68,651	$75,192

8. 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.

9. Interfund Transfers and Internally Restricted Fund Balances

In 2008, the Council members internally restricted $114,000 to be used as follows:

	GRANTS & PROGRAMS	BRIDGES
Technical Assistance	$10,000	
Capital Fund Allocation	36,000	
Bridges Program Review		18,000
Northern Connections		25,000
French Language Programs		25,000
	$46,000	$68,000

These internally restricted amounts are not available for unrestricted purposes without the approval of the members of Council. In addition, $397,177 (2007 - $459,488) 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.

10. Lease Commitment

Council has entered into an agreement to lease office premises until March 31, 2012. The 2008 basic annual rent was $113,084. The 2009 basic annual rent is estimated to be the same as 2008 ($113,084). Expenses arising from an escalation clause for taxes, insurance, utilities and building maintenance are in addition to the basic rent.

11. 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, 2008, the Council was in discussions with the Province regarding the terms of a new funding agreement.

12. 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 $13,275 (2007 - $9,620) represent the total obligations for the year.

13. 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, 2008, Council recorded a liability of $29,476 (2007 - $30,254). This liability is included in accounts payable and accrued liabilities.

14. 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.

15. 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.

16. Financial Instruments

(a) Risk management and hedging activities
In the normal course of operations the organization is exposed to various financial risks. Management's close involvement in the operations allows for the identification of risks and variances from expectations. The organization does not meaningfully participate in the use of financial instruments to control these risks. The organization has no designated hedging transactions. The financial risks and management's risk management objectives and policies are as follows:

(i) Currency risk
The organization does not hold any significant assets or liabilities denominated in a foreign currency.

(ii) Market risk
The organization is not exposed to any meaningful market risk.

(iii) Credit risk
The organization is exposed to credit risk on accounts receivable. Management monitors credit exposure on a specific creditor basis and does not have significant concentrations of credit risk.

(iv) Liquidity risk
Management monitors the organization's liquidity and is of the opinion that it is unlikely that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments.

(v) Interest rate risk
The organization is not exposed to any meaningful interest rate risk.

(b) Fair values
The fair values of the organization's financial instruments including cash and short-term investments, accrued interest income, accounts receivable, receivable, Province of Manitoba, long term investments, accounts payable and accrued liabilities and commitments for grants and programs approximate their carrying value.

The fair value of the recoverable, Province of Manitoba is not practical to determine due to their underlying terms and conditions.

MANITOBA ARTS COUNCIL

Schedule of Administrative Expenses

FOR THE YEAR ENDED MARCH 31, 2008

	GRANTS & PROGRAMS FUND 2008 TOTAL	2007 TOTAL
Salaries and benefits	$449,820	$426,854
Council meetings	48,480	56,961
Rent	55,535	56,024
Amortization	21,227	26,259
Office supplies, printing and stationery	17,584	12,086
Postage, courier and telephone	15,781	15,229
Staff travel and expenses	29,129	23,441
Insurance and sundry	7,765	7,797
Professional fees	62,670	29,278
Equipment repairs and maintenance	1,926	1,963
Total Administrative Expenses	$709,917	$655,892
Other Administrative Expenses (Art Bank Administration)	$15,000	$15,000
	$724,917	$670,892

MANITOBA ARTS COUNCIL

Schedule of Arts Program Delivery Expenses

FOR THE YEAR ENDED MARCH 31, 2008

	GRANTS & PROGRAMS FUND	BRIDGES FUND	2008 TOTAL	2007 TOTAL
Salaries and benefits	$387,058	$73,918	$460,976	$467,526
Jurors' fees and expenses	76,881	7,643	84,524	81,448
Rent	47,495	9,047	56,542	56,750
Communication	45,449	3,040	48,489	41,519
Advocacy	36,444	0	36,444	530
Community consultations	3,263	13,289	16,552	6,834
Staff travel and expenses	8,123	10,650	18,773	8,476
Postage, courier and telephone	6,325	2,835	9,160	9,277
Office supplies	1,446	324	1,770	1,233
Touring development	20,025	0	20,025	20,393
Sundry	624	0	624	808
	$633,133	$120,746	$753,879	$694,794

KWB CHARTERED ACCOUNTANTS INC.

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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, 2008 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, 2008 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 CHARTERED ACCOUNTANTS INC.

KWB

August 27, 2008

MANITOBA BOXING COMMISSION
STATEMENT OF FINANCIAL POSITION
March 31, 2008

	2008	2007
ASSETS		
Current Assets		
Cash	$ 7,192	$ 3,434
Accounts receivable	-	1,050
Prepaid expenses	-	500
	7,192	4,984
Property, Plant and Equipment - Note 3	-	-
	$ 7,192	$ 4,984
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$ 3,555	$ 2,650
Performance bond deposits	4,000	2,000
	7,555	4,650
NET ASSETS (DEFICIENCY)		
Unrestricted	(363)	334
	$ 7,192	$ 4,984

ON BEHALF OF THE BOARD:

.....................Chairman

.....................Treasurer

KWB

MANITOBA BOXING COMMISSION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
Year ended March 31, 2008

	2008	2007
Revenue		
Administrations	$ 4,500	$ 3,550
Commissions, licenses and permits	2,510	1,242
Grant - Province of Manitoba	14,700	14,700
Grant - other	2,819	2,621
Interest	26	11
	24,555	22,124
Operating expenses		
Administration	627	722
Amortization	1,499	1,074
Bad debts	1,050	-
Card expenses - boxing	308	1,797
Conferences	11,826	9,594
Dues and subscriptions	1,162	1,079
Honoraria	4,200	3,600
Professional fees	4,580	5,154
	25,252	23,020
Excess (deficiency) of revenues over expense	(697)	(896)
Unrestricted net assets, beginning of year	334	1,230
Unrestricted net assets (deficiency), end of year	($ 363)	$ 334

MANITOBA BOXING COMMISSION
STATEMENT OF CASH FLOWS
Year ended March 31, 2008

	2008	2007
From operating activities		
Excess (deficiency) of revenues over expenses	($ 697)	($ 896)
Items not affecting cash		
Amortization expense	1,499	1,074
	802	178
Net changes in non-cash working capital items	4,455	(400)
	5,257	(222)
From investing activities		
Acquisition of property, plant and equipment	(1,499)	(1,074)
Cash increase (decrease)	3,758	(1,296)
Cash, beginning of year	3,434	4,730
Cash, end of year	$ 7,192	$ 3,434

	2008	2007
Net changes in non-cash working capital items		
Accounts receivable	$ 1,050	$ 2,000
Prepaid expenses	500	-
Accounts payable and accrued liabilities	905	(3,400)
Performance bonds	2,000	1,000
	$ 4,455	($ 400)

MANITOBA BOXING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2008

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, accounts receivable 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 is 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, 2008			
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.

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, 2008, 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, 2008, 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, 2008

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, 2008, with comparative figures for 2007

	2008	2007
Assets		
Current assets:		
Cash	$ 243,963	$ 349,406
Term deposits - Province of Manitoba	867,415	537,886
Accounts receivable	165,523	145,397
Capital grant receivable - Province of Manitoba	384,834	182,358
Inventory	26,606	26,241
Prepaid expenses	71,480	77,308
Vacation pay recoverable from the Province of Manitoba (note 5)	199,964	199,964
	1,959,785	1,518,560
Amounts recoverable - Province of Manitoba:		
Severance (note 5)	307,561	307,561
Pension (note 6)	5,301,000	5,069,000
Capital assets (note 7)	1,118,697	566,612
Other assets:		
The Maitland Steinkopf Youth Fund - term deposit - Province of Manitoba	64,072	64,410
The Manitoba Centennial Foundation of the Future Fund - term deposit - Province of Manitoba	52,917	50,846
	116,989	115,256
	$ 8,804,032	$ 7,576,989

		2008		2007

Liabilities, Deferred Contributions and Fund Balances

Current liabilities:				
Accounts payable and accrued liabilities	$	797,715	$	453,550
Accrued vacation pay (note 5)		241,948		204,520
Capital advances (note 11)		68,163		100,000
Deferred income and rental deposits		30,990		34,389
		1,138,816		792,459
Pension liability (note 6)		5,301,000		5,069,000
Accrued severance pay (note 5)		468,531		433,099
Deferred contributions related to capital assets (note 8)		947,318		370,320
Fund balances				
Invested in capital assets (note 9)		171,379		196,292
Internally Restricted Funds (note 10):				
The Maitland Steinkopf Youth Fund		64,072		64,410
The Manitoba Centennial Foundation of the Future Fund		52,917		50,846
		116,989		115,256
Unrestricted Funds:				
General Fund		659,999		600,563
Commitments (note 11)				
	$	8,804,032	$	7,576,989

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, 2008, with comparative figures for 2007

	General	Capital	2008 Total	2007 Total
Revenue:				
Concert Hall	$ 803,459	$ –	$ 803,459	$ 1,045,977
Studio rental	144,365	–	144,365	153,235
Bar and concession sales	289,184	–	289,184	355,683
Parking fees	733,543	–	733,543	693,732
Miscellaneous	116,327	–	116,327	105,933
	2,086,878	–	2,086,878	2,354,560
Province of Manitoba grants:				
Operating	2,941,200	–	2,941,200	2,875,800
Amortization of deferred contributions (note 8)	–	199,059	199,059	65,036
Pension (note 6)	217,491	–	217,491	201,541
	3,158,691	199,059	3,357,750	3,142,377
City of Winnipeg grant:				
Strategic Economic Development grant	29,725	–	29,725	29,725
Recoveries of expenses	216,305	–	216,305	231,217
Total revenues, grants and recoveries	5,491,599	199,059	5,690,658	5,757,879
Expenses:				
Administration and general	582,208	–	582,208	548,699
Amortization of capital assets	–	223,972	223,972	89,949
Bar and concession operations	161,612	–	161,612	194,200
Building services and maintenance	1,212,381	–	1,212,381	1,253,320
Host service and special projects	238,694	–	238,694	245,065
Manitoba Production Centre	221,234	–	221,234	221,945
Parking service	207,894	–	207,894	189,071
Pension (note 6)	406,059	–	406,059	378,347
Security services	450,490	–	450,490	425,925
Stage operations	347,270	–	347,270	361,877
	3,827,842	223,972	4,051,814	3,908,398
Expenses incurred on behalf of The Manitoba Museum (note 12)	1,604,321	–	1,604,321	1,560,702
Total expenses (schedule)	5,432,163	223,972	5,656,135	5,469,100
Excess (deficiency) of revenue over expenses	59,436	(24,913)	34,523	288,779
Fund balance, beginning of year	600,563	196,292	796,855	508,076
Fund balance, end of year	$ 659,999	$ 171,379	$ 831,378	$ 796,855

See accompanying notes to financial statements.

MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Cash Flows

Year ended March 31, 2008, with comparative figures for 2007

	2008	2007
Cash provided by (used in):		
Operating:		
Excess of revenue over expenses	$ 34,523	$ 288,779
Adjustments for:		
Amortization of deferred contributions	(199,059)	(65,036)
Amortization of capital assets	223,972	89,949
	59,436	313,692
Change in non-cash working capital balances:		
Accounts receivable	(20,126)	20,912
Operating grant receivable	–	70,000
Inventory	(365)	(5,278)
Prepaid expenses	5,828	(11,174)
Accounts payable and accrued liabilities	195,069	27,740
Deferred income and rental deposits	(3,399)	(1,408)
Accrued vacation pay	37,428	(16,738)
Accrued severance pay	35,432	8,205
Capital advances, net	(31,837)	(221,596)
	277,466	184,355
Financing:		
Capital assets grants - Province of Manitoba	573,581	130,227
Investing:		
Purchase of capital assets	(626,961)	(569,424)
Increase (decrease) in cash and cash equivalents	224,086	(254,842)
Cash and cash equivalents, beginning of year	887,292	1,142,134
Cash and cash equivalents, end of year	$ 1,111,378	$ 887,292
Cash and cash equivalents consist of:		
Cash	$ 243,963	$ 349,406
Term deposits- Province of Manitoba	867,415	537,886
	$ 1,111,378	$ 887,292
Supplemental disclosure of non-cash financing and investing activities:		
Purchase of capital assets in accounts payable	$ 236,233	$ 87,137

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

In 1969, the Corporation established the Manitoba Centennial Foundation of the Future Fund in recognition of Manitoba's centennial year. In 1972, the Corporation established the Maitland Steinkopf Youth Fund with an original allocation of $25,000. The major purpose of this fund was to promote cultural opportunities for Manitoba youths at reasonable costs. Subsequent to the year ended March 31, 2008, the Maitland Steinkopf Youth Fund and the Manitoba Centennial Foundation of the Future Fund were combined and will be used towards funding of arts and culture as the Board of Directors of the Corporation deems appropriate from time to time.

2. Properties of the Corporation:

The Corporation oversees the properties of the centre on behalf of the Province of Manitoba. At March 31, 2008 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 Corporation follows the deferral method of accounting.

The General Fund is used to account for the operations of the Corporation.

3. Significant accounting policies (continued):

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).

(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
Concert hall refurbishments	10%
Computer equipment	20%
Concrete replacement	8%
Equipment and furnishings	20%
Office renovations	10%
Marquee	20%
Stage and rigging equipment	20%
Stage lighting equipment	20%
Stage sound equipment	20%
Mechanical/electrical equipment	20%

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 grants and receivables 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. The carrying value of cash approximates fair value.

(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) 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. Significant accounting policies (continued):

(i) Future accounting changes:

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535 - *Capital Disclosures*, Handbook Section 3862 - *Financial Instruments - Disclosures* and Handbook Section 3863 - *Financial Instruments - Presentation*. These new standards apply to the Corporation from April 1, 2008.

Section 1535 specifies the disclosure of: (i) an entity's objectives, policies and procedures and process for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

Section 3862 and 3863 replace Handbook Section 3861 - *Financial Instruments - Disclosure and Presentation*, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

The Corporation is currently assessing the impact that these new standards will have on its financial statements for the year ended March 31, 2009.

4. Change in accounting policy:

The Corporation adopted the new CICA Handbook Section 3855 - *Financial Instruments - Recognition and Measurement* on April 1, 2007. This standard provides guidance on recognizing financial instruments and non-financial derivatives on the statement of financial position. The standard also specifies how financial instrument gains and losses are presented. 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: (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 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.

4. Change in accounting policy (continued):

Upon adoption of this new standard, 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 adoption of the standard on April 1, 2007 had no material impact on net assets.

5. Employee benefits:

(a) Severance:

Effective April 1, 1998, the Corporation commenced recording the estimated liability for accumulated severance pay benefits for its employees. At March 31, 2008, based on an actuarial estimate the obligation for accrued severance pay is $468,531 (2007 - $433,099). The significant actuarial assumptions include an interest rate of 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 severance liability, including the interest accretion, is reflected in the funding for severance expense.

5. Employee benefits (continued):

(b) 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.

6. Pension liability:

The Corporation 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, 2004, the Corporation has recorded an amount of $5,301,000 (2007 - $5,069,000) in its financial statements, representing the estimated unfunded liability for the Corporation's employees as at March 31, 2008. Total pension expense of $502,925 (2007 - $470,480) has been recorded in the statement of operations.

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 $5,301,000 (2007 - $5,069,000) equal to the estimated value of its actuarially determined liability in its financial statements, and has recorded associated net revenue of $217,491 (2007 - $201,541). 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:

	2008	2007
Balance, beginning of year	$ 5,069,000	$ 4,862,000
Increase in trust account held by the Province of Manitoba	(6,330)	(19,190)
Benefits accrued	159,231	145,986
Interest accrued (7 percent; 2007 - 7 percent)	362,142	346,443
Benefits paid	(283,043)	(266,239)
Balance, end of year	$ 5,301,000	$ 5,069,000

7. Capital assets:

	Cost	Accumulated amortization	2008 Net book value	2007 Net book value
Concert hall refurbishments	$ 171,032	$ 17,103	$ 153,929	$ –
Computer equipment	59,615	11,923	47,692	–
Concrete replacement	10,060	805	9,255	–
Equipment and furnishings	46,894	14,964	31,930	22,338
Office renovations	437,850	84,692	353,158	372,274
Marquee	382,230	76,446	305,784	–
Stage and rigging equipment	55,655	22,262	33,393	44,524
Stage lighting equipment	77,244	15,449	61,795	–
Stage sound equipment	159,345	63,738	95,607	127,476
Mechanical/electrical equipment	32,692	6,538	26,154	–
	$ 1,432,617	$ 313,920	$ 1,118,697	$ 566,612

8. Deferred contributions:

	2008	2007
Balance, beginning of year	$ 370,320	$ –
Capital grants received	776,057	435,356
Less amortized to revenue	(199,059)	(65,036)
Balance, end of year	$ 947,318	$ 370,320

9. Invested in capital assets:

	2008	2007
Capital assets (note 7)	$ 1,118,697	$ 566,612
Amounts financed by deferred contributions (note 8)	(947,318)	(370,320)
	$ 171,379	$ 196,292

10. Internally restricted funds:

The following funds are established and managed by the Corporation.

(a) The Maitland Steinkopf Youth Fund:

		2008		2007
Balance, beginning of year	$	64,410	$	64,644
Investment income		2,502		2,526
Grant expense		(2,840)		(2,760)
Balance, end of year	$	64,072	$	64,410

(b) The Manitoba Centennial Foundation of the Future Fund:

		2008		2007
Balance, beginning of year	$	50,846	$	51,297
Investment income		2,071		2,049
Grant expense		–		(2,500)
Balance, end of year	$	52,917	$	50,846

11. Capital advances and commitments:

Capital funds in the amount of $68,163 (2007 - $100,000) were drawn in advance on projects awarded but not yet undertaken by March 31, 2008 (as follows):

		2008		2007
Capital grants - Province of Manitoba				
Advances brought forward from previous years	$	(100,000)	$	(281,698)
Received during the year		–		(341,546)
		(100,000)		(623,244)
Capital expenditures not reflected on the Corporation’s financial statements (note 3 (e)):				
Air plenium repairs		–		309,470
Handicap ramp		–		213,774
Capital expenditures reflected in the Corporation’s financial statements (note 3 (e))		31,837		–
		31,837		523,244
Advances carried forward to future years	$	(68,163)	$	(100,000)

The Corporation had no outstanding contractual commitments to complete capital improvements at March 31, 2008 or 2007.

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 $1,604,321 for the year ended March 31, 2008 (2007 - $1,560,702).

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(a) and 6.

14. Economic dependence:

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

15. Comparative figures:

Certain comparative figures for the year ended March 31, 2007 have been reclassified to the financial statement presentation adopted in 2008.

MANITOBA CENTENNIAL CENTRE CORPORATION

Schedule - Operating Expenses

Year ended March 31, 2008, with comparative figures for 2007

	2008	2007
Administration and general:		
Salaries and employee benefits	$ 500,383	$ 459,258
Insurance	103,002	93,411
Telephone and fax	22,464	19,746
Audit and legal	29,592	24,443
Other	96,080	137,706
Marketing	18,300	–
Payroll service	6,480	5,566
	776,301	740,130
Bar and concession operations:		
Salaries and employee benefits	61,075	78,637
Cost of goods sold	91,994	109,244
Other	8,543	6,319
	161,612	194,200
Building services and maintenance:		
Salaries and employee benefits	1,195,623	1,148,174
Utilities	878,128	887,958
Repairs, maintenance and supplies	396,046	439,846
	2,469,797	2,475,978
Host services and special projects:		
Salaries and employee benefits	218,593	223,266
Other	20,101	21,799
	238,694	245,065
Manitoba Production Centre:		
Salaries and employee benefits	9,635	11,632
Administration costs	26,278	35,190
Repairs, maintenance and supplies	19,804	39,361
Property taxes	81,853	81,655
Utilities	83,664	54,107
	221,234	221,945
Parking services:		
Salaries and employee benefits	130,790	126,233
Agency fees and expenses	62,043	53,407
Other	15,061	9,431
	207,894	189,071
Pension (note 6)	502,925	470,480
Security services:		
Salaries and employee benefits	491,343	466,902
Other	15,093	13,502
	506,436	480,404
Stage operations:		
Salaries and employee benefits	289,593	297,179
Repairs, supplies and equipment	57,677	64,699
	347,270	361,878
Total expenses of general fund	5,432,163	5,379,151
Expenses incurred on behalf of the Manitoba Museum (note 12)	1,604,321	1,560,702
Net expenses of general fund	$ 3,827,842	$ 3,818,449

Thomas Tasker Chartered Accountant Inc.

Thomas Tasker, CA

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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, 2008 and the statements 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, 2008 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 13, 2008

Chartered Accountant

MANITOBA COMMUNITY SERVICES COUNCIL INC.

BALANCE SHEET

MARCH 31, 2008

Assets	2008	2007
Current assets		
Cash	$ 72,080	$ 445,041
Accrued interest	27,315	14,447
GST refund	3,600	5,149
Prepaid expense	6,300	5,554
Guaranteed investment certificates (note 3)	579,275	592,481
	688,570	1,062,672
Guaranteed investment certificates (note 3)	504,605	78,600
Capital assets (note 4)	3,455	9,908
	$ 1,196,630	$ 1,151,180

Liabilities	2008	2007
Current liabilities		
Accounts payable and accrued liabilities	$ 9,701	$ 8,431
Allocations not yet paid (note 9)	359,701	717,410
	369,402	725,841
Net assets		
Invested in capital assets	3,455	9,908
Funds for Priority Area Strategy (note 8)	345,159	-
Funds for future allocation (note 9)	478,614	415,431
	827,228	425,339
	$ 1,196,630	$ 1,151,180

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, 2008

	Invested in Capital Assets	Funds for Priority Area Strategy	Funds for Future Allocation	Total 2008	Total 2007
Balance, beginning of year	$ 9,908	$ -	$ 415,431	$ 425,339	$ 412,346
Funds for Priority Area Strategy	-	350,000	-	350,000	-
Excess (deficiency) of revenue over allocations and expenses	(6,453)	(4,841)	63,183	51,889	12,993
Invested in capital assets	-	-	-	-	-
Balance, end of year	$ 3,455	$ 345,159	$ 478,614	$ 827,228	$ 425,339

Thomas Tasker
Chartered Accountant Inc.

