



2013/14
Annual Report



**MINISTER OF
JOBS AND THE ECONOMY**

Legislative Building
Winnipeg, Manitoba CANADA
R3C 0V8

His Honour, The Honourable Phillip S. Lee, CM, OM
Lieutenant Governor of Manitoba
Room 235, Legislative Building
Winnipeg MB R3C 0V8

Your Honour:

I am pleased to present the Annual Report for Entrepreneurship Manitoba for the fiscal year ended March 31, 2014.

Respectfully submitted,

A stylized, cursive signature of Theresa Oswald.

Honourable Theresa Oswald
Minister of Jobs and the Economy





Jobs and the Economy

Mineral Resources

Deputy Minister
Room 311
Legislative Building
Winnipeg MB R3C 0V8

Honourable Theresa Oswald
Minister of Jobs and the Economy
Room 333, Legislative Building
Winnipeg MB R3C 0V8

Dear Minister:

I have the honour to submit the Annual Report for Entrepreneurship Manitoba for your consideration. The report summarizes the Agency's activities for the fiscal year ended March 31, 2014.

The 2013/14 fiscal year was the first year of operations for the new Special Operating Agency.

Respectfully submitted,

Hugh Eliasson
Deputy Minister



Entrepreneurship Manitoba
900 – 259 Portage Avenue
Winnipeg MB R3B 2A9

Hugh Eliasson
Deputy Minister
Jobs and the Economy
Room 311, Legislative Building
Winnipeg MB R3C 0V8

Dear Mr. Eliasson:

I am pleased to submit for your review Entrepreneurship Manitoba's 2013/14 Annual Report for the fiscal year ending March 31, 2014.

The 2013/14 fiscal year was a period marked with transition and organizational development. During its first year of operation, the Agency focused on merging its business units into one organization, managing the delivery of core services in an efficient and consistent manner, while maintaining the Agency's financial stability and overall performance.

The Agency reported an operating net profit before transfer of funds to the Province of \$3,823.

Entrepreneurship Manitoba has completed a strategic planning exercise, resulting in the identification of operational priorities for 2014/15. This includes improving service efficiency, enhancing online service delivery, and further improving service integration across service areas.

Entrepreneurship Manitoba is dedicated to helping Manitoba's economy grow, and as such, will continue to develop and deliver innovative programming that supports Manitoba's entrepreneurs and business communities in starting and growing successful business ventures.

Sincerely,



Craig Halwachs
Chief Operating Officer

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Agency Overview and Historical Perspective

AGENCY OVERVIEW AND HISTORICAL PERSPECTIVE

HISTORICAL PERSPECTIVE

Prior to being merged into Entrepreneurship Manitoba, the Companies Office had been a Special Operating Agency since April 1, 1996. It was part of the Consumer and Corporate Affairs Division of the Department of Healthy Living, Seniors and Consumer Affairs. The Companies Office's main function was to be a public registry of information filed under several statutes, including *The Corporations Act*, *The Business Names Registration Act*, Part 5 of *The Electronic Commerce and Information Act*, *The Ukrainian Catholic Parishes Incorporation Act*, and *The Religious Societies' Lands Act*.

The Competitiveness Initiatives Branch (CIB) was established within the former Department of Competitiveness, Training and Trade in 2006/07. Prior to being merged into Entrepreneurship Manitoba, the Branch was mandated to deliver the Province's Single Window for Business Initiative. In addition, the CIB developed and implemented the Manitoba BizPaL program and championed other government-wide service delivery initiatives including the Manitoba Business Gateways and the Manitoba Business Portal. Over time the CIB's mandate evolved to include responsibilities for red tape reduction and the pan-Canadian Business Number and it continues to support the Government's efforts in these areas.

The Small Business Development Branch (SBDB) was originally established as the Manitoba Business Resource Centre in the 1980s. In 1998, the Manitoba Government and Western Economic Diversification of the Government of Canada entered into the Canada/Manitoba Business Service Centre Agreement, which led to the integration of the SBDB's public-facing core services into the Canada/Manitoba Business Service Centre. The Canada/Manitoba Business Service Centre

Agreement expired on March 31, 2014. All services previously provided by the SBDB through the Canada/Manitoba Business Service Centre are now delivered through Entrepreneurship Manitoba.

The Business Settlement Office (BSO) was started in 2006 as part of the Business Immigration and Investment Branch to provide services to the Manitoba Government's Provincial Nominee Program for Business clients to help mitigate the effects of barriers that immigrant investors face. The goal of the BSO is to assist landed business immigrants to establish and operate their businesses successfully, thus retaining them in Manitoba as contributors to the province's economic development.