MANITOBA COMMUNITY SERVICES COUNCIL INC.

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED MARCH 31, 2008

	2008	2007
Revenue		
Province of Manitoba		
Manitoba Culture, Heritage, Tourism and Sport	$ 1,993,600	$ 1,986,800
Interest	52,949	40,593
	2,046,549	2,027,393
Allocations and expenses		
Administrative expenses		
Bank charges	1,019	1,075
Consulting	3,873	2,164
Consulting - Priority Area Strategy	4,841	-
Computer expense	14,676	15,280
Courier	1,637	1,006
Equipment rental	12,205	8,610
Insurance	4,880	4,868
Meeting costs and volunteer travel	23,421	23,095
Office supplies	12,975	7,422
Postage	3,218	1,694
Professional fees	3,650	3,320
Telephone	5,871	5,797
	92,266	74,331
Amortization	6,453	6,070
Occupancy	28,583	27,804
Salaries and benefits	214,195	219,923
Grant allocations	1,449,256	1,734,972
Grant allocations (recovered)	(146,093)	(48,700)
Funds for Priority Area Strategy	350,000	-
	1,994,660	2,014,400
Excess of revenue over allocations and expenses	$ 51,889	$ 12,993

Thomas Tasker
Chartered Accountant Inc.

MANITOBA COMMUNITY SERVICES COUNCIL INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2008

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 capitalized in the year of purchase at values equal to 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

Revenue is recognized when it is probable that the economic benefits will flow to the Council and when the revenue can be reliably measured.

Thomas Tasker
Chartered Accountant Inc.

MANITOBA COMMUNITY SERVICES COUNCIL INC.

NOTES TO THE FINANCIAL STATEMENTS, CONT'D

MARCH 31, 2008

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 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.

Financial risk
The financial risk is the risk to the Council's earnings that arises from fluctuations in interest rates and the degree of volatility of those rates. The Council does not use derivative instruments to reduce its exposure to interest rates.

Credit risk
Credit risk arises from the potential for an investee to fail or default on its contractual obligations to the Council. The Council limits credit risk by investing in investees that are considered to be high quality credits and by utilizing an internal investment policy.

Fair value
The fair value of these financial instruments approximate their carrying value due to their short-term maturity.

MANITOBA COMMUNITY SERVICES COUNCIL INC.

NOTES TO THE FINANCIAL STATEMENTS, CONT'D

MARCH 31, 2008

3. Guaranteed investment certificates

	2008	2007
Due within one year, interest rates of 3.25% to 4.85%	$ 579,275	$ 592,481
Long-term investment certificates, due in October, 2009 and October, 2010, interest rates of 5.3% and 5.35%.	$ 504,605	$ 78,600

4. Capital assets

	2008		2007	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and equipment	$ 22,962	$ 22,828	$ 22,962	$ 22,645
Computer equipment	13,842	12,838	13,842	11,204
Computer software	9,270	6,953	9,270	2,317
	$ 46,074	$ 42,619	$ 46,074	$ 36,166
Cost less accumulated amortization		$ 3,455		$ 9,908

5. Provincial funding

The Province of Manitoba has committed funding in the amount of $1,998,800 for the year ended March 31, 2009.

6. Commitment

The Council has leased realty pursuant to a lease agreement, until May 31, 2010. 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 payments for the next two years are as follows:

2009	$ 11,854
2010	11,854

Thomas Tasker
Chartered Accountant Inc.

MANITOBA COMMUNITY SERVICES COUNCIL INC.

NOTES TO THE FINANCIAL STATEMENTS, CONT'D

MARCH 31, 2008

7. Pension plan

The employees of the Council participate in the United Way Agencies Pension Plan, a multi-employer, defined benefit pension plan, which is accounted for as a defined contribution plan. The Council's pension contribution and expense for the year was $6,679 (2007 - $12,139).

8. Funds for Priority Area Strategy

At the April 24, 2007 meeting of Council, the Mandate Committee presented a Priority Area Strategy, and Council approved the allocation of $350,000 for this plan. The Committee identified three initiatives which were approved by Council.

1. Literacy Replication Project with Indian and Metis Friendship Centers
2. Rural Capacity Building Project
3. Immigrant and Aboriginal Seniors

9. Restatement of 2007 financial statements

In March 2007, the financial statements recorded the recovery of a community grant. The community organization returned the funds to Manitoba Community Services Council Inc. and the receipt was recorded as a recovery. During the current fiscal year the organization was reorganized and the allocation of the original funds were reinstated. The 2007 financial statements have been retroactively restated to correct the error. An adjustment of $19,711 has been made to increase allocations not yet paid and reduce funds held for future allocation as at March 31, 2007.

10. Bingo hall earnings

The Council allocates a certain number of bingo events to various organizations that it funds. Numerous community service organizations earned a total of $819,900 (2007 - $786,300) through participation in bingo events.

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.

BDO Dunwoody LLP/s.r.l.
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Auditors' Report

To the Shareholder of
MANITOBA DEVELOPMENT CORPORATION

We have audited the balance sheet of **MANITOBA DEVELOPMENT CORPORATION** as at March 31, 2008 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, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
May 30, 2008

Manitoba

Competitiveness, Training and Trade
Manitoba Development Corporation
1040 - 259 Portage Avenue
Winnipeg MB R3B 3P4

THE MANITOBA DEVELOPMENT CORPORATION

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

MANITOB/ \ ᴾMENT CORPORATION
Balance Sheet

For the year ended March 31

	PNP-B	MDC Part I	t II	2008 Total	2007 Total
ASSETS					
Current Assets					
Cash	$ 527,098	$ 222,816	$ -	$ 749,914	$ 209,397
Cash held in trust	-	-	558,296	558,296	282,947
Short-term investments	10,023,542	4,614,751	-	14,638,293	11,650,100
Accounts receivable (Note 4)	160,923	18,207	-	179,130	466,286
	10,711,563	4,855,774	558,296	16,125,633	12,608,730
Assets Managed for the Province of Manitoba					
Loans receivable (Note 5)	-	-	57,127,380	57,127,380	45,438,714
Equity Investments (Note 6)	-	-	6,441,931	6,441,931	6,621,597
Trust Funds (Note 7)	33,342,643	-	-	33,342,643	26,741,139
	$ 44,054,206	$ 4,855,774	$ 64,127,607	$ 113,037,587	$ 91,410,180
LIABILITIES AND SHAREHOLDER'S EQUITY					
Current Liabilities					
Accounts payable	$ 581,818	$ 360,322	$ -	$ 942,140	$ 604,896
Funds provided by the Province of Manitoba	-	-	64,127,607	64,127,607	52,343,258
Trust liabilities (Note 7)	33,342,643	-	-	33,342,643	26,741,139
Severance pay benefits (Note 3)	-	-	-	-	102,241
	33,924,461	360,322	64,127,607	98,412,390	79,791,534
Commitments (Note 10)					
Shareholder's Equity					
Share capital - authorized and issued 100 shares at $10 per share	-	1,000	-	1,000	1,000
Restricted surplus (Note 8)	3,976,157	-	-	3,976,157	4,063,543
Retained earnings	6,153,588	4,494,452	-	10,648,040	7,554,103
	10,129,745	4,495,452	-	14,625,197	11,618,646
	$ 44,054,206	$ 4,855,774	64,127,607	$ 113,037,587	$ 91,410,180

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				2008	2007
	PNP-B	MDC Part I	MDC Part II	Total	Total
Income					
Interest	$ 1,627,148	$ 279,571	$ 3,973,498	$ 5,880,217	$ 4,647,225
Deposit Retentions (Note 7)	2,250,000	-	-	2,250,000	2,000,079
Recovery of Program Administration Expenses (Note 9)	588,276	-	-	588,276	449,229
Recovery (reimbursement) of Part II expenses from (to) the Province of Manitoba					
Provision for doubtful accounts (recovery)	-	-	(1,877,962)	(1,877,962)	59,681
Provision for decline in value of investments	-	-	331,689	331,689	181,174
Pro-rata share of partnership losses	-	-	2,208,522	2,208,522	576,882
	4,465,424	279,571	4,635,747	9,380,742	7,914,270
Expenses					
Program administration	1,129,552	30,650	-	1,160,202	1,265,312
Payment of Part II interest on loan receivable to the Province of Manitoba	-	-	3,973,498	3,973,498	3,077,052
Provision for doubtful accounts (recovery)	-	-	(1,877,962)	(1,877,962)	59,681
Provision for decline in value of investments	-	-	331,689	331,689	181,174
Pro-rata share of partnership losses	-	-	2,208,522	2,208,522	576,882
	1,129,552	30,650	4,635,747	5,795,949	5,160,101
Transfers to the Department of Labour and Immigration (Note 11)	383,800	-	-	383,800	263,044
Transfers to the Department of Competitiveness, Training and Trade (Note 11)	194,442	-	-	194,442	10,000
	1,707,794	30,650	4,635,747	6,374,191	5,433,145
Net income and comprehensive income for the year	2,757,630	248,921	-	3,006,551	2,481,125
Retained earnings, beginning of year	3,308,572	4,245,531	-	7,554,103	4,217,873
Transfer from (to) Restricted Surplus (Note 8)	87,386	-	-	87,386	855,105
Retained earnings, end of year	$ 6,153,588	$ 4,494,452	$ -	$ 10,648,040	$ 7,554,103

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	2008	2007
Cash Flows from Operating Activities		
Net income for the year	**$ 3,006,551**	$ 2,481,125
Adjustments for		
Provision for doubtful accounts (recovery)	**(1,877,962)**	59,681
Provision for decline in value of investments	**331,689**	181,174
Pro-rata share of partnership losses	**2,208,522**	576,882
Provision for Deposit Retentions	**(2,250,000)**	(2,000,079)
Recovery (reimbursement) of Part II expenses from (to) the Province of Manitoba	**(662,249)**	(817,737)
	756,551	481,046
Changes in non-cash working capital balances		
Accounts receivable	**287,156**	(169,317)
Accounts payable	**337,244**	173,239
	624,400	3,922
Severance pay benefits	**(102,241)**	102,241
Net cash flow from operating activities	**1,278,710**	587,209
Cash Flows from Investing Activities		
Loans receivable		
Principal repayments	**8,655,718**	6,270,566
Loans issued	**(18,474,996)**	(9,021,376)
Change in accrued interest receivable	**81,261**	(60,694)
Equity investments		
Investments made	**(2,360,545)**	(2,607,048)
Provincial Nominee Program for Business Trust Funds	**(6,601,504)**	518,897
	(18,700,066)	(4,899,655)
Funds provided by the Province of Manitoba		
Part II	**12,373,910**	5,546,161
Provincial Nominee Program for Business	**8,851,505**	5,506,457
Net cash flow from investing activities	**2,525,349**	6,152,963
Net increase in cash and cash equivalents	**3,804,059**	6,740,172
Cash and cash equivalents, beginning of year	**12,142,444**	5,402,272
Cash and cash equivalents, end of year	**$ 15,946,503**	$ 12,142,444
Represented by:		
Cash	**$ 749,914**	$ 209,397
Short-term investments	**14,638,293**	11,650,100
Cash held in trust	**558,296**	282,947
	$ 15,946,503	$ 12,142,444

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

The fair values of cash and cash equivalents, accounts receivable and accounts payable approximate their carrying value because of their short-term maturity of these instruments. The fair value of long-term investments is estimated based on current rates assumed for similar government guaranteed debt of the same maturity.

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

The corporation classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The corporation's accounting policy for each category is as follows:

Held-for-trading - This category is comprised of cash, cash held in trust and short-term investments. They are carried in the balance sheet at fair value with changes in fair value recognized in the income statement. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.

Loans and Receivables - These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They arise principally through the provision of goods and services (accounts receivable), but also incorporate other types of contractual monetary assets (loans receivable). They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment.

Held-to-maturity Investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the corporation's management has the positive intention and ability to hold to maturity and comprises certain investments in debt securities held as Trust Funds. These assets are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. Fair values are determined directly by reference to published price quotations in an active market.

Financial Instruments (continued)

Available for Sale – Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprises of all equity investments held by the corporation. Given that the shares in all equity investments do not have a quoted market price in an active market, they are carried at cost. Transaction costs related to available-for-sale investments are expensed as incurred.

Other Financial Liabilities - Other financial liabilities include all financial liabilities other than those classified as held-for-trading and comprises trade accounts payable, Funds provided by the Province of Manitoba and trust liabilities. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method.

The financial risk is the risk to the corporation's Part I 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.

MANITOBA DEVELOPMENT CORPORATION
Summary of Significant Accounting Policies

March 31, 2008

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 Pronouncements

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

Capital Disclosures - CICA Handbook Section 1535, Capital Disclosures, requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative date about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. The corporation is currently assessing the impact of the new standard.

New Accounting Pronouncements (continued)

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, 2007. The corporation is currently evaluating the impact of the adoption of these changes on the disclosure and presentation within its financial statements.

International Financial Reporting Standards - The CICA plans to converge Canadian GAAP with International Financial Reporting Standards ("IFRS") over a transition period expected to end in 2011. The impact of the transition to IFRS on the corporation's financial statements has yet to be determined.

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.

On March 15, 2005, the Province of Manitoba authorized the transfer of financial administration of the Provincial Nominee Program for Business from the Manitoba Trade and Investment Corporation (MTIC) to the Corporation effective April 1, 2005. The Manitoba Provincial Nominee Program for Business allows Manitoba to recruit, select, and nominate qualified business people from around the world who have the intent and ability to move to Manitoba and establish or purchase a business.

Effective January 19, 2008 Treasury Board provided authority to convert all of the MDC employees into Civil Servants in the departments of Competitiveness Training & Trade and Labour and Immigration. As at March 31, 2008 the Corporation no longer had any regular staff positions.

2. Change in Accounting Policy

On April 1, 2007, the corporation retroactively adopted, without restatement of prior periods, CICA Handbook Section 1530, "Comprehensive Income", Section 3861, "Financial Instruments - Disclosure and Presentation", Section 3855, "Financial Instruments - Recognition and Measurement" and Section 3865, "Hedges". These new Handbook Sections provide comprehensive requirements of the recognition and measurement of financial instruments, as well as standards on when and how hedge accounting may be applied. Handbook Section 1530 also introduces a new component of equity referred to as accumulated other comprehensive income.

Under these new standards, all financial instruments, including derivatives, are included on the balance sheet and are measured either at fair market value or, in limited circumstances, at cost or amortized cost.

The adoption of these new standards had no material impact on the corporation's statement of operations and retained earnings.

3. Severance Pay Benefits

Upon transfer of employees back to the Province on January 19, 2008, accumulated severance pay obligations were returned to the Province of Manitoba for its employees.

4. Accounts Receivable

	2008	2007
Province of Manitoba	$ -	$ 292,901
Other	86,013	37,786
Accrued Interest	93,117	135,599
	$ 179,130	$ 466,286

5. Loans Receivable Managed for the Province of Manitoba Under Part II

	2008	2007
Business Support		
Manitoba Industrial Opportunities Program		
- Repayable	$ 55,652,594	$ 57,580,865
- Forgivable	-	2,080,427
	55,652,594	59,661,292
Other Loans Receivable		
International Education Incentive Loan	50,000	-
Other	11,100,000	-
	11,150,000	-
	66,802,594	59,661,292
Less: Allowance for forgiveness	-	(2,080,427)
Allowance for doubtful accounts	(9,675,214)	(12,142,151)
	(9,675,214)	(14,222,578)
	$ 57,127,380	$ 45,438,714

The Manitoba Industrial Opportunities Program provides flexible repayable financing to encourage companies to expand or locate in Manitoba. Loan principal is due as follows:

	2008	2007
2008	$ -	$ 5,808,576
2009	3,818,578	5,012,941
2010	8,006,916	9,073,933
2011	13,625,884	13,144,752
2012	14,242,146	-
Subsequent to 2012	-	15,313,763
2013	2,620,335	-
Subsequent to 2013	13,140,841	8,947,745
Accrued interest	197,894	279,155
	55,652,594	57,580,865
Allowance	(9,675,214)	(12,142,151)
	$ 45,977,380	$ 45,438,714

5. 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 charges interest rates which are less than its cost of borrowing to encourage investment and job creation in Manitoba. 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:

	2008	2007
Nil	**$ 2,104,255**	$ 2,714,868
Greater than Nil, less than 5%	**24,562,006**	29,730,537
5% or greater, less than 6%	**15,996,077**	16,203,010
6% or greater, less than 7%	**4,967,708**	6,636,628
7% or greater, less than 8%	**3,466,667**	2,016,667
8% or greater, less than 9%	**3,308,425**	-
9% or greater, less than 10%	**1,049,562**	-
Accrued interest	**197,894**	279,155
	55,652,594	57,580,865
Allowance	**(9,675,214)**	(12,142,151)
	$ 45,977,380	$ 45,438,714

When possible, the Corporation obtains various forms of security on the Manitoba Industrial Opportunities loans with priority ranking subject to any prior existing charges.

On March 31, 2008 the Province authorized the disbursement of an $11,100,000 loan in regard to the Canadian Human Rights Museum. The loan bears no interest and is repayable by installments equal to the the amounts received from the Government of Canada in respect of the Museum under the Payments in Lieu of Taxes Act, R.S.C. 1985 c. M-13.

In exchange for contractual obligations which normally commit debtor companies to create and maintain jobs, the Corporation has provided forgivable loans. A portion of these loans is normally forgiven annually subject to the Corporation's confirmation that jobs have been created and maintained. Forgivable loans together with projected timing of forgiveness are as follows:

	2008	2007
Forgivable within 2 years	**$ -**	$ 2,080,427

6. **Equity Investments Managed for the Province of Manitoba Under Part II**

	2008	2007
Share capital investments		
Faneuil ISG Inc.	$ 1	$ 1
Less: Allowance for forgiveness of shares	1	1
	-	-
Limited Partnership Investments		
Canterbury Park Capital Fund LLP	1,863,850	300,000
CentreStone Vision Fund	1,842,397	1,709,408
Manitoba Capital Fund	4,363,200	4,363,200
Manitoba Science and Technology Fund	1,745,703	1,731,997
Renaissance Capital Fund	3,000,000	3,000,000
Western Life Sciences Venture Fund LLP	5,800,000	5,150,000
Vision Capital Fund	1	1
	18,615,151	16,254,606
Less:		
Allowance for decline in value of investments	(9,869,129)	(9,537,440)
Pro-rata share of partnership losses	(2,304,091)	(95,569)
	(12,173,220)	(9,633,009)
	$ 6,441,931	$ 6,621,597

The investment in preference shares of 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.

7. Trust Funds / Liabilities - Provincial Nominee Program for Business

	2008	2007
Gross Trust Liabilities	**$ 33,342,643**	$ 26,741,139

The Corporation, Manitoba Competitiveness, 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, 2008, deposits held in trust under the Provincial Nominee Program for Business and invested with the Province of Manitoba totaled $33,342,643 (2007 - $26,741,139). Interest earned on these deposits during the year and retained by the Corporation totaled $1,627,148 (2007 - $1,186,813). Actual deposits retained during the year amounted to $2,350,000 (2007 - $2,275,079) and are presented net of an allowance adjustment of $100,000 (2007 - $275,000).

8. Restricted Surplus

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.

9. 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 three sources.

	2008	2007
Departmental appropriations - Competitiveness, Training and Trade	**$ 217,502**	$ 217,541
Manitoba Opportunities Fund Ltd.	**350,604**	210,343
Participants Program	**20,170**	21,345
	$ 588,276	$ 449,229

The Manitoba Opportunities Fund Ltd. also provided a recovery of $83,186 (2007 - $77,077) to cover salary and occupancy costs related to a Corporation employee who worked exclusively on Manitoba Opportunities Fund Ltd. matters (this recovery has been netted against Program Administration Expenses). The Manitoba Opportunities Fund Ltd. operates under the control of a common Board of Directors.

10. Commitments

Commitments and undisbursed balances of approved loans and equity investments under Part II:

	2008	2007
Manitoba Industrial Opportunities Program	**$ 4,748,797**	$ 14,700,192
Manitoba Science & Technology Fund	**754,297**	768,003
Canterbury Park Capital	**8,136,150**	9,700,000
CentreStone Venture Fund Limited	**2,947,650**	3,290,592
Manitoba Capital Fund	**353,334**	353,334
Western Life Sciences Venture Fund LLP	**-**	650,000
	$ 16,940,228	$ 29,462,121

11. 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:

	2008	2007
Department of Labour and Immigration	**$ 383,800**	$ 263,044
Department of Competitiveness, Training and Trade	**194,442**	10,000
	$ 578,242	$ 273,044

12. Financial Instruments

The carrying amounts of PNP-B and Part I financial assets and liabilities are a reasonable estimate of the fair value because of the short-term maturity of those instruments. 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.

13. Comparative Figures

Certain of the comparative figures have been reclassified to provide better comparison with the current year's presentation.

Management's Responsibility

To the Board of Directors of MANITOBA FILM & SOUND Recording Development Corporation:

Management has the responsibility for preparing the accompanying financial statements and ensuring that information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and making objective judgments and estimates in accordance with Canadian generally accepted accounting principles.

In discharging its responsibility 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 proper records are maintained.

The Board of Directors and the Finance and Planning Committee are composed entirely of directors who are neither management nor employees of the Company. 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 management and the Finance and Planning Committee to discuss their audit findings.

Carole Vivier, CEO
April 30, 2008

Auditors' Report

To the Board of Directors of MANITOBA FILM & SOUND Recording Development Corporation

We have audited the balance sheet of MANITOBA FILM & SOUND Recording Development Corporation as at March 31, 2008 and the statements of revenues and expenses and net assets 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, 2008 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Manitoba, April 30, 2008

Meyers Norris Penny LLP

Chartered Accountants
April 30, 2008

Balance Sheet

As at March 31, 2008	2008	2007
ASSETS		
Current		
Cash (Note 4)	**$ 1,877,711**	$ 1,602,748
Accounts receivable	**2,164**	24,173
Prepaid expenses	**28,788**	21,600
Inventory	**7,094**	5,921
	1,915,757	1,654,442
Capital Assets (Note 5)	**61,166**	63,218
	$ 1,976,923	$ 1,717,660
LIABILITIES		
Current		
Accounts payable	**$ 73,009**	$ 46,631
Deferred revenue (Note 6)	**41,500**	149,000
Carry-over commitments (Note 7)	**1,183,898**	1,037,208
	$ 1,298,407	$ 1,232,839
Net assets (Note 8)		
Invested in capital assets	**$ 61,166**	$ 63,218
Unrestricted	**617,350**	421,603
	678,516	484,821
	$ 1,976,923	$ 1,717,660

Director

Director

Statement of Revenues and Expenses and Net Assets

For the year ended March 31, 2008	2008	2007
REVENUE		
Province of Manitoba funding	**$ 3,385,200**	$ 3,173,700
Interest income	**84,762**	73,994
Program recoupments	**382,671**	167,766
Other income	**9,998**	17,220
Total Revenues	**$ 3,862,631**	$ 3,432,680
EXPENSES		
Film and Television Programs Funding		
Development Financing Programs	**$ 122,050**	$ 65,818
Production Financing Programs	**1,634,807**	1,509,345
Access to Markets Program	**30,000**	30,000
Emerging Talent Matching Funds Program	**50,000**	27,500
Feature Film Marketing Program	**7,162**	-
Portfolio Investment Envelope Program	**-**	(30,000)
	$ 1,844,019	$ 1,602,663
SOUND PROGRAMS FUNDING		
Sound Recording Production Fund Level I	**$ 33,796**	$ 50,315
Sound Recording Production Fund Level II	**41,100**	-
Sound Recording Production Fund Level III	**165,435**	186,800
Sound Recording Production Fund – Out of Province Artists	**21,738**	20,000
Music Video Fund	**58,440**	24,000
Record Product Marketing Support Fund	**94,170**	78,643
Recording Artist Touring Support Fund	**117,203**	96,391
Portfolio Investment Envelope Program	**-**	6,000
Market Access Fund	**30,000**	30,000
	$ 561,882	$ 492,149
INDUSTRY SUPPORT		
Film		
Industry Associations (Note 9)	**$ 87,000**	$ 71,000
Sponsorships/Partnerships	**47,219**	70,018
Sound Recording		
Industry Associations (Note 9)	**75,000**	75,000
Sponsorships/Partnerships	**35,255**	28,115
	$ 244,474	$ 244,133
FILM COMMISSION/LOCATIONS SERVICES	**$ 343,611**	$ 321,237
Programs Delivery (Note 11)		
Salaries	**$ 332,613**	$ 337,680
Marketing/Operating	**149,605**	77,002
	$ 482,218	$ 414,682
Administrative Expenses		
Salaries	**$ 107,951**	$ 109,919
Marketing/Operating	**84,781**	76,616
	$ 192,732	$ 186,535
Total Expenses	**$ 3,668,936**	$ 3,261,399
Excess of Revenues over Expenses	**$ 193,695**	$ 171,281
Net Assets, Beginning of Year	**484,821**	313,540
Net Assets, End of Year	**$ 678,516**	$ 484,821

Statement of Cash Flows

For the year ended March 31, 2008	2008	2007
Cash Provided By (Used For) The Following Activities		
OPERATING ACTIVITIES		
Excess of revenues over expenses	**$ 193,695**	$ 171,281
Amortization	**17,589**	16,655
	211,284	187,936
CHANGES IN WORKING CAPITAL ACCOUNTS		
Accounts receivable	**22,009**	(11,095)
Carry-over commitments	**146,690**	(259,778)
Inventory	**(1,173)**	(2,872)
Prepaid expenses	**(7,188)**	(93)
Accounts payable	**26,378**	3,953
Deferred revenue	**(107,500)**	4,000
	79,216	(265,885)
	$ 290,500	$ (77,949)
INVESTING ACTIVITIES		
Purchases of capital assets	**$ (15,537)**	$ (14,437)
Increase (Decrease) in Cash Resources	**274,963**	(92,386)
Cash Resources, Beginning of Year	**1,602,748**	1,695,134
Cash Resources, End of Year	**$ 1,877,711**	$ 1,602,748

Notes to Financial Statements For the year ended March 31, 2008

1. NATURE OF BUSINESS

Manitoba Film & Sound Recording Development Corporation (the "Corporation") is a statutory corporation created by the Province of Manitoba through The Manitoba Film & Sound Recording Development Corporation Act. The chief objective of the Corporation is to foster growth of the Manitoba Film & Sound recording industries by providing financial and other assistance.

The Corporation 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

These financial statements are prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Inventory
Inventory is valued at the lower of cost or net realizable value.

Equipment
Equipment is 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:

Website/Database	30%
Computer equipment	30%
Furniture	20%
Leasehold improvements	5%
Equipment	20%

Program funding
The Corporation provides grant funding to Manitoba companies and individuals in order to promote Manitoba's film and sound 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 Recoupment - Any recovery of principal or return on investment of programs funded is recorded as program recoupment when received or reported by the applicant.

b) Province of Manitoba Funding - Province of Manitoba funding is based on the Province of Manitoba's annual allocation to the Corporation 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 collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization of equipment is provided based on the Corporation's estimated useful lives of those 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.

Financial instruments
Held for trading:
The Corporation has classified cash as held for trading. This instrument is initially recognized at 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 are recognized immediately in income.

Loans and receivables:
The Corporation 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 uncollectibility. Net gains and losses arising from changes in fair value are recognized in net income upon impairment.

Other financial liabilities:
The Corporation has classified accounts payable as other financial liabilities. These liabilities are initially recorded 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. CHANGE IN ACCOUNTING POLICIES

Financial Instruments
During 2007, the Corporation retroactively adopted new presentation and disclosure recommendations with respect to financial instruments. The adoption of the standard resulted in no change to the comparative financial statements.

4. CASH

Cash on deposit earns monthly interest at the Chartered Bank's commercial rates.

5. CAPITAL ASSETS

	2008			2007
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Website/Database	$ 33,290	$ 19,629	$ 13,661	$ 11,120
Computer equipment	87,139	75,308	11,831	13,151
Furniture	50,762	49,748	1,014	2,049
Leasehold improvements	53,700	21,206	32,494	35,137
Equipment	6,196	4,030	2,166	1,761
	$ 231,087	$ 169,921	$ 61,166	$ 63,218

6. DEFERRED REVENUE

The Province of Manitoba has provided funds directed to specific programs in the next fiscal year. These funds consist of:

	2008	2007
Sound Portfolio Investment Envelope Program	$ 21,500	$ 51,500
Film Portfolio Investment Envelope Program	20,000	97,500
	$ 41,500	$ 149,000

7. CARRY-OVER COMMITMENTS

Due to lead times required to obtain all the resources necessary to complete film, video and sound recording projects, the Corporation approves applications for funding which may not be disbursed until subsequent fiscal periods. Particulars of such approved funding in fiscal year ended March 31, 2008 and prior years, which were not fully advanced as at March 31, 2008 are as follows:

	Year of Commitment 07/08	06/07	Prior	Total 2008	2007
FILM					
Development Financing Programs	$ 82,010	$ 5,510	$ -	**$ 87,520**	$ 29,839
Production Financing Programs	716,264	38,386	34,944	**789,594**	724,702
Access to Markets Program	3,000	-	-	**3,000**	3,000
Emerging Talent Matching Funds	9,000	2,750	-	**11,750**	8,050
Feature Film Marketing Program	7,162	-	-	**7,162**	-
Portfolio Investment Envelope	-	-	33,750	**33,750**	42,500
Industry Support	27,900	1,200	-	**29,100**	7,350
	$ 845,336	$ 47,846	$ 68,694	**$ 961,876**	$ 815,441
SOUND					
Sound Recording Production Fund - I	$ 7,577	$ -	$ -	**$ 7,577**	$ 15,680
Sound Recording Production Fund - II	25,800	-	c	**25,800**	-
Sound Recording Production Fund - III	76,250	19,500	500	**96,250**	141,242
Sound Recording – Out of Province Artists	16,738	5,000	-	**21,738**	20,000
Record Product Marketing Fund	32,166	3,752	-	**35,918**	24,195
Recording Artist Touring Fund	4,839	1,400	-	**6,239**	8,650
Music Video Fund	16,500	-	-	**16,500**	-
Portfolio Investment Envelope	-	-	9,000	**9,000**	9,000
Market Access Fund	3,000	-	-	**3,000**	3,000
	$ 182,870	$ 29,652	$ 9,500	**$ 222,022**	$ 221,767
Total Commitments	$ 1,028,206	$ 77,498	$ 78,194	**$ 1,183,898**	$ 1,037,208

8. NET ASSETS

	Invested in capital assets	Unrestricted	2008	2007
Balance, beginning of year	$ 63,218	$ 421,603	**$ 484,821**	$ 313,540
Excess (deficiency) of revenues over expenses	(17,589)	211,284	**193,695**	171,281
Investment in capital assets	15,537	(15,537)	**-**	-
Balance, end of year	$ 61,166	$ 617,350	**$ 678,516**	$ 484,821

Unrestricted assets are comprised of current and prior years' project revenue recoupments that are allocated to future years' programming and program delivery budgets.

9. INDUSTRY ASSOCIATION SUPPORT

The Corporation indirectly supports the on-going development of creative talent, business skills and capacity building of various film, television and sound recording professionals by providing funding for specific programming administered by MARIA, 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.

10. LEASE COMMITMENTS

The Corporation occupies leased premises subject to minimum monthly rent of $4,856 until August 2009 plus various equipment leases with quarterly payments until March 2012. Future minimum annual payments as are follows:

2009	66,389	2010	32,194	2011	7,305	2012	7,305

11. PROGRAMS DELIVERY

Programs 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 Corporation, the delivery of it does and is therefore determined to be worth noting. A total of 110 applications were received for processing during the 2008 fiscal year (2007-86), representing in excess of $195 million worth of production activity (2007 - $191 million). Production activity includes projects which took place in current and prior years. The tax credits are subject to approval by the Province of Manitoba.

12. ECONOMIC DEPENDENCE

The Corporation's primary source of income is derived from the Province of Manitoba in the form of an operating grant.

AUDITORS' REPORT

To the Minister of Finance of the
Province of Manitoba and the Directors of the
Manitoba Floodway Authority

We have audited the balance sheet of the **Manitoba Floodway Authority** as at March 31, 2008 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, 2008 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 15, 2008.

Chartered Accountants

Manitoba Floodway Authority
Balance Sheet
As at March 31, 2008

	2008	2007
ASSETS		
Current Assets		
Funds on deposit with Minister of Finance	$ 23,035,695	$ 24,926,873
Due from the Province of Manitoba (Note 3b)	4,920,408	-
Total Assets	$ 27,956,103	$ 24,926,873
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$ 26,760,828	$ 20,139,276
Interest payable	1,195,275	1,359,686
Due to the Province of Manitoba (Note 3b)	-	3,427,911
	27,956,103	24,926,873
Total Liabilities	$ 27,956,103	$ 24,926,873

Contractual Obligations and Contingencies (Notes 6 and 9)

(see accompanying notes and schedules to the financial statements)

On behalf of the Board:

Manitoba Floodway Authority
Schedule of Capital Assets Constructed on Behalf of the Province of Manitoba
Year ended March 31, 2008

	2008	2007
Funding from the Province of Manitoba (Note 4)	$149,945,209	$ 145,664,474
Capital Expenditures by Component (Note 4):		
Administration	3,478,215	3,320,730
Aqueduct Modifications	95,708	9,026,237
Contract Administration	8,508,403	6,380,899
Environmental Mitigation	2,915,351	219,532
Final Design	2,425,720	8,963,737
Floodway Channel	52,360,025	47,577,004
Inlet Structure	6,225,555	372,798
Insurance	134,720	251,014
Interest	1,195,275	1,359,686
Land	333,018	342,334
Miscellaneous Drainage Structures	818,928	-
Outlet Structure	10,718,557	-
Railway Bridges	27,899,018	25,027,536
Roadway Bridges	9,874,930	34,480,909
Utility Relocations	4,697,705	1,241,815
West Dike	18,264,081	7,100,243
	149,945,209	145,664,474
Net Expenditures	$ -	$ -

(see accompanying notes and schedules to the financial statements)

Manitoba Floodway Authority
Statement of Operations
Year ended March 31, 2008

	2008	2007
Expenses		
Salaries and Benefits	$ 2,666,554	$ 2,609,267
Other Operating Expenses		
Transportation	226,138	125,404
Communications	214,462	176,624
Supplies and Services	895,896	816,814
Minor Capital	12,487	24,899
Other Operating	337,543	257,234
	1,686,526	1,400,975
Total Expenses	4,353,080	4,010,242
Recoveries		
Capital Assets under Construction on behalf of the Province of Manitoba (Schedule 1)	3,478,215	3,320,730
Operating Grants (Note 5)	874,865	689,512
	4,353,080	4,010,242
Net Operating Results	$ -	$ -

(see accompanying notes and schedules to the financial statements)

Manitoba Floodway Authority
Statement of Cash Flows
Year Ended March 31, 2008

	2008	2007
Operating transactions		
Net operating results	$ -	$ -
Net changes in non-cash working capital balances related to operations		
Accounts receivable - Province of Manitoba	(402,104)	171,667
Accounts payable and accrued liabilities	(10,018)	(67,559)
Cash provided by (used in) operating transactions	(412,122)	104,108
Financing transactions		
Due to the Province of Manitoba	(7,946,215)	(7,769,243)
Capital transactions		
Capital assets constructed on behalf of the Province	(149,945,209)	(145,664,474)
Net changes in non-cash working capital balances related to capital		
Accounts receivable - Province of Manitoba	-	791,027
Accounts payable and accrued liabilities	6,631,570	8,265,277
Interest payable	(164,411)	1,186,080
Contributions related to capital assets	149,945,209	145,664,474
Cash applied to capital transactions	6,467,159	10,242,384
Increase (decrease) in funds on deposit with Minister of Finance	$ (1,891,178)	$ 2,577,249
Funds on deposit with Minister of Finance, beginning of year	24,926,873	22,349,624
Funds on deposit with Minister of Finance, end of year	$ 23,035,695	$ 24,926,873

(see accompanying notes and schedules to the financial statements)

Manitoba Floodway Authority
Schedule of Capital Assets
As at March 31, 2008

Schedule 2

	Cost	Federal Contributions	Cost net of Federal Contributions	Accumulated Amortization	2008 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

Manitoba Floodway Authority
Schedule of Capital Assets
As at March 31, 2008

	Cost	Accumulated Amortization	2008 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

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 Authority
Notes to the Financial Statements
For the Year ended March 31, 2008

Note 1 - Nature of Operations

The Manitoba Floodway Authority Act was proclaimed into effect on November 1, 2004. The Act established a crown corporation, the Manitoba Floodway Authority (the Authority) 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.

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 lengths of services 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 $106,520 (2007 - $102,660).

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, accounts 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 - Working Capital Advance and Due to the Province of Manitoba

a) Working Capital Advance

The Manitoba Floodway Authority is included under the provision of Manitoba's Loan Act Authority. Advances from the Province of Manitoba bear interest at rates established by the Minister of Finance. The advances are repayable on demand at the option of the Lieutenant Governor in Council. A maximum line of credit of $5 million has been established. At March 31, 2008, there were no advances outstanding.

b) Due to/from the Province of Manitoba

In addition, the Authority may receive interest bearing advances of approved funding from the Province of Manitoba at rates established by the Minister of Finance. At March 31, 2008, $4,920,408 was receivable from the Province of Manitoba (2007 - $3,427,911 payable to the Province of Manitoba).

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 2008 and 2007 are as follows:

	2008	**2007**
Administration	$ 3,478,215	$ 3,320,730
Aqueduct Modifications	95,708	9,026,237
Contract Administration	8,508,403	6,380,899
Environmental Mitigation	2,915,351	219,532
Final Design	2,425,720	8,963,737
Floodway Channel	52,360,025	47,577,004
Inlet Structure	6,225,555	372,798
Insurance	134,720	251,014
Interest	1,195,275	1,359,686
Land	333,018	342,334
Miscellaneous Drainage Structures	818,928	-
Outlet Structure	10,718,557	-
Railway Bridges	27,899,018	25,027,536
Roadway Bridges	9,874,930	34,480,909
Utility Relocations	4,697,705	1,241,815
West Dike	18,264,081	7,100,243
Total	**$149,945,209**	**$145,664,474**

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 $73,850,682 (2007 - $71,876,877) are recorded as revenue in the Operating Fund of the Province of Manitoba.

Grants from the Province of Manitoba of $475,337 (2007 - $346,660) related to operating expenses were reflected in the operations of the Authority. In addition, $399,528 (2007 - $342,852) 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 the stages of the Floodway expansion project. Contractual obligations relating to the project total $83,429,659 at March 31, 2008 (2007 - $96,453,102).

Contractual obligations for the lease of office space to the Province of Manitoba Department of Transportation and Government Services for the next year is as follows:

2009	$ 151,705

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

An individual accident claim is pending filing against the Authority. As the outcome of this matter is not determinable and amounts are not reasonably estimable at this time, liabilities have not been recorded in the financial statements.

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, 2008, 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, 2008, 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 30, 2008

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

MANITOBA GAMING CONTROL COMMISSION
Balance Sheet

March 31		2008		2007
Assets				
Current Assets				
Cash	$	**100,014**	$	46,070
Short-term investments		**3,060,754**		3,230,478
Accounts receivable (Note 3)		**33,134**		38,987
Prepaid expenses		**29,279**		27,281
Receivable – Province of Manitoba (Note 6)		**146,079**		
		3,369,260		3,342,816
Long Term Receivable – Province of Manitoba (Note 6)				146,079
Capital Assets (Note 4)		**389,452**		416,193
	$	**3,758,712**	$	3,905,088
Liabilities and Surplus				
Current Liabilities				
Accounts payable and accrued liabilities	$	**460,075**	$	521,812
Deferred revenue (Note 5)		**1,922,525**		1,915,391
Deferred lease inducements (Note 7)				6,125
		2,382,600		2,443,328
Provision for employee severance benefits (Note 6)		**487,562**		167,739
Provision for employee pension benefits (Note 10)		**45,401**		61,638
		2,915,563		2,672,705
Surplus		**843,149**		1,232,383
	$	**3,758,712**	$	3,905,088

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	2008	2007
Revenue		
Registration fees	**$ 3,551,045**	$ 3,539,404
License fees	**923,627**	993,847
	4,474,672	4,533,251
Expenses		
Salaries and benefits	**3,734,705**	3,434,808
Rent	**264,989**	211,418
Legal and professional fees	**159,523**	364,237
Transportation	**133,100**	140,920
Amortization	**103,866**	105,069
Communications	**102,705**	104,056
Supplies and services	**102,592**	114,493
Education, training, and conference	**100,186**	104,624
Public Education	**91,136**	95,069
First Nations legal and professional	**51,166**	47,919
Commission Board	**49,183**	59,985
Accommodations	**35,085**	45,915
HR/Systems support	**26,276**	21,301
Other expenses	**11,894**	51,823
	4,966,406	4,901,637
Income (loss) before other items	**(491,734)**	(368,386)
Other Items		
Interest income	**70,986**	86,604
Other income	**31,514**	17,807
	102,500	104,411
Excess revenue (expenses) and comprehensive income (loss)	**(389,234)**	(263,975)
Surplus, beginning of year	**1,232,383**	1,496,358
Surplus, end of year	**$ 843,149**	$ 1,232,383

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

MANITOBA GAMING CONTROL COMMISSION
Statement of Cash Flows

For the year ended March 31		2008		2007
Cash Flows from Operating Activities				
Excess of revenue over expenses	**$**	**(389,234)**	$	(263,975)
Items not involving cash				
Amortization of capital assets		**103,866**		105,069
Amortization of capital assets related to the Commission Board		**2,001**		2,024
		(283,367)		(156,882)
Changes in non-cash working capital balances				
Accounts receivable		**5,853**		(11,460)
Prepaid expenses		**(1,998)**		(8,449)
Accounts payable and accrued liabilities		**(61,737)**		167,415
Deferred revenue		**7,134**		13,721
Deferred lease inducements		**(6,125)**		(10,500)
Provision for employee severance benefits		**319,823**		2,773
Provision for employee pension benefits		**(16,237)**		10,439
		(36,654)		7,057
Cash Flows from Investing Activities				
Purchase of capital assets		**(79,126)**		(112,822)
Increase (decrease) in cash and cash equivalents during the year		**(115,780)**		(105,765)
Cash and cash equivalents, beginning of year		**3,276,548**		3,382,313
Cash and cash equivalents, end of year	**$**	**3,160,768**	$	3,276,548
Represented by				
Cash	**$**	**100,014**	$	46,070
Short-term investments		**3,060,754**		3,230,478
	$	**3,160,768**	$	3,276,548

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

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. Significant Accounting Policies

a. General

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

b. New Accounting Policies

Effective April 1, 2007 the Manitoba Gaming Control Commission (MGCC) adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA):

Section 1506, Accounting Changes

Section 1506 requires that voluntary changes in accounting policies are made only if they result in the financial statements providing reliable and more relevant information. Additional disclosure is required when the MGCC has not yet applied a new primary source of Canadian GAAP that has been issued but is not yet effective, as well as when changes in accounting estimates and errors occur. The adoption of this revised standard had no material impact on the MGCC's financial statements for the year ended March 31, 2008.