MANDATE

Entrepreneurship Manitoba has been established to provide an integrated suite of programs and innovative service improvements for entrepreneurs and businesses within the parameters of a special operating agency. Entrepreneurship Manitoba is responsible for the administration of the following Manitoba legislation:

- *The Corporations Act*;
- *The Business Names Registration Act*;
- *The Electronic Commerce and Information Act*;
- *The Ukrainian Catholic Incorporations Act*; and
- *The Religious Societies Land Act*.

Mandate

AGENCY MISSION STATEMENT

Entrepreneurship Manitoba's mission and goals are reflected in its mission statement:

To provide services to support and enhance the growth of Manitoba's entrepreneurial and business community.

AGENCY GOALS

The ongoing goals of the Agency are:

- To deliver timely and efficient company registry services.
- To provide counselling, training, financial, and related services to Manitoba's entrepreneurial and small business community.
- To champion and lead initiatives that streamline and improve the delivery of government services to entrepreneurs and businesses.
- To assist immigrant investors to integrate into Manitoba's economy.
- To accurately appoint and authenticate Notaries Public and Commissioners for Oaths consistent with existing legislation and mandates.

AGENCY VALUES

The Agency's values are:

- **Trust and mutual respect;**
- **Engagement of management and staff** to deliver excellent and innovative service to our clients;
- **Prudent stewardship of resources** in the best interest of the province and its citizens;
- **Service Excellence** and a commitment to deliver timely, accurate and complete information and services in a courteous manner and by fostering and maintaining a client-centred focus throughout the organization, and;
- Improving services that are of the highest priority for entrepreneurs and business clients through **service innovation.**

STRUCTURE FOR OPERATIONS

ACCOUNTABILITY STRUCTURE

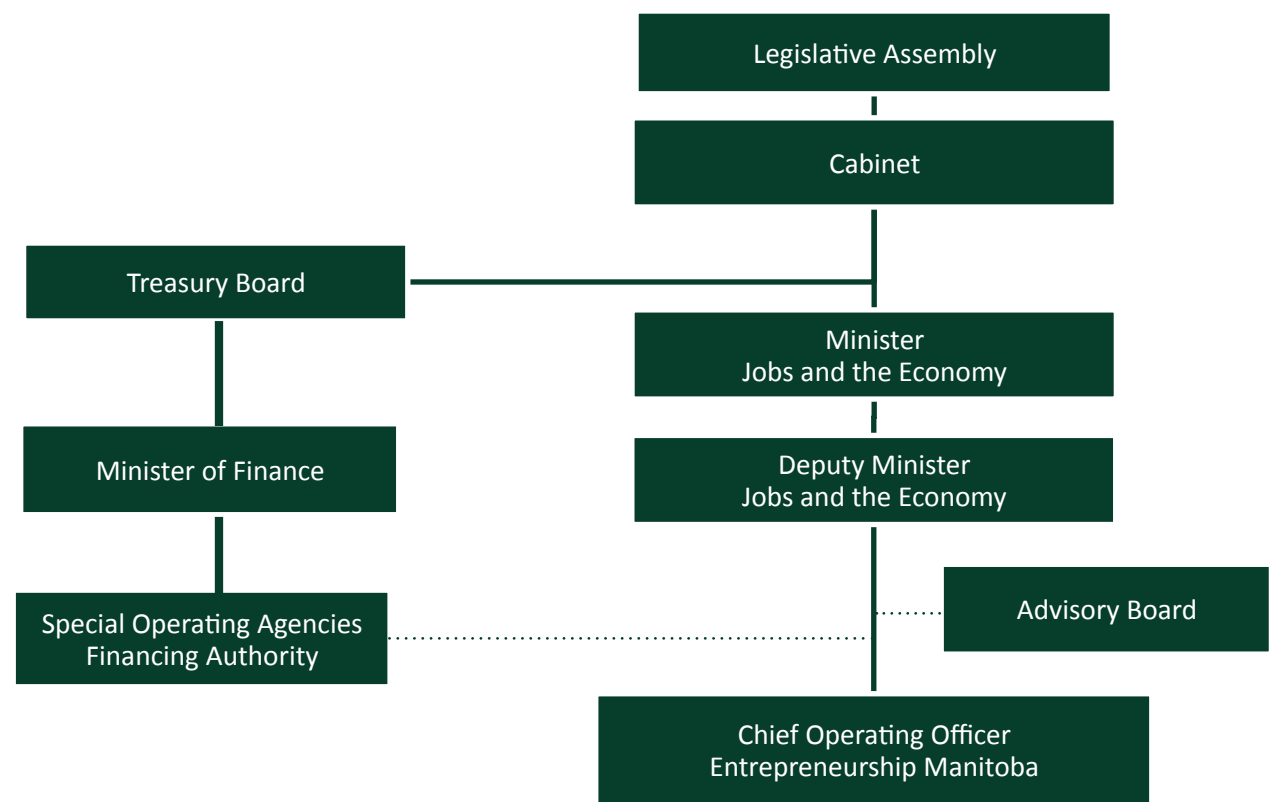
Entrepreneurship Manitoba reports directly to the Deputy Minister of Manitoba Jobs and the Economy, and is held accountable to the Minister for operational and financial performance.