Section 1530, Comprehensive Income

Section 1530 requires the presentation of a statement of comprehensive income and provides guidance for the reporting and display of other 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 arising on translation of self-sustaining foreign operations, 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 MGCC has not recognized any adjustments through other comprehensive income for the year ended March 31, 2008. Because the MGCC has no items related to other comprehensive income, comprehensive income is equivalent to net income.

Section 3855, Financial Instruments – Recognition and Measurement

Section 3855 prescribes the criteria for recognition and presentation of financial instruments on the balance sheet 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 MGCC 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 recoded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The MGCC has designated its financial instruments as follows:

Cash and short term investments 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 are classified as loans and receivables. These financial assets are recorded at their amortized cost using the effective interest rate method.

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

The adoption of this revised standard had no material impact on the MGCC's financial statements for the year ended March 31, 2008.

c. Financial Instruments

The MGCC's financial instruments consist of cash, short term investments, accounts receivable, and accounts payable and accrued liabilities.

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

The fair value of accounts receivable, accounts payable and accrued liabilities approximates their carrying values due to their short-term maturity.

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. Future Accounting Policy Changes

The CICA has issued two new standards, CICA 3862: *Financial Instruments – Disclosures* and CICA 3863: *Financial Instruments – Presentation*, which enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks.

The CICA has also issued a new standard, CICA 1535: *Capital Disclosures*, which requires the disclosure of qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital.

These changes in accounting policies, which will be adopted effective April 1, 2008, will only require additional disclosures in the financial statements.

f. 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

g. 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.

3. Accounts Receivable

	2008	2007
Trade	**$ 34**	$ 5,897
Manitoba Lotteries Corporation	**16,950**	14,900
First Nations Casinos	**2,100**	4,250
Employee Advances	**11,917**	11,917
Supplier Investigations	**2,133**	2,023
	$ 33,134	$ 38,987

4. Capital Assets

2008

	Cost	**Accumulated Amortization**	**Net Book Value**
Equipment	**$ 67,270**	**$ 56,219**	**$ 11,051**
Furniture and fixtures	**398,712**	**207,434**	**191,278**
Computer equipment	**1,008,612**	**821,489**	**187,123**
	$ 1,474,594	**$ 1,085,142**	**$ 389,452**

2007

	Cost	Accumulated Amortization	Net Book Value
Equipment	$ 66,362	$ 53,627	$ 12,735
Furniture and fixtures	360,360	187,376	172,984
Computer equipment	1,020,977	790,503	230,474
	$ 1,447,699	$ 1,031,506	$ 416,193

5. Deferred Revenue

Deferred revenue consists of registration fees received to be recognized as revenue in the year in which the related expenses are incurred.

6. 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. The amount of this estimated liability is determined using the triennial actuarial report of severance obligations as at March 31, 2008.

During the last collective bargaining session it was negotiated that effective April 1, 2007 all employees would be eligible for severance pay benefits. Accordingly, a one-time set-up cost of $304,313 to record this liability as at March 31, 2008 is reflected in the current provision. There is no associated receivable from the Province in conjunction with this increased severance liability.

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.

The Province of Manitoba has confirmed that it intends to pay in full the March 31, 2008 receivable balances related to prior years' funding for severance pay liabilities. This payment will be placed in an interest bearing trust account on March 31, 2009 to be held on the Commission's behalf until the cash is required to discharge the related liabilities. Accordingly, this receivable is classified as current.

7. Deferred Lease Inducements

The organization has received lease inducements in the form of a rent-free period of approximately ten months. The benefits arising from these lease inducements are amortized over the term of the lease on a straight-line basis as reductions of rental expense. Rental expense has been reduced by $6,125 for the period ending March 31, 2008 ($10,500 in 2007). The inducement has now been fully depleted.

8. Commitments

The organization has an operating lease for its premises expiring in 2016.

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

2009	259,297
2010	266,076
2011	272,855
2012	281,329
2013	291,497

9. 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.

10. 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.

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, 2008, a reserve of $45,401 has been established as a pension liability for these employees.

Actuarial gains and losses are recognized in income immediately.

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 $165,865. Contributions for the 2007 year were $156,027.

11. Comparative Figures

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

RESPONSIBILITY FOR FINANCIAL REPORTING

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

Management maintains internal control systems to ensure that transactions are accurately recorded in accordance with established policies and procedures. In management's opinion, the financial statements have been properly prepared and of necessity, include some amounts based upon management's best estimate and judgments up to June 6, 2008.

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

Manager of Financial Services

June 6, 2008

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, 2008 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, 2008 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 6, 2008

500 - 330 Portage Avenue Winnipeg, Manitoba R3C 0C4 office: (204) 945-3790 fax: (204) 945-2169
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THE MANITOBA HABITAT HERITAGE CORPORATION

Statement of Financial Position
as at March 31, 2008
(with comparative figures for 2007)

	North American Waterfowl Management Plan	Riparian Program	Capital Assets	Inter Plan/ Program Eliminations	2008	2007
ASSETS						
Current Assets						
Cash	$ 144,298	$ 12,200			$ 156,498	$ 445,257
Funds on deposit with Province of Manitoba (Note 5)	171,368	140,939	$ 227,946		540,253	332,542
Accounts receivable						
Government of Canada	135,784	109,729			245,513	275,236
Province of Manitoba	1,351	124,736	293,854		419,941	30,990
Delta Waterfowl Foundation	19,586				19,586	41,306
Other	13,958				13,958	2,188
Manitoba Agro Woodlot Program	17,431				17,431	68,159
Due from Riparian Program	52,767			$ (52,767)		
Prepaid expenses	34,001				34,001	33,006
	590,544	387,604	521,800	(52,767)	1,447,181	1,228,684
Capital Assets (Note 6)			7,189,531		7,189,531	6,330,349
Trust Assets (Note 13)					1,260,654	1,016,846
TOTAL ASSETS	$ 590,544	$ 387,604	$ 7,711,331	$ (52,767)	$ 9,897,366	$ 8,575,879
LIABILITIES						
Current Liabilities						
Accounts payable and accrued liabilities	$ 125,793	$ 18,330	$ 84,178		$ 228,301	$ 146,296
Due to North American Waterfowl Management Plan		52,767		$ (52,767)		
Deferred contributions related to operations (Note 7)		268,514			268,514	237,107
Deferred contributions related to capital assets (Note 8)			521,531		521,531	314,125
	125,793	339,611	605,709	(52,767)	1,018,346	697,528
FUND BALANCES						
Invested in Capital Assets			7,105,622		7,105,622	6,301,094
Unrestricted	464,751	47,993			512,744	560,411
Trust Liabilities (Note 13)					1,260,654	1,016,846
TOTAL LIABILITIES & FUND BALANCES	$ 590,544	$ 387,604	$ 7,711,331	$ (52,767)	$ 9,897,366	$ 8,575,879

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, 2008
(with comparative figures for 2007)

	North American Waterfowl Management Plan	Riparian Program	Capital Assets	Inter Plan/ Program Eliminations	2008	2007
REVENUE						
Government of Canada contributions	$ 324,520	$ 208,300			$ 532,820	$ 451,494
Province of Manitoba contributions	645,000	91,993			736,993	683,412
Highways Mitigation Fund, Province of Manitoba						61,670
Contributed services, Province of Manitoba	81,209	17,699			98,908	91,668
Delta Waterfowl Foundation	19,586				19,586	116,459
Donations	250				250	278
Interest income	8,178	3,704			11,882	6,816
Other	31,654				31,654	33,984
Management fees (Note 14)	158,381			$ (99,032)	59,349	50,332
	1,268,778	321,696		(99,032)	1,491,442	1,496,113
EXPENSES						
Amortization of capital assets			$ 33,409		33,409	30,664
Service delivery - Schedule 1	1,296,272				1,296,272	1,252,603
- Schedule 2		311,561		(99,032)	212,529	166,029
	1,296,272	311,561	33,409	(99,032)	1,542,210	1,449,297
Excess (deficiency) of revenue over expenses	(27,494)	10,135	(33,409)		(50,768)	46,817
FUND BALANCES						
Fund balances, beginning of year	522,553	37,858	6,301,094		6,861,505	5,676,082
Investment in capital assets			778,929		778,929	866,006
Donated land and land use rights			28,700		28,700	272,600
Interfund transfers (Note 9)	(30,308)		30,308			
Fund balances, end of year	$ 464,751	$ 47,993	$ 7,105,622		$ 7,618,366	$ 6,861,505

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, 2008
(with comparative figures for 2007)

	Waterfowl Management Plan	Riparian Program	Capital Assets	Inter Plan/ Program Eliminations	2008	2007
OPERATING ACTIVITIES						
Excess (deficiency) of revenue over expenses	$ (27,494)	$ 10,135	$ (33,409)		$ (50,768)	$ 46,817
Amortization of capital assets			33,409		33,409	30,664
Net change in non-cash working capital	(65,259)	63,650			(1,609)	10,846
Increase in deferred contributions related to operating activities	-	31,407			31,407	170,000
Net cash used in operating activities	(92,753)	105,192			12,439	258,327
FINANCING AND INVESTING ACTIVITIES						
Purchase of capital assets			(30,308)		(30,308)	(42,759)
Net change in accounts receivable for acquisition of land rights			(265,354)		(265,354)	(28,500)
Received restricted grants for purchase of land rights			778,929		778,929	866,006
Acquisition of land rights with restricted grants			(833,584)		(833,584)	(840,500)
Net change in accounts payable for acquisition of land rights			49,424		49,424	(38,066)
Increase in deferred contributions related to capital assets			207,406		207,406	12,620
Received donation of land and land rights			28,700		28,700	272,600
Acquisition of donated land and land rights			(28,700)		(28,700)	(272,600)
Net cash used in financing and investing activities			(93,487)		(93,487)	(71,199)
Net increase (decrease) in cash	(92,753)	105,192	(93,487)		(81,048)	187,128
Cash and cash equivalents, beginning of year	438,727	47,947	291,125		777,799	590,671
Interfund transfers	(30,308)		30,308			
Cash and cash equivalents, end of year	$ 315,666	$ 153,139	$ 227,946		$ 696,751	$ 777,799
Cash and cash equivalents consist of :						
Cash	$ 144,298	$ 12,200			$ 156,498	$ 445,257
Funds on deposit with Province of Manitoba	171,368	140,939	$ 227,946		540,253	332,542
	$ 315,666	$ 153,139	$ 227,946		$ 696,751	$ 777,799

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

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.

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%

d) Contributed Services

Services are contributed by the Province of Manitoba's Department of Water Stewardship, Ecological Services Division. Contributed services are recorded at cost, which is fair value.

e) Use of Estimates

In preparing the Corporation's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

3. New Accounting Policies

a) Accounting Changes

Section 1506 requires that voluntary changes in accounting policies are made only if they result in the financial statements providing reliable and more relevant information. Additional disclosure is required when the entity has not yet applied a new primary source of Canadian GAAP that has been issued but is not yet effective, as well as when changes in accounting estimates and errors occur. The adoption of this revised standard had no material impact on the Corporation's financial statements for the year ended March 31, 2008.

Financial Instruments - Recognition and Measurement

Section 3855 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.

The adoption of this revised standard had no material impact on the Corporation's financial statements for the year ended March 31, 2008.

3. New Accounting Policies (continued)

b) Financial Instruments

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.

4. Future Accounting Policy Changes

The CICA has issued two new standards, CICA 3862: Financial Instruments – Disclosures and CICA 3863: Financial Instruments – Presentation, which enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks. This change in accounting policies, which will be adopted effective April 1, 2008, will only require additional disclosures in the financial statements.

The CICA has also issued a new standard, CICA 1535: Capital Disclosures, which requires the disclosure of qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital. This change in accounting policies, which will be adopted effective April 1, 2008, will only require additional disclosures in the financial statements.

5. Funds on Deposit with Province of Manitoba

Funds on deposit with the Province of Manitoba will mature between April 25, 2008, and May 5, 2008, yielding 3.7% and 3.45% respectively.

6. Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2008	Net Book Value 2007
Land and land use rights	$ 7,081,203		$ 7,081,203	$ 6,218,578
Computer hardware	227,122	$ 173,481	53,641	53,626
Computer software	65,300	50,101	15,199	13,766
Equipment	98,326	62,321	36,005	37,990
Furniture and fixtures	56,796	53,313	3,483	6,389
Total capital assets	$ 7,528,747	$ 339,216	$ 7,189,531	$ 6,330,349

Purchases of capital assets in the period are as follows:

	2008	2007
Land and land use rights	$ 862,624	$ 1,113,369
Computer hardware	18,421	24,505
Computer software	8,412	11,760
Equipment	3,135	5,813
Furniture and fixtures		413
	$ 892,592	$ 1,155,860

The sources of funding for land and land use rights are as follows:

	2008	2007
Environment Canada	$ 298,980	$ 291,438
Delta Waterfowl Foundation	356,911	376,070
Manitoba Water Stewardship	54,938	109,158
Manitoba Infrastructure and Transportation		33,310
Manitoba Conservation Districts	23,310	30,525
Manitoba Conservation	340	268
Wildlife Habitat Canada	99,445	
Donations	28,700	272,600
	$ 862,624	$ 1,113,369

7. 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:

					2008		2007
	NAWMP		RP		Total		Total
Balance, beginning of year		$	237,107	$	237,107	$	67,107
Less: revenue recognized in the year			(91,993)		(91,993)		(10,000)
Add: revenue received related to the following year			123,400		123,400		180,000
Balance, end of year		$	268,514	$	268,514	$	237,107

Riparian Program

The balance of $67,107, originating from the Manitoba Rural Adaptation Council, is restricted for riparian conservation and enhancement activities. The balance of $58,007 is restricted to the Watershed Management Planning Program. The balance of $23,400 is for the Riparian Assessment Project and the remainder of $120,000 is restricted for the delivery of riparian easements.

8. 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	2008 Total	2007 Total
Balance, beginning of year	$ 147,757	$ 166,368	$ 314,125	$ 301,505
Add: Contributions received	75,255	200,000	275,255	240,738
Add: Interest Earned	5,186		5,186	7,183
Less: Amounts returned				(6,063)
Less: Amounts transferred to fund balance	(18,096)	(54,939)	(73,035)	(229,238)
Balance, end of year	$ 210,102	$ 311,429	$ 521,531	$ 314,125

The balance of $521,531 is restricted to signed conservation agreements (land use rights) with landowners, and staff time to complete the projects.

The contributions received in 2008 totaled $275,255 consisting of, $228,445 from the Province of Manitoba and $46,810 from the Turtle Mountain Conservation District. In comparison the contributions received in 2007 included, $220,088 from the Province of Manitoba of which $6,063 was returned, and $20,650 from the Turtle Mountain Conservation District.

9. Interfund Transfers

In 2008, $30,308 was transferred from the NAWMP operating funds to the Capital Asset fund in order to fund the cash outlays for capital asset acquisitions. No money was transferred from the RP operating funds for capital purchases this fiscal year. In 2007 $41,566 was transferred from NAWMP and $1,193 from RP for the same purpose.

10. Operational Commitments

a) The Corporation leases space under existing leases for six NAWMP offices. The minimum annual lease payments for the next two years are as follows:

2009	$70,446
2010	$54,507

b) The Corporation leases vehicles and office equipment under NAWMP. The minimum annual lease payments for the next two years are as follows:

2009	$12,263
2010	$7,478

11. Capital Commitments

At March 31, 2008, the NAWMP and RP had signed several commitments to purchase Conservation Agreements. These Conservation Agreements are to be paid out upon filing of the caveats associated with each Conservation Agreement in the 2009 fiscal year. These commitments totaled approximately $238,532.

12. Group Registered Pension Plan (RPP) Employee Benefits

Under the terms of the Corporation's RPP program, employee contributions to RPP's are matched by the Corporation on a current basis. As a result, the Corporation has no future pension benefit liability to employees. The amounts paid by the Corporation in 2008 were $22,194 (2007 - $21,097). All funds contributed to the RPP are paid to and administered by Manulife Financial.

13. Trust Assets and Liabilities

The Corporation holds assets in trust as follows:

	2008	2007
Cash and Funds on Deposit with Province of Manitoba	$ 667,374	$ 423,566
Land	593,280	593,280
	$1,260,654	$1,016,846

Details relating to the parties involved and the assets held are included in notes (a) to (f) 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:

	2008	2007
Cash and Funds on Deposit with Province of Manitoba	$278,458	$154,323
Land Portfolio	593,280	593,280
	$871,738	$747,603

13. Trust Assets and Liabilities (continued)

b) The Manitoba Agro Woodlot Program (MAWP)

On November 1, 2004 the Corporation began providing administrative support to Manitoba Agriculture, Food and Rural Initiatives for the MAWP.

The Corporation provides banking and financial services for MAWP funds held in trust. A management fee is allowed, under the agreement, to be charged by the Corporation to the MAWP for these services. Disbursements, from the funds held in trust, are made at the direction of Manitoba Agriculture, Food and Rural Initiatives.

Trust assets held by the Corporation on behalf of this program include:

	2008	2007
Cash and Funds on Deposit with Province of Manitoba	$71,365	($4,290)

c) 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:

	2008	2007
Cash and Funds on Deposit with Province of Manitoba	$181,275	$161,945

13. Trust Assets and Liabilities (continued)

d) 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:

	2008	2007
Cash and Funds on Deposit with Province of Manitoba	$146,185	$141,821

e) Prairie Species at Risk Beneficial Management Practices Project (SAR - BMP)

On July 4, 2006 the Corporation entered into a two year agreement with Agriculture and Agri Food Canada under their Greencover Canada Program to hire two consultants to undertake the development and implementation of a "Beneficial Management Practices" package for producers focusing on Species at Risk. The Corporation agreed to hold the funds in trust. The negative cash balance illustrates that The Corporation is lending cash to the program while their funding is based on an expense recovery system.

Trust assets held by the Corporation on behalf of this program include:

	2008	2007
Cash and Funds on Deposit with Province of Manitoba	($9,909)	($33,703)

13. Trust Assets and Liabilities (continued)

f) Delta Marsh Rehabilitation

On August 3, 2006 the Corporation entered into a contract with Wildlife Habitat Canada to sponsor the purchase of additional land to rehabilitate the Delta Marsh on behalf of the Manitoba Conservation's Wildlife and Ecosystem Protection Branch. The Corporation agreed to hold the funds in trust. All lands were purchased and transferred to the Province.

Trust assets held by the Corporation on behalf of this program include:

	2008	2007
Cash and Funds on Deposit with Province of Manitoba	Nil	$3,470

14. Management Fees

The Corporation charges for services provided by NAWMP to other programs as follows:

	2008	2007
RP	$ 99,032	$ 111,929
MAWP	19,289	24,000
Miscellaneous	3,458	1,295
CWHP	36,602	25,037
	$158,381	$162,261

15. Economic Dependence

The Corporation is economically dependent on the Province of Manitoba to provide the majority of its operational funding.

16. Disclosure Required by the Public Sector Compensation Disclosure Act

Remuneration paid to Board members during the year, in aggregate, totaled $4,025 (2007 - $4,900). Six contract employees were paid the following amounts in the fiscal year:

	2008	2007
T. Sopuck, Manager of Operations	$ 82,199	$ 77,136
K. Teneycke, Habitat Field Manager	72,142	67,679
G. Forsyth, Field Representative	53,422	52,078
R. Bullion, Field Representative	53,422	52,078
A. Bourrier, Field Representative	53,457	52,078
G. Ouellette, Manager of Financial Services	55,049	51,646

THE MANITOBA HABITAT HERITAGE CORPORATION

Schedule 1

NORTH AMERICAN WATERFOWL MANAGEMENT PLAN

Schedule of Expenses for the year ended March 31, 2008
(with comparative figures for 2007)

	2008	2007
Expenses		
Habitat activities		
Salaries and benefits	$ 390,229	$ 377,969
Field office operations	70,830	71,324
Staff support	78,674	82,947
Nest baskets	52,821	51,246
Land leases	714	1,981
Habitat development	17,006	9,581
Property taxes	13,870	15,844
	624,144	610,892
Evaluation	85,046	76,471
Communications		
Salaries and benefits	95,832	90,099
Program delivery	39,275	33,924
	135,107	124,023
Program coordination		
Salaries and benefits	242,880	233,515
Rent	42,907	39,556
Office	56,885	51,052
Other	36,550	35,806
Professional fees	43,428	58,239
Board meetings and remuneration	5,837	7,262
Travel	23,488	15,787
	451,975	441,217
Total expenses	**$ 1,296,272**	**$ 1,252,603**

THE MANITOBA HABITAT HERITAGE CORPORATION | Schedule 2

RIPARIAN PROGRAM

Schedule of Expenses for the year ended March 31, 2008
(with comparative figures for 2007)

	2008	2007
Expenses		
Habitat activities		
Salaries and benefits	$ 21,459	$ 23,652
Field office operations	2,341	6,126
Staff support	3,363	4,903
Workshop expenses	538	2,639
Signage	-	779
Habitat management fees	25,000	28,887
	52,701	66,986
Communications		
Salaries and benefits	1,770	1,495
Program delivery	14,071	35,244
Communication management fees	15,083	11,596
	30,924	48,335
Program coordination		
Salaries and benefits	59,562	57,501
Rent	5,833	5,757
Office	2,766	4,312
Other	993	-
Professional fees	84,485	14,810
Travel	13,585	8,760
Coordination management fees	60,712	71,497
	227,936	162,637
Total expenses	**$ 311,561**	**$ 277,958**

BDO Dunwoody LLP/s.r.l.
Chartered Accountants and Advisors
Comptables agréés et conseillers

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Winnipeg Manitoba Canada R3C 4L5
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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, 2008 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, 2008 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 22, 2008

MANITOBA HEALTH RESEARCH COUNCIL
Statement of Financial Position

March 31		2008		2007
Assets				
Current Assets				
Cash and bank (Note 3)	$	**587,122**	$	606,700
Short-term investments		**365,721**		188,118
Accounts receivable		**791,557**		269,193
Accrued interest receivable		**-**		3,045
Prepaid expenses		**2,157**		2,157
Deposits		**500**		500
		1,747,057		1,069,713
Capital assets (Note 4)		**2,846**		4,368
	$	**1,749,903**	$	1,074,081
Liabilities and Fund Balances				
Current Liabilities				
Accounts payable and accrued liabilities (Note 5)	$	**89,837**	$	11,016
Deferred revenue		**368,046**		-
Research grants payable		**441,687**		803,656
		899,570		814,672
Commitments (Note 7)				
Fund Balances				
General Research Fund (Page 4)		**755,825**		225,198
Regional Partnerships Program Fund (Page 4)		**94,508**		34,211
		850,333		259,409
	$	**1,749,903**	$	1,074,081

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 HEALTH RESEARCH COUNCIL
Statement of Operations and Fund Balances

For the year ended March 31 — **2008** / 2007

	General Research Fund	Regional Partnership Fund	Total (2008)	Total (2007)
Revenue				
Province of Manitoba grants	$ **3,735,230**	$ **1,368,046**	$ **5,103,276**	$ 2,844,680
Grants returned /rescinded	**98,822**	**-**	**98,822**	224,514
Investment income	**65,479**	**-**	**65,479**	51,858
Summit Grant	**-**	**-**	**-**	25,000
	3,899,531	**1,368,046**	**5,267,577**	3,146,052
Less: Deferred revenue, end of year	**-**	**368,046**	**368,046**	-
	3,899,531	**1,000,000**	**4,899,531**	3,146,052
Expenditures				
Administration (Page 11)	**440,220**	**-**	**440,220**	346,061
Personnel awards	**1,433,738**	**22,000**	**1,455,738**	861,800
Research grants	**1,494,946**	**917,703**	**2,412,649**	2,021,035
	3,368,904	**939,703**	**4,308,607**	3,228,896
Excess (deficiency) of revenue over expenditures for the year	**530,627**	**60,297**	**590,924**	(82,844)
Fund balances, beginning of year	**225,198**	**34,211**	**259,409**	342,253
Fund balances, end of year (Page 3)	$ **755,825**	$ **94,508**	$ **850,333**	$ 259,409

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

MANITOBA HEALTH RESEARCH COUNCIL
Statement of Cash Flows

For the year ended March 31	2008	2007
Cash Flows from Operating Activities		
Excess (deficiency) of revenue over expenditures for the year	**$ 590,924**	$ (82,844)
Adjustments for		
Amortization of capital assets	**1,129**	1,092
Loss on disposal of capital assets	**1,671**	-
	593,724	(81,752)
Changes in non-cash working capital balances		
Short-term investments	**(177,603)**	448,756
Accounts receivable	**(522,364)**	(267,861)
Accrued interest receivable	**3,045**	634
Prepaid expenses	**-**	(1)
Accounts payable and accrued liabilities	**78,821**	(1,386)
Deferred revenue	**368,046**	-
Research grants payable	**(361,969)**	533,873
	(18,300)	632,263
Cash Flows from Investing Activities		
Purchase of capital assets	**(1,278)**	(396)
Increase (decrease) in cash and cash equivalents during the year	**(19,578)**	631,867
Cash (bank indebtedness), beginning of year	**606,700**	(25,167)
Cash, end of year	**$ 587,122**	$ 606,700
Supplementary Information		
Interest received	**$ 56,456**	$ 52,492

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

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

Financial Instruments

The organization's financial instruments consist of cash and bank, accounts receivable, short-term investments, accrued interest receivable, bank indebtedness, research grants payable and accounts payable. 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.

All transactions related to financial instruments are recorded on a settlement date basis except for investments. Investments are recorded on a trade date basis.

The organization classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The organization's accounting policy for each category is as follows:

Held-for-trading - This category is comprised of certain investments in equity and debt instruments, stand-alone derivatives, other than those designated as hedging items, and embedded derivatives requiring separation. They are carried in the balance sheet at fair value with changes in fair value recognized in the income statement. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.

Loans and Receivables - These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They arise principally through the provision of goods and services to customers (accounts receivable), but also incorporate other types of contractual monetary assets. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. Transaction costs related to loans and receivables are expensed as incurred.

Other Financial Liabilities - Other financial liabilities includes all financial liabilities other than those classified as held-for-trading and comprises trade payables, other short-term monetary liabilities, and research grants payable. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method. Transaction costs related to other financial liabilities are expensed as incurred.

March 31, 2008

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 proportionately to the Funds on the basis of monthly Fund balances.

Personnel Awards

Personnel 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.

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. Change in Accounting Policy

On January 1, 2007, the organization retrospectively adopted, without restatement of net assets, CICA Handbook Section 3861, "Financial Instruments - Disclosure and Presentation" and Section 3855, "Financial Instruments - Recognition and Measurement". Under these new standards, all financial instruments are included on the statement of financial position and are measured either at fair market value or, in limited circumstances, at cost or amortized cost.

The adoption of these new standards had no effect on the reported balances in the organization's statement of financial position and statement of operations and changes in net assets.

3. Cash and Bank

	2008	2007
Bank of Montreal current account	**$ 44,743**	$ 605,225
Wellington West cash account	**542,379**	1,475
	$ 587,122	$ 606,700

4. Capital Assets

	2008		2007	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Office equipment	**$ 2,358**	**$ 1,633**	$ 7,058	$ 5,308
Computer equipment	**6,954**	**4,833**	7,351	4,733
	$ 9,312	**$ 6,466**	$ 14,409	$ 10,041
Cost less accumulated amortization		**$ 2,846**		$ 4,368

5. Accounts Payable and Accrued Liabilities

Included in accounts payable are appropriations of $78,554 ($59,400 for the Provincial and Inter-provincial Research Directory Project and $19,154 for the Canadian Common CV Project) for expenditures committed to in the 2007/08 fiscal year which will be incurred in the coming year.

6. 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:

	2008	2007
Grant revenue	**$ 5,103,276**	$ 2,844,680

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.

7. Commitments

The Manitoba Health Research Council has committed grants and awards under the General Research Fund and the Regional Partnership Fund as follows:

Year	**General Research Fund**	**Regional Partnership Fund**	**Total**
2009	$ 2,062,044	$ 404,236	$ 2,466,280
2010	182,804	-	182,804
	$ 2,244,848	$ 404,236	$ 2,649,084

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	**$ 755,825**
Current Regional Partnership Fund Balance	**94,508**
Deferred revenue	**368,046**
Future Province of Manitoba grants	**1,430,705**
	$ 2,649,084

7. Commitments (continued)

The organization has future payments under operating leases for the next two years are as follows:

2009	$	3,386
2010		3,386

8. Economic Dependence

The Manitoba Health Research Council relies almost entirely on grants from the Province of Manitoba.

MANITOBA HEALTH RESEARCH COUNCIL
Schedule of Administrative Expenses

For the year ended March 31	2008	2007
Accounting and audit	**$ 3,953**	$ 3,754
Amortization	**1,129**	1,092
Bank charges and interest	**137**	217
Communications	**109,219**	18,550
Conferences, meetings and travel	**19,070**	5,093
Council and committee expenses	**30,117**	5,933
Delivery	**3,327**	2,831
Insurance	**4,400**	4,272
Marketing	**12,731**	-
Parking	**1,398**	1,681
Printing, stationery and office supplies	**12,350**	7,636
Promotions	**6,911**	4,450
Repairs and maintenance	**1,919**	1,944
Salaries and benefits	**231,888**	197,262
Loss on disposal of asset	**1,671**	-
Summit expenses	**-**	91,346
	$ 440,220	$ 346,061

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, 2008, 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 assets, liabilities and net assets of the Manitoba Health Services Insurance Plan as at March 31, 2008, and the revenue and expenses and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Winnipeg, Manitoba
June 13, 2008

500 - 330 Portage Avenue Winnipeg, Manitoba R3C 0C4 (204) 945-3790 (204) 945-2169

MANAGEMENT REPORT

Management of Manitoba Health and Healthy Living 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, 2008 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 and Healthy Living maintains a system of internal control designed to provide management with reasonable assurance that confidential data and other assets are safeguarded and that reliable operating and financial records are maintained. This system includes written policies and procedures, 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 Arlene Wilgosh"

Arlene Wilgosh
Deputy Minister of Health and
Healthy Living

"Original signed by Karen Herd"

Karen Herd, CA
Chief Financial Officer and
Assistant Deputy Minister

Winnipeg, Manitoba
July 31, 2008

Manitoba Health Services Insurance Plan
Statement of Financial Position
As At March 31, 2008
(in thousands of dollars)

	2008	2007
Assets		
Current		
Cash	**$ 35,885**	$ 21,383
Funds on deposit with the Province of Manitoba	**191,813**	4,176
Accounts receivable (Note 3)	**52,706**	180,263
Due from the Province of Manitoba - vacation pay (Note 4)	**122,490**	122,439
	402,894	328,261
Due from the Province of Manitoba - post employment benefits (Note 4)	**127,350**	127,574
	$ 530,244	$ 455,835
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 5)	**279,604**	205,022
Accrued vacation pay (Note 4)	**122,490**	122,439
	402,094	327,461
Post employment benefits payable (Note 4)	**127,350**	127,574
Net Assets	**800**	800
	$ 530,244	$ 455,835

Manitoba Health Services Insurance Plan
Statement of Operations and Net Assets
For the Year Ended March 31, 2008
(in thousands of dollars)

	2008	2007
Revenue		
Grants from the Province of Manitoba (Note 9)	**$ 3,661,873**	$ 3,429,413
Third party recoveries	**13,238**	12,775
Miscellaneous	**53**	40
	3,675,164	3,442,228
Expenses		
Health Authorities and Facilities (Note 6, 7)	**2,584,836**	2,394,075
Medical (Notes 6, 7,11)	**764,441**	735,102
Provincial programs	**100,963**	99,310
Pharmacare	**224,924**	213,741
	3,675,164	3,442,228
Excess of revenue over expenses and comprehensive income	**-**	-
Net Assets, beginning of year	**800**	800
Net Assets, end of year	**$ 800**	$ 800

Manitoba Health Services Insurance Plan
Notes to the Financial Statements
For the Year ending March 31, 2008

Note 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.

Note 2 - Significant Accounting Policies

a. General

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

b. New Accounting Policies

Effective April 1, 2007 the Plan adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA):

Section 1506, *Accounting Changes*

Section 1506 requires that voluntary changes in accounting policies are made only if they result in the financial statements providing reliable and more relevant information. Additional disclosure is required when the Plan has not yet applied a new primary source of Canadian GAAP that has been issued but is not yet effective, as well as when changes in accounting estimates and errors occur. The adoption of this revised standard had no material impact on the Plan's financial statements for the year ended March 31, 2008.

Section 1530, *Comprehensive Income*

Section 1530 requires the presentation of a statement of comprehensive income and provides guidance for the reporting and display of other 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 arising on translation of self-sustaining foreign operations, 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 Plan has not recognized any adjustments through other comprehensive income for the year ended March 31, 2008. As the Plan has no items related to other comprehensive income, comprehensive income is equivalent to net income.

Section 3855, *Financial Instruments – Recognition and Measurement*

Section 3855 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 recognized 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 Plan 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 valued with any change in fair value recoded in net earnings and other comprehensive income, 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 net earnings.

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.

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.

The adoption of this revised standard had no material impact on the Plan's financial statements for the year ended March 31, 2008.

c. Financial Instruments

The Plan's financial instruments consist of cash, funds on deposit, accounts receivable, due from the Province of Manitoba – vacation pay and post employment benefits, accounts payable and accrued liabilities, and accrued vacation pay.

The fair value of cash, fund on deposit, 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.

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.

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. 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.

f. 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.

g. Future Accounting Policy Changes

The CICA has issued two new standards, CICA 3862: Financial Instruments – Disclosures and CICA 3863: Financial Instruments – Presentation, which enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks.

The CICA has also issued a new standard, CICA 1535: Capital Disclosures, which requires the disclosure of qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital.

These changes in accounting policies, which will be adopted affective April 1, 2008, will only require additional disclosures in the financial statements.

Note 3 - Accounts Receivable

	2008	2007
Province of Manitoba	**$16,029**	$151,793
Other Provinces and Territories	**23,006**	20,233
Other	**13,671**	8,237
	$52,706	$180,263

Note 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.

Note 5 - Accounts Payable and Accrued Liabilities

	2008	2007
Health Authorities and Facilities	**$123,615**	$81,051
Medical Service Claims	**87,172**	87,987
Pharmacare Claims	**15,505**	12,400
Province of Manitoba	**17,742**	-
General	**35,570**	23,584
	$279,604	$205,022

Note 6 - Inter-provincial Reciprocal Recoveries

Under inter-provincial reciprocal agreements Canadian residents can obtain necessary hospital and medical services while away from their home provinces or territories. Claims for services are subsequently recovered between provincial governments. In order to reflect the cost of insured services to Manitobans, the recoveries attributable to services for non-Manitoba residents are netted against program expenses.

For the year ended March 31, 2008 the expenses for Health Authorities and Facilities within the Province, of $2,584,836 (2007-$2,394,075) are net of reciprocal recoveries of $37,211 (2007-$44,937). The expenses for Medical program of $764,441 (2007- 735,102) are net of reciprocal recoveries of $11,997 (2007-$11,232).

Note 7 - 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	**2008**			**2007**
	Facilities	Medical	Total	**Total**
Winnipeg	**$1,652,055**	**$138,697**	**$1,790,752**	$1,680,887
Brandon	**152,937**	**8,796**	**161,733**	148,970
North Eastman	**40,003**	**2,995**	**42,998**	40,327
South Eastman	**59,690**	**5,720**	**65,410**	58,181
Interlake	**80,346**	**7,255**	**87,601**	80,642
Central	**142,318**	**13,204**	**155,522**	143,150
Assiniboine	**116,851**	**13,161**	**130,012**	122,470
Parkland	**95,354**	**4,879**	**100,233**	93,191
Norman	**54,462**	**9,770**	**64,232**	57,463
Burntwood	**51,907**	**13,834**	**65,741**	55,184
Churchill	**10,258**	**-**	**10,258**	10,125
CancerCare	**74,384**	**12,014**	**86,398**	78,501
Total Payments	**$2,530,565**	**$230,325**	**$2,760,890**	$2,569,091

The expense category, Health Authorities and Facilities, in the Statement of Operations and Net Assets is comprised of the following:

	2008	**2007**
Health Authorities payments	**$2,530,565**	$2,369,513
Accruals and payments to facilities and third parties	**91,482**	69,499
Reciprocal recoveries	**(37,211)**	(44,937)
Total Expenses	**$2,584,836**	$2,394,075

The expense category, Medical, in the Statement of Operations and Net assets is comprised of the following:

	2008	**2007**
Fee for Services Medical payments and accruals	**$518,540**	$520,714
Health Authorities payments	**230,325**	199,578
Optometric	**5,990**	5,544
Chiropractic	**9,586**	9,266
Total Expenses	**$764,441**	$735,102

Note 8 - 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, 2008, no provision has been made in the financial statements as the final outcome of the claims is not determinable at this time.

Note 9 - Economic Dependence

The Plan is economically dependent on the Province of Manitoba for its funding.

Note 10 - 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.

Note 11 - 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.

Note 12 - 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, 2008

AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Board of Commissioners of Manitoba Horse Racing Commission

We have audited the balance sheet of the Manitoba Horse Racing Commission as at March 31, 2008, and the statement of operating revenue and expenses and fund balances and the statement of general fund operating expenses 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 Horse Racing Commission as at March 31, 2008, 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, 2008

THE MANITOBA HORSE RACING COMMISSION

Exhibit A

Balance Sheet
as at March 31, 2008
(with 2007 figures for comparison)

	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: 2008	Total Year ended March 31: 2007 (Note 8)
ASSETS								
Current assets:								
Cash on hand and in bank	$ 66,483	$ -	$ -	$ 6,753	$ 80,291	$ 255,412	$ 408,939	$ 413,748
Pari-mutuel levy receivable	-	-	5,564	-	-	-	5,564	47,394
Pre paid expense	-	-	-	-	-	-	-	7,388
Interfund balances	1,053	-	(5,564)	(500)	3,888	1,123	-	-
Accounts Receivable	13,650	-	-	-	-	-	13,650	15,430
Receivable from Province of Manitoba - Pension (Note 3)	307,729	-	-	-	-	-	307,729	-
	388,915	-	-	6,253	84,179	256,535	735,882	483,960
Long term receivable:								
Province of Manitoba (Note 3)	-	-	-	-	-	-	-	288,336
Capital assets (Note 6)	-	14,448	-	-	-	-	14,448	15,255
	$ 388,915	$ 14,448	$ -	$ 6,253	$ 84,179	$ 256,535	$ 750,330	$ 787,551
LIABILITIES AND FUND BALANCES								
Current liabilities:								
Accounts payable and accrued liabilities	$ 28,139	$ -	$ -	$ 3,682	$ 84,179	$ 256,535	$ 372,535	$ 434,116
Deferred revenue	1,755	-	-	-	-	-	1,755	2,915
	29,894	-	-	3,682	84,179	256,535	374,290	437,031
Long term liability:								
Provision for employee pension benefits (Note 4)	307,729	-	-	-	-	-	307,729	288,336
	337,623	-	-	3,682	84,179	256,535	682,019	725,367
Fund Balances - Exhibit B								
Unrestricted	51,292	-	-	-	-	-	51,292	46,928
Invested in Capital Assets	-	14,448	-	-	-	-	14,448	15,256
Restricted	-	-	-	2,571	-	-	2,571	-
	$ 388,915	$ 14,448	$ -	$ 6,253	$ 84,179	$ 256,535	$ 750,330	$ 787,551

APPROVED BY THE COMMISSION

__________________ Chairman

__________________ Comptroller

See accompanying notes to the financial statements

THE MANITOBA HORSE RACING COMMISSION

Exhibit B

Statement of Operating Revenue and Expenses and Fund Balances for the year ended March 31,2008 (with 2007 figures for comparison)

	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: 2008	Total Year ended March 31: 2007 (Note 8)
Revenue:								
Fees, licenses and fines (Note 5)	$ 116,713	$ -	$ -	$ -	$ -	$ -	**$ 116,713**	$ 126,261
Grant from the Manitoba Lotteries	38,000	-	-	462,000	-	-	**500,000**	500,000
Interest	970			2,571	3,082	7,969	**14,592**	13,085
Pari-mutuel levy	-	-	3,032,682	-	-	-	**3,032,682**	2,985,302
Sundry	-	-	-	-	-	-	**-**	34
Employee future benefits - (Note 4)	19,393	-	-	-	-	-	**19,393**	17,130
	175,076	-	3,032,682	464,571	3,082	7,969	**3,683,380**	3,641,812
Expenses:								
General Fund operating expenses, Exhibit C	484,326	-	-	-	-	-	**484,326**	507,504
Overnight purse support thoroughbred	-	-	-	-	2,149,003	-	**2,149,003**	2,117,574
Owners/breeders incentive thoroughbred	-	-	-	-	-	579,940	**579,940**	569,392
Quarter Horse support	-	-	-	12,000	-	-	**12,000**	12,000
Amortization of capital assets	-	1,984	-	-	-	-	**1,984**	1,828
Standardbred rural	-	-	-	450,000	-	-	**450,000**	450,813
	484,326	1,984	-	462,000	2,149,003	579,940	**3,677,253**	3,659,111
Excess (deficiency) of revenues over expenses	(309,250)	(1,984)	3,032,682	2,571	(2,145,921)	(571,971)	**6,127**	(17,299)
Capital fund transfer (Note 2H)	(1,177)	1,177	-	-	-	-	**-**	-
Pari-mutuel levy fund transfer (Note 2H)	314,790	-	(3,032,682)	-	2,145,921	571,971	-	-
Fund balances at beginning of year	46,929	15,255	-	-	-	-	**62,184**	79,483
Fund balances end of year	$ 51,292	$ 14,448	$ -	$ 2,571	$ -	$ -	**$ 68,311**	$ 62,184

See accompanying notes to the financial statements

THE MANITOBA HORSE RACING COMMISSION **Exhibit C**

Statement of General Fund Operating Expenses
for the year ended March 31, 2008
(with 2007 figures for comparison)

		2008		2007
Expenses:				
Bad Debt	$	**1,930**	$	-
Commissioners' per diem and honoraria		**15,816**		20,828
Drug, alcohol and security		**7,718**		4,705
Employee benefits		**27,520**		26,736
Equipment and office furniture		**5,821**		-
Equipment rentals		**3,709**		1,275
Insurance		**893**		968
Memberships and dues		**(472)**		6,845
Office		**19,666**		13,070
Pension cost		**34,378**		31,402
Professional fees		**8,412**		8,400
Recruiting costs		**2,000**		1,927
Repairs and maintenance		**-**		1,822
Salaries:				
Administration		**124,048**		125,595
Security		**17,791**		17,295
Stewards and judges		**122,863**		153,380
Veterinarian services		**51,654**		50,124
Support grant		**15,739**		15,823
Telephone		**6,421**		6,602
Travel		**18,419**		20,707
	$	**484,326**	$	507,504

THE MANITOBA HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 2008

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 operating expenses of the Commission in excess of revenue derived from its regulatory activities are funded through an appropriation of the Government of the Province of Manitoba and a grant from the Manitoba Lotteries Corporation. Administrative grant monies drawn down in excess of actual expenses are retained by the Commission. However, such retained funds in excess of actual expenses reduce subsequent administrative grants.