The Agency operates outside of the Consolidated Fund under the Special Operating Agencies Financing Authority (SOAFA), which holds title to the Agency's assets, provides financing for operations, and is responsible for its liabilities.

Governance and accountability are substantiated by Entrepreneurship Manitoba's compliance with its *Operating Charter*, *Transfer Agreement*, applicable *General Manual of Administration policies*, and by *The Special Operating Agencies Financing Authority Act*. Financial and operational information and requirements are disseminated to and from Treasury Board through a Special Operating Agency Coordinator at Treasury Board Secretariat.

The Accountability Structure presented below outlines the structure as of March 31, 2014:

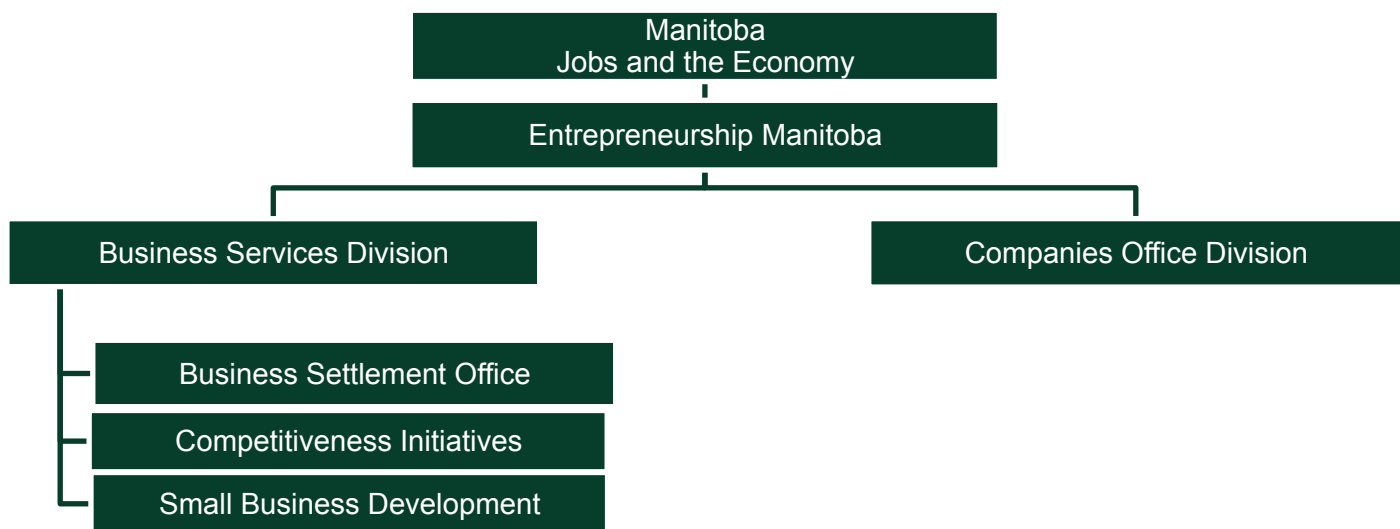
**ENTREPRENEURSHIP MANITOBA
ACCOUNTABILITY STRUCTURE CHART
MARCH 31, 2014**



ORGANIZATIONAL STRUCTURE

Entrepreneurship Manitoba is comprised of four functional areas which have been placed under two Divisions within the Agency; the Companies Office Division and the Business Services Division.

ENTREPRENEURSHIP MANITOBA ORGANIZATIONAL STRUCTURE CHART MARCH 31, 2014



Management & Administration

MANAGEMENT AND ADMINISTRATION

Entrepreneurship Manitoba's Executive Management Team consists of a Chief Operating Officer, a Chief Financial Officer, four Directors, and a Senior Manager.

Reporting to the Deputy Minister of Manitoba Jobs and the Economy, the Chief Operating Officer provides overall direction and guidance to the Agency.

Reporting to the Chief Operating Officer, the Chief Financial Officer is responsible for the implementation and effective management of the comptrollership functions within the Agency.