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 Manitoba Lotteries Corporation.

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.

THE MANITOBA HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 2008

2. Significant accounting policies

A) General

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

B) Fund Accounting

The Commission follows the restricted fund method of accounting for contributions.

C) New accounting policies

Effective April 1, 2007 the entity adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA):

Section 1506, *Accounting Changes*
Section 1506 requires that voluntary changes in accounting policies are made only if they result in the financial statements providing reliable and more relevant information. Additional disclosure is required when the entity has not yet applied a new primary source of Canadian GAAP that has been issued but is not yet effective, as well as when changes in accounting estimates and errors occur. The adoption of this revised standard had no material impact on the entities financial statements for the year ended March 31, 2008.

Section 3855, *Financial Instruments – Recognition and Measurement*
Section 3855 prescribes the criteria for recognition and presentation of financial instruments on the balance sheet 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 entity 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 or directly to unrestricted fund balance, respectively. All other financial instruments are subsequently measured at amortized cost.

The Commission has designated its financial instruments as follows:

Cash on hand and in bank is classified as financial assets held for trading and is 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 liabliities are recorded at their amortized cost using the effective interest rate method.

The adoption of this revised standard had no material impact on the Commission financial statements for the year ended March 31, 2008.

D) Financial instruments

The Commission's financial instruments consist of cash on hand and in bank, accounts receivable, pari-mutuel levy receivable, receivable from Province of Manitoba - pension and accounts payable and accrued liabilities.

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

The fair value of accounts receivable, pari-mutuel levy receivable, receivable from Province of Manitoba - pension, accounts payable and accrued liabilities approximates their carrying values due to their short-term maturity.

E) 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.

F) Pension costs

These 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, 2004. Experience gains or losses are recognized in the year the actuarial valuation is completed.

G) Use of estimates

In preparing the Commission'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.

THE MANITOBA HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 2008

H) Fund transfers

i) Capital fund transfers
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.

I) 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

J) Future accounting policy changes

The CICA has issued two new standards, CICA 3862: Financial Instruments – Disclosures and CICA 3863: Financial Instruments – Presentation, which enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks.

The CICA has also issued a new standard, CICA 1535: Capital Disclosures, which requires the disclosure of qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital.

These changes in accounting policies, which will be adopted effective April 1, 2008, will only require additional disclosures in the financial statements.

3. Receivable from the Province of Manitoba - Pension

The balance is comprised of:

	2008	2007
Pension entitlement	$ 307,729	$ 288,336
Less: long term portion	-	288,336
Amount due within one year	$ 307,729	$ -

The Province of Manitoba has confirmed that it intends to pay in full the March 31, 2008 receivable balance related to prior years' funding for the pension liability. This payment will be placed in an interest bearing trust account on March 31, 2009 to be held on behalf of the Manitoba Horse Racing Commission until the cash is required to discharge the related liabilities. Accordingly, this receivable is classified as current.

THE MANITOBA HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 2008

4. Provision for employee pension benefits

The Commission follows the accrual method of accounting for its employee pension benefits liability.

An actuarial valuation of the employee pension benefit liability as at December 31, 2004 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The key actuarial assumptions were a rate of return of 7% (2001 - 7.25%), 2.50% inflation (2001 – 2.75%), salary rate increases of 3.25% (2001 - 3.5%) and post retirement indexing at 2/3 of the inflation rate. The service to date projected benefit method was used and the liabilities have been estimated to March 31, 2008 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:

	2008	2007
Balance, beginning of year	**$ 288,336**	$ 271,207
Benefits accrued	**13,163**	13,198
Interest accrued on benefits	**20,594**	17,823
Benefits paid	**(14,364)**	(13,892)
Balance, end of year	**$ 307,729**	**$ 288,336**

5. Fees, licenses and fines

	2008	2007
Assiniboia Downs		
Daily licenses	**$ 66,975**	$ 67,000
Fees and licenses	**36,648**	39,771
Fines	**11,490**	17,610
	115,113	124,381
Rural Circuit		
Fees and licenses	**570**	1,160
Fines	**1,030**	720
	1,600	1,880
	$ 116,713	$ 126,261

THE MANITOBA HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 2008

6. Capital assets

	2008				2007			
	Cost		Accumulated Amortization		Cost		Accumulated Amortization	
Computer equipment	$	**11,599**	$	**2,695**	$	10,422	$	1,818
Security equipment		**1,629**		**448**		1,629		336
Furniture		**7,571**		**3,208**		7,571		2,213
	$	**20,799**	$	**6,351**	$	19,622	$	4,367
Net Book Value			$	**14,448**			$	15,255

7. Statement of cash flows

A statement of cash flows has not been provided as information about financing and investing activities and their effects on cash resources are readily apparent from the other financial statements.

8. Comparative figures

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

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 11, 2008.

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

Brian Brown, Comptroller, Corporate Services

Joy Cramer, Chief Executive Officer

July 11, 2008

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, 2008 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, 2008 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 11, 2008

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

THE MANITOBA HOUSING AND RENEWAL CORPORATION
BALANCE SHEET
MARCH 31, 2008

A S S E T S

	2008	2007
Cash (note 4)	$ 93,631,755	$ 81,223,893
Accounts receivable and accruals (note 5)	27,956,014	37,188,932
Prepaid expenses	5,392,174	3,652,360
Loans and mortgages receivable (note 6)	147,156,098	153,052,416
Land and housing:		
Housing projects (note 7)	78,421,998	77,407,882
Housing investment (note 8)	1,038,220	1,245,440
Land development costs	26,057,619	5,657,328
Land (note 10)	12,389,914	14,556,286
	117,907,751	98,866,936
	$392,043,792	$373,984,537

LIABILITIES AND FUND BALANCES

Liabilities

	2008	2007
Accounts payable, holdbacks and accruals	$ 39,113,898	$ 37,075,248
Deferred revenue (note 11)	12,721,196	14,300,951
Long-term debt (note 12)	495,836,702	487,924,706
Deferred contributions (note 13)	69,342,039	66,063,722
Total Liabilities	617,013,835	605,364,627
Fund Balances		
The Housing Development and Rehabilitation Fund	3,678,735	-
The Manitoba Housing and Renewal Fund Deficit	(228,648,778)	(231,380,090)
Total Fund Balances (Accumulated Deficit)	(224,970,043)	(231,380,090)
Total Liabilities and Fund Balances	$392,043,792	$373,984,537

Contingencies (note 22)
Commitments (note 23)
Guarantees (note 24)

Approved by the Board of Directors:

Director

Director

(see accompanying notes)

THE MANITOBA HOUSING AND RENEWAL CORPORATION
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2008

	2008	2007
Revenue:		
Grants from the Province of Manitoba (note 14)	$ 59,205,645	$ 52,574,850
Contributed services (note 15)	1,583,200	2,094,200
Rental revenue (note 16)	64,282,662	63,611,525
Subsidy contributions	55,880,228	62,876,098
Interest:		
Loans and mortgages	14,714,786	15,169,779
Bank and other	136,960	99,702
	14,851,746	15,269,481
Sales of land - joint venture (note 9)	5,074,181	4,755,762
Sales of land – Waverley West	692,500	-
Other	41,374	8,078
	201,611,536	201,189,994
Expenses:		
Housing operations – excluding amortization and interest (note 16)	87,168,300	79,870,993
Housing operations amortization (note 16)	7,071,561	7,424,865
Housing operations interest (note 16)	23,969,050	25,103,120
Rental subsidies – excluding amortization and interest (note 17)	32,104,755	32,735,203
Rental subsidies – amortization (note 17)	2,351,360	2,421,912
Rental subsidies – interest (note 17)	10,700,769	9,974,406
Grants and subsidies (note 18)	5,698,902	5,292,680
Interest expense	14,677,778	15,130,855
Administrative services (note 15)	1,692,500	1,669,800
(Gain) on sale of housing projects and land	(172,482)	(185,833)
(Recovery) of provision for loss and write downs	(306,924)	(13,120)
Cost of land sales - joint venture	2,059,084	2,099,952
Cost of land sales – Waverley West	236,350	-
Repair and renovation expense (note 15)	7,692,790	10,630,698
Other	582,369	593,926
Pension (note 19)	(324,673)	223,807
	195,201,489	192,973,264
Excess of revenue over expenses and comprehensive income	$ 6,410,047	$ 8,216,730

(see accompanying notes)

THE MANITOBA HOUSING AND RENEWAL CORPORATION
STATEMENT OF FUND BALANCES
MARCH 31, 2008

	2008	2007
Manitoba Housing and Renewal Fund Deficit (Deficit) – beginning of year as previously stated	$(240,653,884)	$(243,889,744)
Correction of error (Note 25)	(878,142)	(878,142)
Change in accounting policy (Note 3)	10,151,936	5,171,066
	(231,380,090)	(239,596,820)
Excess revenues over expenditures	6,410,047	8,216,730
Interfund transfer – MHDRF	(3,678,735)	-
Deficit at end of year	$(228,648,778)	$(231,380,090)
Manitoba Housing Development and Rehabilitation Fund (MHDRF) – beginning of year	$ -	$ -
Interfund transfer – Deficit	3,678,735	-
MHDRF – end of year	3,678,735	-
Total Fund Balances (Accumulated Deficit)	$(224,970,043)	$(231,380,090)

(see accompanying notes)

THE MANITOBA HOUSING AND RENEWAL CORPORATION
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2008

	2008	2007
Cash provided by (used for):		
Operating activities:		
Excess of revenue over expenses	$ 6,410,047	$ 8,216,730
Add (deduct) items not involving cash:		
Amortization	9,422,921	9,846,777
(Recovery) of provision for loss and write downs	(306,924)	(13,120)
Gain on sale of housing projects and land	(172,482)	(185,833)
Federal subsidies - housing projects	(1,375,899)	(743,433)
	7,567,616	8,904,391
Net change in non-cash balances related to operations:		
Accounts receivable and accruals	9,232,918	1,244,611
Prepaid expenses	(1,739,814)	267,519
Accounts payable, holdbacks and accruals	2,038,650	1,835,418
Deferred revenue	(1,579,755)	5,716,717
Deferred contributions	3,278,317	727,586
Land development costs in joint venture (note 9)	411,816	(440,106)
Land in joint venture (note 10)	184,744	198,301
	25,804,539	26,671,167
Financing activities:		
Borrowings	29,750,809	6,007,987
Additions to loans and mortgages	(1,831,444)	(510,477)
Proceeds from repayment of loans and mortgages	7,727,762	3,447,579
Repayment of borrowings	(21,838,812)	(15,870,701)
	13,808,315	(6,925,612)
Investing activities:		
Additions to land and housing	(27,538,403)	(13,908,935)
Proceeds from sale of housing projects and land	333,412	230,813
	(27,204,991)	(13,678,122)
Increase (decrease) in cash	12,407,862	6,067,433
Cash at beginning of year	81,223,893	75,156,460
Cash at end of year	$93,631,755	$81,223,893
Supplementary disclosure:		
Cash payments of interest received	$ 4,469,047	$ 4,775,302
Cash payments of interest paid	$37,128,419	$38,397,637

(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 managed by The Manitoba Housing Authority (MHA). The MHA was established in 1992 as an agency of MHRC.

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) Market housing projects are valued at the lesser of cost less accumulated amortization and net realizable value.
iii) Cost includes direct construction costs, land acquisition costs and interest and other related carrying charges incurred during the period of construction.
iv) 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.
v) 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 MHA employees are recognized as operating expenses. The Corporation has no further liability associated with the annual cost of pension benefits earned by MHA 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 Department of Family Services and Housing, 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.

3. Changes in Accounting Policy

a) New Accounting Policies

Effective April 1, 2007 the Corporation adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA).

Accounting Changes

Section 1506 requires that voluntary changes in accounting policies are made only if they result in the financial statements providing reliable and more relevant information. Additional disclosure is required when the entity has not yet applied a new primary source of Canadian GAAP that has been issued but not yet effective, as well as when changes in accounting estimates and errors occur. The adoption of this revised standard had no material impact on the Corporation’s financial statements for the year ended March 31, 2008.

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, 2008. Because the Corporation has no items related to other comprehensive income, comprehensive income is equivalent to net income.

b) Financial Instruments

i) Effective April 1, 2007 the Corporation adopted the accounting recommendations for *Financial Instruments – Recognition and Measurement* (Canadian Institute of Chartered Accountants (CICA) Handbook Section 3855). Financial *Instruments – Disclosure and Presentation* (CICA Handbook Section 3861) and *Hedges* (CICA Handbook Section 3865) in accordance with the transitional provisions of the sections. These sections establish standards for the recognition, measurement, disclosure and presentation of financial assets, financial liabilities, non-financial derivatives and embedded derivatives, and describe when and how hedge accounting may be applied.

Under the new standards, financial assets and liabilities are initially recorded at fair value. Subsequently, the Corporation classifies each of its financial instruments into one of the following categories: held for trading; held to maturity; loans and receivables; available for sale; and other financial liabilities. The classification depends on the purpose for which the financial instruments were acquired and their characteristics.

Cash and cash equivalents are classified as held for trading and are measured at fair value. Loans receivable and accounts receivable are classified as loans and receivable and are measured at amortized costs using the effective interest method. Accounts payable, holdbacks and accruals and long term debt are classified as other financial liabilities and are measured at amortized costs using the effective interest method.

These new standards were applied retroactively as of April 1, 2007. There were no changes to the financial statement accounts as a result of adopting these standards.

Derivatives may be embedded in other financial instruments (the “host” instrument). Under the new standards embedded derivatives are treated as separate contracts when their economic characteristics and risks are not closely related to those of the host instrument, when the embedded derivative has the same terms as those of a stand-alone derivative and the combined instrument is not classified as held for trading or designated at fair value. These embedded derivatives are measured at fair value with subsequent changes in the fair value recognized in operations. The Corporation selected April 1, 2004 as the transition date for embedded derivatives. As such, only contracts or other financial instruments entered into or modified after the transition date were examined for embedded derivatives. As at March 31, 2008 and March 31, 2007 the Corporation does not have any outstanding contracts or other financial instruments with embedded derivatives.

ii) Fair value – Financial Instruments

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 $177,595,296 at March 31, 2008 ($188,271,048 at March 31, 2007).

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 $603,197,970 at March 31, 2008 ($605,389,189 at March 31, 2007).

c) Tangible Capital Assets Betterments

Effective April 1, 2007 the Corporation initiated the following change in accounting policy:

Previously, capital asset betterment costs were recognized as expenses in the period in which they were incurred.

Effective April 1, 2007 the Corporation expanded it's Tangible Capital Asset policy (TCA) to capitalize betterments.

The effects of the above change in accounting policy, which has been retroactively applied with restatement of the balance sheet as at March 31, 2008, is to increase tangible capital assets for betterments by $20,043,517 (2007 - $10,605,789) and to increase amortization for betterments by $453,853 (2007 - $351,551). As a result of the above changes, the opening balance in The Manitoba Housing and Renewal Fund Deficit as at April 1, 2008 has been decreased by $10,151,936 (2007 - $5,171,066).

d) Future accounting changes - Financial instruments

In December 2006, the CICA issued Section 3862, *Financial Instruments - Disclosures*; Section 3863, *Financial Instruments - Presentation*; and Section 1535, *Capital Disclosures*. All three Sections will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2007. Accordingly, the Corporation will adopt the new standards for its fiscal year beginning April 1, 2008. Section 3862 on financial instruments disclosures, requires the disclosure of information about: a) the significance of financial instruments for the entity's financial position and performance and b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. Section 3863 on the presentation of financial instruments is unchanged from the presentation requirements included in Section 3861. Section 1535 on capital disclosures requires the disclosure of information about an entity's objectives, policies and processes for managing capital.

The Corporation does not expect that the adoption of this new Section will have a material impact on its financial statements.

4. Cash

	2008	2007
On deposit with the Minister of Finance:		
Trust deposits	$80,512,075	$53,787,861
Deferred Contributions (note 13)	12,070,497	10,848,859
Mobile home loan guarantee program fund (note 24)	163,115	887,007
	92,745,687	65,523,727
Bank	877,243	15,691,741
Petty cash	8,825	8,425
Cash	$93,631,755	$81,223,893

5. Accounts receivable and accruals

	2008	2007
Canada Mortgage and Housing Corporation	$4,240,935	$11,553,610
Government of the Province of Manitoba and its agencies	4,133,689	7,153,090
Rent receivables - net of allowance of $6,350,703 (2007 - $6,090,113)	1,946,139	1,906,895
Accrued interest on loans and mortgages receivable	461,194	514,440
City of Winnipeg - net of allowance of $67,927 (2007 - $67,927)	256,628	135,332
Other - net of allowance of $12,347 (2007- $12,347)	9,914,552	8,598,015
Government of the Province of Manitoba		
- severance benefits(note 20)	1,446,105	1,446,105
- pension recoverable (note 19)	5,556,772	5,881,445
Accounts receivable and accruals	$27,956,014	$37,188,932

6. Loans and mortgages receivable

a) Composition of loans and mortgages receivable

	2008	2007
Federal/Provincial Housing:		
Private Non-Profit Housing Program	$ 96,462,775	$ 98,623,505
Rural and Native Housing Program	6,793	9,457
Urban Native Housing Program	29,914,877	32,334,496
	126,384,445	130,967,458
Market Rental Programs:		
Co-operative HomeStart Program	8,189,164	8,202,736
Co-operative Index Linked Program	6,982,342	7,449,839
Manitoba Rural RentalStart Program	264,034	273,887
Manitoba Senior RentalStart Program	4,287,419	4,390,136
	19,722,959	20,316,598
Other Programs:		
Community Residences Program	3,694,792	3,964,055
Market Homeowner Programs	70,315	88,980
Homeowner Rehabilitation Programs	234,017	2,664,384
Other	2,784,666	1,092,960
	6,783,790	7,810,379
	152,891,194	159,094,435
Less - allowance for loan impairment	5,735,096	6,042,019
Loans and mortgages receivable	$147,156,098	$153,052,416

Loans and mortgages receivable bear interest at various rates between 0% and 14.25% with maturities at various dates to 2035.

In addition to the loans and mortgages above, forgivable loans outstanding in the amount of $97,223,403 (2007 - $82,613,781) have been approved in accordance with the terms of the loan agreements. An asset valuation allowance equal to the amount of outstanding forgivable loans has been recorded by the Corporation.

Principal repayments on the loans and mortgages maturing in the next five years are estimated as follows:

2009	$227,914
2010	11,110
2011	37,524
2012	2,553,196
2013	2,760,752
Subsequent to 2014	147,300,698
	$152,891,194

b) Allowance for loan impairment

The allowance for loan impairment is comprised of the following specific provisions:

	2008	2007
Market rental programs	$5,624,414	$5,860,840
Other programs	110,682	181,179
	$5,735,096	$6,042,019

7. Housing projects

	2008	2007
Housing Projects:		
Land	$ 21,743,969	$ 21,734,065
Buildings	398,366,403	397,839,887
Less - accumulated amortization	346,413,491	338,829,358
Buildings – net book value	51,952,912	59,010,529
Under construction	9,437,728	-
	83,134,609	80,744,594
Less - financing provided by CMHC	4,712,611	3,336,712
Housing projects	$ 78,421,998	$ 77,407,882

8. Housing investment

Housing investment represents MHRC's share in social housing projects, which until October 1, 1998 were 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 $1,174,157 (2007 - $1,358,901) 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.

	2008	2007
Current Assets:		
Cash and short term investments	$ 619,498	$ 1,384,453
Accounts receivable from land sales	4,146,937	3,887,450
	4,766,434	5,271,903
Long Term Assets:		
Development in progress	1,054,938	1,466,754
Total Assets	$5,821,373	$6,738,657
Current Liabilities:		
Accounts payable and accrued liabilities	16,636	80,772
Net Assets	$5,804,737	$6,657,885
Sales of land	$5,074,181	$4,755,761
Cost of land sales	1,874,340	1,901,651
Gross margin	3,199,841	2,854,110
Expenses:		
Interest on bank indebtedness	13,196	21,687
General	58,615	90,794
Other	161,178	123,221
Total expenses	232,989	235,702
Net income for the year	$2,966,852	$2,618,408

10. Land

	2008	2007
Future development or sale	$ 9,555,965	$ 11,462,993
Leased to co-operatives	1,659,792	1,734,392
Joint venture	1,174,157	1,358,901
Land	$12,389,914	$14,556,286

11. Deferred revenue

	2008	2007
Manitoba Housing Authority tenant prepaid rent	$ 2,076,015	$ 1,968,853
Other prepaid land lease and subsidy contribution received in advance	298,525	280,688
Affordable Housing Initiative commitments	10,346,656	12,051,410
Deferred revenue	$12,721,196	$14,300,951

12. Long-term debt

	2008	2007
Government of the Province of Manitoba:		
Advances, convertible to long-term advances, at prime interest rates	$ 37,269,512	$ 13,237,893
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 $38,029,946 (2007 - $38,901,053)	294,533,899	305,557,467
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 $15,022,602 (2007 - $14,988,984)	161,229,610	166,252,608
Mortgages payable (assumed on property acquisitions), at interest rates from 5.125% to 10.50% maturing at various dates to 2028 and requiring annual principal and interest payments of $325,260 (2007 - $325,260)	2,803,681	2,876,738
Long-term debt	$495,836,702	$487,924,706

Principal repayments on the long-term debt are estimated as follows:

2009	$ 17,405,405
2010	18,780,128
2011	20,297,450
2012	21,933,005
2013	22,776,614
Subsequent to 2014	394,644,100
	$495,836,702

13. Deferred 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. 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. Unexpended federal contributions in the amount of $57,271,543 (2007 - $55,214,863) are carried forward by MHRC for future use, but such contributions must be fully used, in accordance with the Agreement, by the funding expiration date of August 31, 2031.

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, 2008 is $12,070,496 (2007 - $10,848,859).

14. Grants from the Province of Manitoba

	2008	2007
Department of Family Services and Housing:		
MHRC operating programs	$46,986,549	$40,382,570
MHRC administration	7,103,851	6,962,530
Grants and subsidies	5,172,982	4,620,951
	59,263,382	51,966,051
Grants recovered from the Department of Finance:		
School Tax Assistance for Tenants 55 Plus Program	266,936	384,992
Pension recovery (note 19)	(324,673)	223,807
Grants from the Province of Manitoba	$59,205,645	$52,574,850

15. Contributed services

	2008	**2007**
Administrative services provided by the Department of Family Services and Housing were allocated as follows:		
- included in the Statement of Operations, Administrative Services	$ 504,000	$ 553,500
- included in administration expenses in note 16, Manitoba Housing Authority Housing Operations	636,500	1,052,500
- included in administration expenses in note 16, Sponsor Managed Housing Operations	22,700	20,100
- included in Rental Subsidies, note 17	319,000	396,600
- included in Statement of Operations, Repair and renovation expense	101,000	71,500
Total Department of Family Services and Housing administrative services provided	$1,583,200	$2,094,200

16. Housing operations

The management and operation of all MHRC social housing projects are the responsibility of the Manitoba Housing Authority and sponsor managed groups. Their operating results are:

	Manitoba Housing Authority Managed	Sponsor Managed	**2008**	**2007**
Revenue				
Rental revenue	$51,559,298	$12,723,364	$ 64,282,662	$ 63,611,525
Expenses				
Administration (note 15)	16,477,900	1,735,995	18,213,895	17,079,574
Property operating	49,579,018	8,884,437	58,463,455	52,388,090
Grants in lieu of taxes	9,057,670	1,433,280	10,490,950	10,403,329
Amortization	5,840,954	1,230,607	7,071,561	7,424,865
Interest	19,890,384	4,078,666	23,969,050	25,103,120
	100,845,926	17,362,985	118,208,911	112,398,978
Operating loss	$49,286,628	$ 4,639,621	$ 53,926,249	$ 48,787,453

17. Rental subsidies

Pursuant to the Social Housing Agreement executed by MHRC and CMHC on September 3, 1998 which took effect October 1, 1998, CMHC transferred its ownership interest in Public Housing Projects to MHRC in accordance with a Declaration of Trust, and MHRC has assumed sole responsibility for operating policy decisions relating to these projects. Previous agreements provided for the two parties to exercise joint control over operating policies. Rental subsidies are provided through agreements with third parties for which MHRC has assumed operating policy responsibility. Their operating results are:

	Not for Profit Housing	Cooperative Housing	Private Landlord	Property Management	**2008**	**2007**
Revenue						
Rental revenue	$8,411,329	$ -	$ -	$2,835,221	$11,246,550	$10,955,086
Expenses						
Administration	2,166,752	156,200	180,200	1,118,685	3,621,837	3,658,376
Property operating	18,930,454	3,668,682	4,294,401	10,736,780	37,630,317	37,940,110
Grants in lieu of taxes	1,193,755	-	-	905,396	2,099,151	2,091,803
Amortization	2,268,519	-	-	82,841	2,351,360	2,421,912
Interest	10,624,407	-	-	76,362	10,700,769	9,974,406
	35,183,887	3,824,882	4,474,601	12,920,064	56,403,434	56,086,607
Operating loss	$26,772,558	$3,824,882	$4,474,601	$10,084,843	$45,156,884	$45,131,521

18. Grants and subsidies

	2008	**2007**
Manitoba Shelter Benefit	$5,172,982	$4,008,787
Shelter Allowance for Family Renters	-	233,687
Shelter Allowance for Elderly Renters	-	378,477
School Tax Assistance for Tenants 55 Plus	266,936	384,992
Elderly & Infirm Persons Housing	155,423	155,423
Co-op Homestart	103,561	131,314
	$5,698,902	$5,292,680

19. Pension obligations

Employees of the Corporation and 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, 2008 is $597,669 (2007 - $594,114).

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. The liability of $5,556,772 (2007 - $5,881,445) and the related recoverable amount from the Province of Manitoba of $5,556,772 (2007 - $5,881,445) are recorded in the financial statements. As well, the decrease of $324,673 (2007 - increase of $223,807) in the liability and in the recoverable is recorded in the financial statements. Pension costs consist 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, 2004.

	2008	2007
Balance at beginning of year	$5,881,445	$5,657,638
Experience (gain) loss	(884,505)	(331,663)
Benefits accrued	439,288	427,799
Interest accrued on benefits	387,882	373,655
Benefits paid	(267,338)	(245,984)
Balance at end of year	$5,556,772	$5,881,445

The key actuarial assumptions were a rate of return of 6.5% (2001 - 6.75%), 2.5% inflation (2001 - 2.75%), salary rate increases of 3.25% (2001 – 3.5%) and post retirement indexing at 2/3 of the inflation rate. The projected benefit method was used and the liability has been extrapolated to March 31, 2008 using a formula provided by the actuary.

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.

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. The Corporation recorded, effective April 1, 2003, a receivable in the amount of $569,000 from the Province of Manitoba, which is an amount that is equal to the liability recorded for accumulated severance pay benefits at that date.

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 Deficit 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 $3,678,735.

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, 2008 the letter of credit amounted to $1,389,120.

23. Commitments

The Corporation has the following commitments as at March 31, 2008.

a)	Housing project modernization and improvement	$12,839,582
b)	Repair and renovation expenses	$11,740,507
c)	Grants and subsidies:	

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:

2008	$41,256,800
2009	46,660,700
2010	52,998,000
2011	57,875,900
2012	62,763,400

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:

	2008	2007
Joint Venture Investment Guarantee (note 9)	$2,400,000	$2,400,000
Waverley West Letter of Credit	1,389,120	2,050,605
Mobile Home Loan Guarantee Program	163,115	360,684
Affordable Housing Initiative Loan Guarantee Program	2,335,356	2,598,356
Total guarantees	$6,287,591	$7,409,645

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, 2008 are $163,115 (2007 - $887,007) and are included in cash (note 4). The trust fund liability is included in accounts payable.

25. Risk Management

i) Financial Risk
Financial risk is the risk to the Corporation's operations that arises from fluctuations in interest rates, and the degree of volatility of those rates. The Corporation does not use derivative instruments to reduce its exposure to interest risk. This risk is mitigated through the almost exclusive use of fixed rate terms for its mortgages and loans receivable and its long-term debt.

ii) 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.

26. Prior Year Error

During 2008 the corporation discovered an error in the investment in land for future development or sale related to prior years. The comparative figures for 2007 have been restated tor correct this error. The impact of the restatement on these financial statements is summarized below.

Decrease in Land for Future Development or Sale	$878,142
Increase in the MHRC deficit	$878,142

27. Comparative figures

Certain comparative figures in the financial statements have been restated to conform with the presentation of the current year.

Competitiveness, 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
Chartered Accountants and Advisors
Comptables agréés et conseillers

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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, 2008 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, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
May 27, 2008

THE MANITOBA OPPORTUNITIES FUND LTD.
Balance Sheet

March 31	2008	2007
Assets		
Current Assets		
Short-term investments (Note 3)	**$ 19,886,197**	$ 10,154,715
Accrued interest receivable	**10,465**	59,631
	19,896,662	10,214,346
Long-term investments (Note 4)	**133,748,409**	85,854,171
Deferred charges	**6,801,662**	4,430,534
	$160,446,733	$100,499,051
Liabilities and Equity		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 2,015,699**	$ 1,298,693
Current portion of long-term debt (Note 5)	**1,897,286**	-
	3,912,985	1,298,693
Long-term debt (Note 5)	**153,758,308**	97,442,148
Retained Earnings	**2,775,440**	1,758,210
	$160,446,733	$100,499,051

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	2008	2007
Investment Income	**$ 4,699,080**	$ 3,233,192
Expenses		
Amortization of deferred charges	**1,671,187**	1,173,897
Professional fees	**3,000**	4,156
Program administration	**78,150**	79,576
	1,752,337	1,257,629
Operating income for the year	**2,946,743**	1,975,563
Growing Through Immigration Strategy Support (Note 6)	**1,929,513**	1,216,580
Net income and comprehensive income for the year	**1,017,230**	758,983
Retained earnings, beginning of year	**1,758,210**	999,227
Retained earnings, end of year	**$ 2,775,440**	$ 1,758,210

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	2008	2007
Cash Flows from Operating Activities		
Net income for the year	**$ 1,017,230**	$ 758,983
Adjustments for		
Amortization of deferred charges	**1,671,187**	1,173,897
Increase in present value of long-term investments	**(4,163,818)**	(2,863,297)
	(1,475,401)	(930,417)
Changes in non-cash working capital balances		
Accrued interest receivable	**49,166**	(23,696)
Accounts payable and accrued liabilities	**717,006**	739,239
	(709,229)	(214,874)
Cash Flows from Investing Activities		
Purchase of long-term investments	**(43,730,420)**	(18,571,036)
Cash Flows from Financing Activities		
Advances from long-term debt	**54,171,131**	21,000,536
Increase in cash equivalents during the period year	**9,731,482**	2,214,626
Cash equivalents, beginning of period year	**10,154,715**	7,940,089
Cash equivalents, end of period year	**$ 19,886,197**	$ 10,154,715
Represented by		
Short-term investments	**$ 19,886,197**	$ 10,154,715

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

THE MANITOBA OPPORTUNITIES FUND LTD.
Summary of Significant Accounting Policies

March 31, 2008

Basis of Accounting

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

Revenue Recognition

Interest revenue on short-term investments is recorded on an accrual basis. Investment income on long-term 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.

Financial Instruments

The company utilizes various financial instruments. 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 and the carrying amounts approximate fair values.

The fair values of cash and cash equivalents, accounts receivable and accounts payable approximate their carrying value because of their short-term maturity of these instruments. The fair value of long-term investments is estimated based on current rates assumed for similar government guaranteed debt of the same maturity. The fair value of long-term debt, including current portion, is estimated based on current rates assumed for similar investments and debt of the same maturity.

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

The company classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The company's accounting policy for each category is as follows:

Held-for-trading - This category is comprised of certain investments in short-term investments. They are carried in the balance sheet at the fair value with changes in fair value recognized in the income statement. Transactions costs related to instruments classified as held-for-trading are expensed as incurred. Fair values are determined directly by reference to published price quotations in an active market.

Financial Instruments (continued)

Loans and Receivables - These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They arise principally through the provision of goods and services (accounts receivable), but also incorporate other types of contractual monetary assets. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment.

Held-to-maturity Investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the company's management has the positive intention and ability to hold to maturity and comprises certain investments in debt securities. These assets are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. Fair values are determined directly by reference to published price quotations in an active market.

Other Financial Liabilities - Other financial liabilities include all financial liabilities other than those classified as held-for-trading and comprises trade accounts payable and long-term debt. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method.

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 company had no other comprehensive income items for the year. Because the company has no items related to other comprehensive income, comprehensive income is equivalent to net income.

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.

Recent Accounting Pronouncements

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

Capital Disclosures - CICA Handbook Section 1535, Capital Disclosures, requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative date about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. The company is currently assessing the impact of the new standard.

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, 2007. The company is currently evaluating the impact of the adoption of these changes on the disclosure and presentation within its financial statements.

International Financial Reporting Standards - The CICA plans to converge Canadian GAAP with International Financial Reporting Standards ("IFRS") over a transition period expected to end in 2011. The impact of the transition to IFRS on the company's financial statements has yet to be determined.

March 31, 2008

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 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 long-term debt payable to the Federal Government.

2. Change in Accounting Policy

On April 1, 2007, the company retroactively adopted, without restatement of prior periods, CICA Handbook Section 1530, "Comprehensive Income", Section 3861, "Financial Instruments - Disclosure and Presentation", Section 3855, "Financial Instruments - Recognition and Measurement" and Section 3865, "Hedges". These new Handbook Sections provide comprehensive requirements of the recognition and measurement of financial instruments, as well as standards on when and how hedge accounting may be applied. Handbook Section 1530 also introduces a new component of equity referred to as accumulated other comprehensive income.

Under these new standards, all financial instruments, including derivatives, are included on the balance sheet and are measured either at fair market value or, in limited circumstances, at cost or amortized cost.

The adoption of these new standards had no material impact on the company's statement of income and retained earnings.

3. Short-term Investments

The short-term investments consist of 30 - 90 day deposit certificates held by the Province of Manitoba.

4. Long-term Investments

The long-term 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 January 2009 to March 2012. The effective interest rates range from 3.25% 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.

5. Long-term Debt

	2008	2007
Government of Canada	**$155,655,594**	$ 97,442,148
Current portion of long-term debts	**1,897,286**	-
	$153,758,308	$ 97,442,148

The long-term debt 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:

2009	$ 1,897,286
2010	38,873,526
2011	33,918,052
2012	22,743,017
2013	58,223,713
	$155,655,594

6. **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:

	2008	2007
Business Settlement Office	**$ 350,603**	$ 210,343
Competitiveness, Training and Trade	**233,392**	-
Internationally Educated Engineers Qualification Program	**157,800**	120,000
Department of Labour and Immigration	**990,233**	827,100
Manitoba Agriculture, Food and Rural Initiatives	**177,527**	59,137
Manitoba Culture, Heritage, Tourism and Sport	**19,958**	-
	$ 1,929,513	$ 1,216,580

7. **Related Party Transactions**

The Fund paid $433,789 (2007 - $287,420) made up of program administration costs of $83,186 (2007 - $77,077) and Growing Through Immigration Strategy Support transfers of $350,603 (2007 - $210,343) to the Manitoba Development Corporation, which operates under control of a common Board of Directors.

MANITOBA
TRADE AND
INVESTMENT
CORPORATION

1100 - 259 Portage Avenue
Winnipeg, MB CANADA
R3B 3P4

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June 12, 2008

THE MANITOBA TRADE AND INVESTMENT CORPORATION MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles.

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 are established and respected.

The statements are examined by the Office of the Auditor General of Manitoba, whose opinion is included herein. The 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 to the Board.

original signed by
Hugh Eliasson
Chair

original signed by
Brian Johnston
Financial Officer

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

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 the Manitoba Trade and Investment Corporation as at March 31, 2008, 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 Manitoba Trade and Investment Corporation as at March 31, 2008, 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
June 12, 2008

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MANITOBA TRADE AND INVESTMENT CORPORATION
BALANCE SHEET
MARCH 31, 2008
(With Comparative Figures for 2007)

ASSETS	2008	2007
Current Assets:		
Cash	$ 337,790	$ 320,305
Short-term investments	500,000	500,000
Accounts Receivable - Trade	2,731	6,845
Accounts Receivable - Province of Manitoba	-	24,947
Total Current Assets	840,521	852,097
TOTAL ASSETS	$ 840,521	$ 852,097
LIABILITIES AND RETAINED EARNINGS		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	$ 17,516	$ 32,204
Deferred Revenue (Note 6)	-	16,850
Operating Advance Payable (Note 3)	500,000	500,000
Total Current Liabilities	517,516	549,054
TOTAL LIABILITIES	517,516	549,054
RETAINED EARNINGS	323,005	303,043
TOTAL LIABILITIES AND RETAINED EARNINGS	$ 840,521	$ 852,097

See accompanying notes to financial statements.

Approved by:

original signed by Chair of the Board

original signed by Financial Officer

MANITOBA TRADE AND INVESTMENT CORPORATION
STATEMENT OF INCOME, COMPREHENSIVE INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 2008
(With Comparative Figures for 2007)

	2008	2007
Revenue:		
Salaries and Benefits Recoveries (Notes 2f , 4 and 5)	$ 276,657	$364,112
Participation Fees - Province of Manitoba & Government Enterprises (Notes 2f and 5)	10,258	2,833
Participation Fees - Other (Note 2f)	75,128	32,760
Interest (Note 5)	20,612	19,696
Total Revenue	382,655	419,401
Expenses:		
Salaries and Benefits (Note 4)	276,657	364,112
Contract Fees	6,273	9,103
Program	68,919	30,419
Audit Fees	10,660	6,100
Legal Fees	69	-
Miscellaneous	115	151
Total Expenses	362,693	409,885
Net Income and Comprehensive Income for the Year	19,962	9,516
Retained Earnings, beginning of year	303,043	293,527
Retained Earnings, end of year	$ 323,005	$303,043

See accompanying notes to financial statements.

MANITOBA TRADE AND INVESTMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2008
(With Comparative Figures for 2007)

	2008	2007
Operating Activities:		
Net Income and Comprehensive Income for the year	$ 19,962	$ 9,516
Changes in non-cash working capital		
Accounts Receivable - Trade	4,114	15,922
Accounts Receivable - Province of Manitoba	24,947	(4,129)
Accounts Payable and Accrued Liabilities	(14,688)	(690)
Deferred Revenue	(16,850)	16,850
Net cash flow from operating activities	17,485	37,469
Net increase in cash for the year	17,485	37,469
Cash, beginning of year	320,305	282,836
Cash, end of year	$ 337,790	$ 320,305

See accompanying notes to 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. Significant Accounting Policies

a. General

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

b. New Accounting Policies

Effective April 1, 2007 the Corporation adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA):

Section 1506, Accounting Changes
Section 1506 requires that voluntary changes in accounting policies are made only if they result in the financial statements providing reliable and more relevant information. Additional disclosure is required when the Corporation has not yet applied a new primary source of Canadian GAAP that has been issued but is not yet effective, as well as when changes in accounting estimates and errors occur. The adoption of this revised standard had no material impact on the Corporation's financial statements for the year ended March 31, 2008.

Section 1530, Comprehensive Income
Section 1530 requires the presentation of a statement of comprehensive income and provides guidance for the reporting and display of other comprehensive income. Comprehensive income represent the change in equity of an enterprise during a period from transactions and other events arising from non-owner sources including gains and losses arising on translation of self-sustaining foreign operations, 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, 2008. Because the Corporation has no items related to other comprehensive income, comprehensive income is equivalent to net income.

Section 3855, Financial Instruments – Recognition and Measurement
Section 3855 prescribes the criteria for recognition and presentation of financial instruments on the balance sheet 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 other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The Corporation has designated its financial instruments as follows:

Cash and short term investments are either held by or invested with the Province of Manitoba. These financial instruments are classified as financial assets held for trading and are measured at fair value with gains and losses recognized in net income for the year. Due to the relatively short period to maturity of these financial assets, the carrying values approximate their fair values.

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

The adoption of this revised standard had no material impact on the Corporation's financial statements for the year ended March 31, 2008.

c. Financial Instruments

The Corporation's financial instruments consist of cash, short term investments, accounts receivable, accounts payable, accrued liabilities and operating advance payable.

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

The fair value of accounts receivable, short term investments, accounts payable, accrued liabilities and operating advance payable approximates their carrying values due to their short-term maturity.

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. Future Accounting Policy Changes

The CICA has issued two new standards, CICA 3862: *Financial Instruments – Disclosures* and CICA 3863: *Financial Instruments – Presentation*, which enhance the abilities of users of financial statements to evaluate the significance of financial instruments to a Corporation, related exposures and the management of these risks.

The CICA has also issued a new standard, CICA 1535: *Capital Disclosures,* which requires the disclosure of qualitative and quantitative information that enables users of financial statements to evaluate the Corporation's objectives, policies and processes for managing capital.

These changes in accounting policies, which will be adopted, effective April 1, 2008, will require additional disclosures in the financial statements.

f. Revenue Recognition

Salaries and benefits recoveries is recognized when services are rendered and when collection is reasonably assured.

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.

g. 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.

3. Operating Advance Payable

The Corporation has a $500,000 non-interest bearing working capital advance from the Province of Manitoba. The advance is payable on demand.

4. Salaries / Benefits and related Recoveries

Up to January 18, 2008 the Corporation employed a number of staff, and recovered the associated salaries and benefits costs , from the Department of Competitiveness , Training and Trade. Effective January 19, 2008, all the Corporation's employees were transferred to the Department of Competitiveness, Training and Trade, and are no longer employees of the Corporation.

5. 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:

Salaries and Benefits Recoveries	$276,657
Participation Fees	$10,258
Interest Revenue	$20,612

6. Deferred Revenue

Deferred revenue represents fees received in advance of event days for specific trade projects. Changes in the deferred balance are as follows:

	2008 $	2007 $
Balance, beginning of year	16,850	-
Less amount recognized as revenue in the year	(16,850)	-
Add amounts received and deferred during the year	-	16,850
Balance, end of year	-	16,850

7. Comparative Figures

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

Manitoba

The Manitoba Water Services Board

Management Report

The accompanying financial statements are the responsibility of management and have been prepared in conformity with the accounting policies noted in the financial statements. The statements are examined by the Office of the Auditor General of the Province of Manitoba, whose opinion is included herein.

To fulfil this responsibility, management maintains internal control systems to provide reasonable assurance that the accounts and records accurately reflect all transactions, and that appropriate policies and procedures are established and respected.

The Provincial Auditor General has free access to the Board of Directors, with and without management present, to discuss the results of their audit and the quality of financial reporting of the Board.