Also reporting to the Chief Operating Officer, the four Directors are responsible for the day-to-day management of their respective functional areas.

ADVISORY BOARD

The Advisory Board provides advice on the Agency's strategic operations and on changes to its mandate, structure, business practices and finances. The Board also reviews and comments on the Agency's proposed business plan, quarterly and annual reports and charter revisions.

The Advisory Board is chaired by the Deputy Minister of Manitoba Jobs and the Economy (or designate) and may have representation from both government and non-government organizations. The Deputy Minister and Chief Operating Officer are ex-officio members of the Board. Other members are appointed by the Minister upon nomination by the chairperson.

Organizational Services

**Entrepreneurship Manitoba
provides registry and business
support programs and services
through four functional areas.**

ORGANIZATIONAL SERVICES

COMPANIES OFFICE

Under the direction of the Director, the Companies Office's main function is to act as a public registry of information filed under several statutes, including *The Corporations Act*, *The Business Names Registration Act*, *The Ukrainian Catholic Parishes Incorporation Act*, and *The Religious Societies' Lands Act for the Province of Manitoba*.

The Companies Office Division provides the public with the following services:

- registration of companies, and updates to their status;
- review of proposed company names;
- search information on companies;
- instruction and guidance in filing documents;
- certificates and copies of documents required for legal purposes; and
- Notary Public and Commissioner for Oaths appointments and authentication.

BUSINESS SETTLEMENT OFFICE

Under the direction of the Director, the Business Settlement Office (BSO) is responsible for the overall reduction of barriers new business immigrants face in becoming integrated in Manitoba's economic and social environment.

The BSO provides a number of services including family settlement information and referral services, business counselling, post-landing case management, business education and networking opportunities.

COMPETITIVENESS INITIATIVES

Under the direction of the Director, the Competitiveness Initiatives Branch (CIB) leads, manages and delivers initiatives for improving government service delivery to businesses and reducing red tape and other initiatives that aim to support entrepreneurs and advance the productivity and competitiveness of businesses in Manitoba.

The CIB delivers services in the areas of Service and Regulatory Innovation, Service Delivery Partnerships and the Business Number, as well as several online services, including BizPaL, the BizPaS Directory, the Manitoba Business Portal and the Agency's website.

SMALL BUSINESS DEVELOPMENT

Under the direction of the Director, the Small Business Development Branch develops, co-ordinates and delivers services and programs for the enhancement and growth of the Manitoba entrepreneurial and small business community. These include the provision of business counselling, market research services, business skills development, and the delivery of financial programs for business.

Highlights and Achievements

2013/14 INITIATIVES

HIGHLIGHTS AND ACHIEVEMENTS

2013/14 INITIATIVES

COMPANIES ONLINE - SYSTEM DEVELOPMENT

Entrepreneurship Manitoba's Companies Office Division continues to work on the customization of a new computer application, the Companies Office System (COS). The COS will improve customer service by enabling various filings to be made online.

INTEGRATED SERVICE DELIVERY PILOT PROJECT

To support Entrepreneurship Manitoba's vision of service integration and a fully co-located agency, the Agency has initiated an Integrated Service Delivery Pilot Project. The initiative allows for the Agency to develop and test changes to the current service delivery model and business processes, and, through the Pilot Project's monitoring and evaluation phase, provide 'best practice' and 'lessons learned' insight for future service transformation.

One of the outcomes of the Pilot Project is to improve service to business in the 'simplest, clearest and fastest' way possible. This will be achieved through the development of improved business processes that make it easier for business to access support programs and services.

JOURNEYPEPERSON BUSINESS START PROGRAM

In 2013/14 Entrepreneurship Manitoba developed and launched the Journeyperson Business Start Program (JBSP), a grant program that encourages new journeypersons in rural Manitoba to start their own full-time businesses and pursue self-employment as a career choice.

Under the JBSP, applicants are eligible to receive a grant of up to \$2,500 to help cover the cost of purchasing the necessary equipment, tools, supplies, buildings, leasehold and building improvements related to starting a trade-related business.

COMMUNITY PARTNER AGREEMENT – FUTURPRENEUR CANADA

Entrepreneurship Manitoba and Futurpreneur Canada (formerly the Canadian Youth Business Foundation) entered into a partnership agreement for the delivery of program services on June 1, 2013.

In this agreement, Entrepreneurship Manitoba is designated a "Community Partner", and as such, provides business plan review and assessment services with respect to Futurpreneur Canada loan applications originating from the Winnipeg, Parkland and Westman regions.