Original signed by R. Menon

R. Menon, P.Eng.
General Manager

Original signed by C. Brigden

C. Brigden
Financial Officer

June 6, 2008

Manitoba
spirited energy

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, 2008, 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, 2008 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 6, 2008

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, 2008
(with comparative figures for 2007)

ASSETS	2008	2007
		(Restated, Note 15)
Current assets		
Cash	$ 921,536	$ 592,107
Accounts receivable	5,525,755	3,689,281
Prepaid supplies	74,678	71,379
Current portion, construction in progress (Note 3)	574,389	4,357,354
Accrued interest	16,434	41,291
	7,112,792	8,751,412
Long-term construction in progress (Note 3)	1,025,155	4,458,075
Property plant and equipment (Note 4)	13,304	13,304
	$ 8,151,251	$ 13,222,791

LIABILITIES	2008	2007
Current liabilities		
Accounts payable and accrued charges	$ 3,079,420	$ 4,531,202
Advances from the Province of Manitoba payable on demand	6,200,000	10,200,000
Current portion of long-term debt (Note 5)	-	3,909
	9,279,420	14,735,111
Funds retained (deficit) (Notes 6, 14 and 15)	(1,228,169)	(1,612,320)
Interest adjustment fund account (Note 7)	100,000	100,000
	(1,128,169)	(1,512,320)
	$ 8,151,251	$ 13,222,791

Commitments - Note 9
Contingencies - Note 10

APPROVED BY THE BOARD

Signed by Andrew Horosko

The Manitoba Water Services Board

Exhibit B

Statement of Operating Revenues and Expenses

for the year ended March 31, 2008
(with comparative figures for 2007)

	2008	2007 (Restated, Note 15)
Revenues		
Sale of water	$ 2,275,039	$ 1,839,914
Administrative expenses paid by the Province of Manitoba (Note 8)	1,881,915	1,823,808
Interest	77,152	127,216
Total revenues	4,234,106	3,790,938
Expenses		
Direct expenses for water supply plants		
Interest - Advances payable on demand	490,872	559,431
- Long-term debt	215	13,897
Less: Interest allocated to new construction	(415,621)	(505,171)
	75,466	68,157
Chemicals	24,095	37,092
Amortization	-	25,528
Heat, telephone, light and power	413,902	272,153
Professional services	1,251,077	1,209,287
Salaries and benefits	149,906	138,281
Repairs and maintenance	78,443	31,330
Administrative expenses (Note 8)	1,881,915	1,823,808
Total expenses	3,874,804	3,605,636
Excess of operating revenues over expenses	359,302	185,302
Funds retained (deficit), beginning of year, as originally stated	(1,568,190)	(1,742,550)
Restatement of Prior Period (Note 15)	(44,130)	-
Funds retained (deficit), beginning of year, as restated	(1,612,320)	(1,742,550)
Disposition of funds (Note 6)	24,849	(55,072)
Funds retained (deficit), end of year (Note 6)	$ (1,228,169)	$ (1,612,320)

The Manitoba Water Services Board

Exhibit C

Statement of Cash Flows

for the year ended March 31, 2008
(with comparative figures for 2007)

	2008	2007 (Restated, Note 15)
Cash provided by (used for):		
Operating activities		
Excess of operating revenues over expenses	$ 359,302	$ 185,302
Expense not involving cash - amortization	-	25,528
	359,302	210,830
Change in accounts receivable	(1,836,474)	2,720,331
Change in prepaid supplies	(3,299)	766
Change in accounts payable and accrued charges	(1,451,782)	(367,236)
Change in accrued interest	24,857	(3,776)
Cash provided by (used for) operating activities	(2,907,396)	2,560,915
Financing activities		
Advances received	9,900,000	14,900,000
Advances repaid	(13,903,909)	(11,652,570)
Debentures receivable principal recoveries	-	53,216
Infrastructure expense	-	(765,292)
Change in bank indebtedness	-	(930,966)
Cash provided by (used for) financing activities	(4,003,909)	1,604,388
Investing activities		
New construction costs	(29,232,547)	(36,768,011)
Funding recovered from:		
Province of Manitoba	13,326,270	11,152,919
Municipalities	23,122,162	21,328,128
Decrease in construction in progress	7,215,885	(4,286,964)
Capital asset disposals	-	3,548
Plant surplus transferred to municipalities on disposition	24,849	(55,072)
Change in restricted cash	-	765,292
Cash provided by (used for) investing activities	7,240,734	(3,573,196)
Increase in cash	329,429	592,107
Cash, beginning of the year	592,107	-
Cash, end of the year	$ 921,536	$ 592,107

Interest paid during the year ended March 31, 2008 amounted to $491,087 (2007 - $574,521)

Notes to Financial Statements

for the year ended March 31, 2008

1. **NATURE OF ORGANIZATION**

The Manitoba Water Services 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 owns and operates water supply plants in the Province, installs or upgrades water and sewage facilities in Manitoba communities, constructs area water pipelines for agricultural and drought proofing purposes and develops farm water sources.

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 6).

(b) New accounting policies

Effective April 1, 2007 the Board adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA):

Section 1506, Accounting Changes

Section 1506 requires that voluntary changes in accounting policies are made only if they result in the financial statements providing reliable and more relevant information. Additional disclosure is required when the entity has not yet applied a new primary source of Canadian GAAP that has been issued but is not yet effective, as well as when changes in accounting estimates and errors occur. The adoption of the revised standard had no material impact on the Board's financial statements for the year ended March 31,

Section 3855, Financial Instruments - Recognition and Measurement

Section 3855 provides guidance on recognizing financial instruments and non-financial derivatives on the statement of financial position. The standard also specifies how financial instruments gains and losses are presented. 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: (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 excess of revenue over expenses. Financial instruments classified as held-to-maturity, loans and receivables and other liabilities are measured at amortized costs. Available-for-sale are measured at fair value, with unrealized gains and losses recognized directly in funds retained.

Upon adoption of the new standard, the Board designated cash as held-for-trading; accounts receivable and accrued interest as loans and receivables, and accounts payable and accrued charges, advances from the Province of Manitoba payable on demand, and current portion of long-term debt as other liabilities. The Board 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 assets or liabilities 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 adoption of the standard on April 1, 2007 had no material impact on the financial statements.

2. **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.

(g) Future accounting policy changes

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535 *Capital Disclosures*, Handbook Section 3862 - *Financial Instruments - Disclosure* and Handbook Section 3863 - *Financial Instruments - Presentation*. These new standards apply to the Board from April 1, 2008.

Section 1535 specifies the disclosure of: (i) an entity's objectives, policies and procedures and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

Section 3862 and 3863 replace Handbook Section 3861 - *Financial Instruments - Disclosure and Presentation*, revising and enhancing its disclosure requirement, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

3. CONSTRUCTION IN PROGRESS

	2008	2007
Balance, beginning of year	$ 8,815,429	$ 4,528,465
New construction costs	29,232,547	36,768,011
	38,047,976	41,296,476
Funding recovered from:		
Municipalities	23,122,162	21,328,128
Province of Manitoba	13,326,270	11,152,919
	36,448,432	32,481,047
Balance, end of year	1,599,544	8,815,429
Less: current portion	574,389	4,357,354
Long-term Construction in Progress	$ 1,025,155	$ 4,458,075

4. PROPERTY PLANT AND EQUIPMENT

	2008	2007
Land and easements	$ 13,304	$ 13,304
Buildings	645,771	645,771
Less: accumulated amortization	645,771	645,771
	-	-
Equipment	189,970	189,970
Less: accumulated amortization	189,970	189,970
Total property plant and equipment	$ 13,304	$ 13,304

5. LONG-TERM DEBT

Year of Maturity	Annual Payment Date	Interest Rate(%)	2008	2007
Advances from the Province of Manitoba:				
2007	October 31	9.400	-	3,909
Total advances payable			-	3,909
Less: current portion			-	3,909
Advances payable beyond one year			$ -	$ -

6. 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.

Funds retained (deficit) also include the gain on the sale of the Red River Regional Water Supply System of $31,759.

	No.	2008 Amount	No.	2007 Amount (Restated, Note 15)
Plants owned by the Board				
Plants with a deficit	5	$ (1,516,821)	6	$ (1,699,930)
Plants with a surplus	3	256,893	2	55,851
Total funds retained (deficit), water supply plants	8	$ (1,259,928)	8	$ (1,644,079)

6. FUNDS RETAINED (DEFICIT) (continued)

	2008 Amount	2007 Amount (Restated, Note 15)
Other Funds Retained	$ 31,759	$ 31,759
Total funds retained (deficit)	$ (1,228,169)	$ (1,612,320)

During 2007/2008 disposition of funds includes capital works approved by the Board for the Baldur Water Treatment Plant, the Inglis Water Treatment Plant, Strathclair Water Treatment Plant and a contingency fund for the Cartier Regional Water Co-operative.

7. 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.

8. ADMINISTRATIVE EXPENSES PAID BY THE PROVINCE OF MANITOBA

Administrative expenses paid by the Province of Manitoba and included in expenses are as follows:

	2008	2007
Professional services	$ 13,856	$ 15,710
Salaries and benefits	1,610,166	1,551,392
Telephone and utilities	14,083	14,088
Travel	4,630	2,291
Rental for office premises	156,117	175,512
Other administrative	83,063	64,815
	$ 1,881,915	$ 1,823,808

9. COMMITMENTS

	2008	2007
The Board has commitments as follows:		
Signed agreements and offers for construction of sewer and water systems for municipalities and cooperatives.	$ 41,366,800	$ 33,122,800
These commitments are expected to be funded as follows:		
Subsidization of construction costs - Province of Manitoba	$ 18,425,800	$ 15,592,900
Recovery of construction costs - Municipalities and Cooperatives	22,941,000	17,529,900
	$ 41,366,800	$ 33,122,800

The Board recovers construction costs on a current basis from municipalities and cooperatives through funds provided by the Province of Manitoba under *The Loan Act*. As at March 31, 2008, the Province had unused authority of $21,800,000 under *The Loan Act, 2007* to provide this financing to the Board for the construction of municipal sewer and water facilities on behalf of municipalities and cooperatives.

The Board pays interest to the Province on these unfixed advances. Interest payable is set at Prime Less 0.75% During 2007/2008 the rate of interest charged was between 4.50% - 5.50% on a quarterly basis.

10. CONTINGENCIES

The Board is involved in legal proceedings arising in the normal course of business, the outcome of which cannot be predicted at this time. In the opinion of management, the disposition of these cases will not materially affect the financial position of the Board. Any settlement will be recognized in the year the settlement occurs.

11. RELATED PARTY TRANSACTIONS

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

12. 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.

13. FINANCIAL INSTRUMENTS

Fair Value

The carrying amounts of cash, accounts receivable, accrued interest, accounts payable and accrued charges, advances from the Province of Manitoba payable on demand, and the current portion of long term debt reported on the balance sheet approximate their fair market value due to their short-term nature.

Credit Risk

The Board, in the normal course of business, is exposed to credit risk from the rural municipalities it serves. The Board's financial assets that are exposed to credit risk consist primarily of accounts receivable.

Accounts receivable are primarily short-term receivables from rural municipalities. Credit evaluations are done for each Rural Municipality.

Interest Rates

The Board is not exposed to significant interest rate risk due to the short term nature of the current asset and current liabilities.

14. ECONOMIC DEPENDENCY

The Board is economically dependent on the Province of Manitoba.

15. RESTATEMENT OF PRIOR PERIOD

During the year it was determined that a payable to a Municipality related to a water utility was not recorded in the prior year. The correction was accounted for retroactively with a restatement of the prior period. As a result, excess of operating revenues over expenses has decreased by $44,130, funds retained (deficit) have increased by $44,130, and accounts payable and accrued charges has increased by $44,130 as at March 31, 2007.

To the Board of Directors of Metis 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 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 Board of 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 of Directors and management to discuss their audit findings.

June 5, 2008

Lisa Champagne
Chief Executive Officer

Auditors' Report

To the Board of Directors of Metis Child and Family Services Authority:

We have audited the statement of financial position of Metis Child and Family Services Authority as at March 31, 2008 and the statements of combined programs and changes in net assets and cash flows and 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, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Meyers Norris Penny LLP

Winnipeg, Manitoba

June 5, 2008

Chartered Accountants

Metis Child and Family Services Authority
Statement of Financial Position
As at March 31, 2008

	2008	2007
ASSETS		
Current Assets		
Cash	$ 249,084	$ 235,012
Accounts Receivable (Note 7)	3,990,122	2,871,249
Prepaid Expense	18,765	21,664
	4,257,971	3,127,925
Capital Assets (Note 2c, 8)	67,224	28,669
Due from Metis Child, Family and Community Services Agency Inc (Note 9)	2,106,000	1,088,200
Total Assets	$ 6,431,195	$ 4,244,794
LIABILITIES		
Current Liabilities		
Accounts Payable and Accruals	$ 146,406	$ 106,370
Due to Manitoba Metis Federation Inc. (Note 10)	7,026	-
Due to Metis Child, Family and Community Services Agency Inc	3,904,180	2,833,387
Deferred Contributions (Note 11)	120,664	95,791
	4,178,277	3,035,548
Due to Province of Manitoba (Note 9)	2,106,000	1,088,200
Deferred Contributions Related to Capital Assets (Note 12)	67,224	28,669
	6,351,500	4,152,417
NET ASSETS		
Unrestricted	79,695	92,377
	$ 6,431,195	$ 4,244,794

Approved on Behalf of the Board

Director

Director

Metis Child and Family Services Authority
Statement of Combined Programs and Changes in Net Assets
For the Year Ended March 31, 2008

	2008 Actuals	2007 Actuals	Actuals Variance
REVENUE			
Grant - Province of Manitoba	$ 21,977,832	$ 16,566,408	$ 5,411,424
Conference - Province of Manitoba	75,457	-	75,457
Education and Training	42,910	-	42,910
Information Matters Project	9,457	-	9,457
Interest	719	743	(24)
Other	28,153	152	28,001
Amortization of Deferred Contributions Related to Capital Assets	11,979	4,367	7,612
Total Revenue	22,146,507	16,571,670	5,574,837
EXPENSES			
Agency Education and Training	41,609	4,948	36,661
Agency Maintenance	14,575,186	10,906,606	3,668,580
Agency Operations	6,187,512	4,858,690	1,328,822
Agency Transition	47,579	105,919	(58,340)
Amortization of Capital Assets	11,979	4,367	7,612
Annual General Meeting	16,829	4,318	12,510
Authority Transition	-	7,418	(7,418)
Bank Charges	573	556	17
Board Expenses	19,582	28,594	(9,011)
Communications	20,488	5,924	14,564
Conference	75,457	-	75,457
Information Matters Project	9,450	-	9,450
Information Technology	17,281	6,554	10,727
Insurance	9,330	9,547	(217)
Office	222,984	50,083	172,901
Other	850	734	116
Professional Development	14,418	1,270	13,148
Professional Fees	55,147	15,530	39,617
Salaries and Benefits	826,863	499,858	327,006
Staff Expenses	6,071	7,588	(1,516)
Total Expenses	22,159,189	16,518,504	5,640,685
(Deficiency)/Excess of revenue over expenses	$ (12,682)	$ 53,166	$ (65,848)
Net assets, beginning of year	92,377	39,211	53,166
Net assets, end of year	$ 79,695	$ 92,377	$ (12,682)

Metis Child and Family Services Authority
Statement of Cash Flows
For the Year Ended March 31, 2008

	2008	2007
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
(Deficiency)/Excess of revenue over expenses	$ (12,682)	$ 53,166
Add (deduct) items not requiring cash outlay		
Amortization of Capital Assets	11,979	4,367
Amortization of Deferred Contributions Related to Capital Assets	(11,979)	(4,367)
	(12,682)	53,166
CHANGES IN NON-CASH WORKING CAPITAL BALANCES		
Accounts Receivable	(1,118,873)	(962,110)
Due to Metis Child, Family and Community Services Agency Inc.	1,070,793	951,690
Prepaid Expenses	2,899	785
Accounts Payable	40,036	72,116
Amount due to Manitoba Metis Federation Inc.	7,026	(10,333)
Deferred Contributions	24,873	(65,599)
	26,755	(13,450)
INVESTING ACTIVITIES		
Purchase of Capital Assets	(50,534)	(21,925)
Received Deferred Contributions Related to Capital Assets	50,534	21,925
	-	-
FINANCING ACTIVITIES		
Receipt of Loan from Province of Manitoba	1,017,800	-
Advance to Metis Child, Family and Community Services Agency Inc.	(1,017,800)	-
	-	-
NET INCREASE IN CASH	14,072	39,716
CASH, Beginning of Year	$ 235,012	$ 195,296
CASH, End of Year	$ 249,084	$ 235,012

METIS CHILD AND FAMILY SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the year ended MARCH 31, 2008

1. FORM OF ORGANIZATION

The Corporation was established as the Metis Child and Family Services Authority under section (4)c of the Child and Family Services Authority Act which was proclaimed into law on November 24, 2003

The Metis Child and Family Services Authority (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. (Federation). The Metis 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant account policies.

A. BASIS OF PREPARATION

The Manitoba Metis Federation Inc. appoints the Board of Directors of the Metis Child and Family Services Authority. The Metis Child and Family Services Authority mandates the Metis Child, Family and Community Services Agency Inc. (Agency). Separate audited financial statements are prepared for the Authority and the Agency.

The Authority has not been consolidated into the Manitoba Metis Federation Inc.'s financial statements.

B. 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 at the date of the financial statements, and reported amounts of revenues and expenses during the period. Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization of capital assets is based on the estimated useful lives of the capital assets.

C. 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

Capital assets are amortized on a straight-line basis as follows:

Office furniture and equipment	5 years
Computer equipment	5 years

D. RECOGNITION OF REVENUES

The organization 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.

E. FUTURE ACCOUNTING CHANGES

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535 – *Capital Disclosures*, Handbook Section 3862 – *Financial Instruments – Disclosures* and Handbook Section 3863 – *Financial Instruments – Presentation*. These new standards apply to the Authority from April 1, 2008.

Section 1535 specifies the disclosure of: (i) an entity's objectives, policies and procedures and process for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

Section 3862 and 3863 replace Handbook Section 3861 – *Financial Instruments – Disclosure and Presentation*, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

The Authority is currently assessing the impact that these new standards will have on its financial statements for the year ended March 31, 2009.

3. CHANGE IN ACCOUNTING POLICY

The Authority adopted the new CICA Handbook Section 3855 – *Financial Instruments – Recognition and Measurement* on April 1, 2007. This standard provides guidance on recognizing financial instruments and non-financial derivatives on the statement of financial position. The standard also specifies how financial instrument gains and losses are presented. 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: (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 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.

3. CHANGE IN ACCOUNTING POLICY (*continued*)

Upon adoption of this new standard, the Authority designated cash as held-for-trading; accounts receivable and amounts due form the Metis Child, Family and Community Services Agency Inc. as loans and receivables; and accounts payable and accruals, due to Manitoba Metis Federation Inc., due to Metis Child, Family and Community Services Agency Inc., and due to Province of Manitoba as other liabilities. The Authority 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's 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 adoption of the standard on April 1, 2007 had no material impact on the Authority's net assets.

4. 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.

5. RELATED PARTY TRANSACTIONS

The Authority rents office space from the Manitoba Metis Federation Inc.as disclosed in Note 6. Manitoba Metis Federation Inc. is related by virtue of its appointment of the Board of Directors of the Authority.

6. COMMITMENTS

The Metis Child and Family Services Authority has leased office space from the Manitoba Metis Federation Inc. The term of this lease is for five (5) years with one five (5) year renewal term

The following is a schedule of minimum lease payments:

	$
Year ending March 31, 2009	159,483
Year ending March 31, 2010	159,483
Year ending March 31, 2011	159,483
Year ending March 31, 2012	159,483

7. ACCOUNTS RECEIVABLE

	2008	2007
Province of Manitoba	$ 3,836,767	$ 2,862,412
Metis Child, Family and Community Services Agency Inc.	33,483	9,610
Goods and Services Tax	3,475	2,971
Other Receivables	118,480	176
	3,992,205	2,875,169
Less: Allowance for Doubtful Accounts	(2,083)	(3,920)
	$ 3,990,122	$ 2,871,249

8. CAPITAL ASSETS

	2008			2007
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office Furniture and Equipment	$ 8,058	$ 3,235	$ 4,823	$ 1,511
Computer Equipment	84,411	22,010	62,401	27,157
	$ 92,469	$ 25,245	$ 67,224	$ 28,669

9. AMOUNT 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 $2,106,000, 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.

10. DUE TO MANITOBA METIS FEDERATION INC.

Amounts owing are unsecured, non-interest bearing and due upon demand. Manitoba Metis Federation Inc. is related by virtue of its appointment of the Board of Directors of the Authority.

11. DEFERRED CONTRIBUTIONS

	2008	2007
Balance, Beginning of Year	$ 95,791	$ 161,390
Core Contributions Received	93,619	97,232
Core Revenue Recognized	(21,167)	(56,912)
Transition Revenue Recognized	(47,579)	(105,919)
Balance, End of Year	$ 120,664	$ 95,791

METIS CHILD AND FAMILY SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the year ended MARCH 31, 2008

12. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	2008	2007
Balance, Beginning of Year	$ 28,669	$ 11,111
Contributions Received	50,534	21,925
Amortization of Deferred Contributions	(11,979)	(4,367)
Balance, End of Year	$ 67,224	$ 28,669

13. FINANCIAL INSTRUMENTS

The Authority's financial instruments consist of cash, accounts receivable, due from Metis Child, Family and Community Services Agency Inc., accounts payable and accruals, due to Manitoba Metis Federation Inc., due to Metis Child, Family and Community Services Agency Inc., and due to Province of Manitoba. It is management's opinion that the Authority is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

14. COMPARATIVE FIGURES

Certain comparative figures for the year ended March 31, 2007 have been reclassified to the financial statement presentation adopted in 2008.