Futurpreneur provides mentoring, financing and business resources to young entrepreneurs aged 18 to 39 who are starting a business.

SERVICE AND REGULATORY INNOVATION

Entrepreneurship Manitoba continued to support Government collaboration with the Manitoba Employers' Council Advisory Committee on Red Tape Reduction which is tasked with exploring red tape reduction strategies to reduce the paperwork burden on entrepreneurs and businesses.

In addition, Entrepreneurship Manitoba co-chaired the Federal/ Provincial/ Territorial/ Municipal (FPTM) Public Sector Service Delivery Council's Service to Business Task Group in collaboration with Service Canada. This role involved leading and championing inter-jurisdictional initiatives related to service-to-business matters in Manitoba and elsewhere, and includes participation on three national working groups for service bundling, municipal engagement, and Business Number expansion. Specific activities supported include promoting the Business Number with Federal/Provincial/Territorial Deputy Ministers and other groups at the national level, as well as conducting a pan-Canadian survey of service bundling and red tape reduction initiatives.

SERVICE DELIVERY PARTNERSHIPS

In 2013/14, Entrepreneurship Manitoba has developed service delivery partnerships and working relationships with a variety of business community stakeholders, including the Manitoba Marketing Network, World Trade Centre Winnipeg, and the Winnipeg, Manitoba, Brandon and St. Boniface Francophone Chambers of Commerce.

In addition, in 2013/14 Entrepreneurship Manitoba and the City of Winnipeg established a working group to identify and develop collaboration opportunities to enhance business service delivery. The Working Group developed an analytical framework; identified opportunities for enhanced business service collaboration between the two levels of government; and completed an analysis of current and potential business service delivery collaboration. The working group developed recommendations for improved service delivery collaboration improvements which were readied for implementation starting in 2014/15.

ONLINE SERVICES

In 2013/14, Entrepreneurship Manitoba developed and deployed a new Online Workshop and Seminar Registration System that was publicly launched in September 2013. The tool enables clients to register and pay online for Agency business skills development training.

The Agency also further developed BizPaL, an online service that generates a listing of required permits, licences and other regulatory requirements from federal, provincial and participating municipal governments, for businesses looking to start or expand in Manitoba.

In 2013/14 the Agency collaborated with the Towns of Beausejour and Niverville, the Rural Municipalities of Brokenhead and Silver Creek, and the Local Government District of Pinawa for deployment of BizPaL in their respective regions. The BizPaL service was publicly launched in the Local Government District of Pinawa in July 2013.

The BizPaL service has now been deployed in 73 municipalities, representing more than 75% of Manitoba's population.

BUSINESS NUMBER SERVICES

In 2013/14, Entrepreneurship Manitoba collaborated with the City of Winnipeg and successfully established Winnipeg as the first municipality in Canada to adopt the Business Number. As a result, over 23,000 new program accounts were added to the Manitoba Business Number database.

Summary of Operational Activities / Performance Indicators

SUMMARY OF OPERATIONAL ACTIVITIES / PERFORMANCE INDICATORS

REQUESTS FOR SERVICE - COMPANIES OFFICE

During the fiscal year 2013/14 Office staff responded to 289,214 requests for services compared to 280,287 requests last year. This included document filings, phone inquiries and in-person searches of files as outlined in the chart below.

Comparative Operating Statistics				
	2013/2014	2012/2013	2011/2012	2010/2011
New Incorporations	5,012	4,584	4,652	4,426
Amendments	1,242	1,160	1,181	992
New Registrations - Non Manitoba Corporations	1,025	1,045	920	998
Business Name Registrations	6,876	6,774	6,793	6,716
Personal Counter Searches of Corporate and Business Files	4,801	3,650	3,717	3,850
Name Reservations Requests	15,672	14,696	14,510	15,547
Annual Returns Processed	64,943	67,753	58,173	58,277
Telephone Inquiries	57,702	58,860	58,164	59,868
Customers Served at Counter	23,673	26,720	23,357	26,549
Active Corporate and Business Name Records	133,120	119,663	108,061	109,962

Interested clients also accessed the Office's file information from computer terminals outside the Companies Office seven days a week. Public use of this service was substantial with 933,019 inquiry transactions occurring in 2013/14. This service is convenient for clients as it is quicker and easier than attending the office.

The first level of appeals from name registration decision is to the Director of the Office. During the fiscal year, there were 24 objections to both registered and unregistered names, up from 21 the previous year.

PERFORMANCE INDICATORS - COMPANIES OFFICE

The Companies Office endeavours to process customer service requests in an efficient and effective manner. In the 2014/15 fiscal year, the Office will continue to monitor and improve processing times through continued investments in technology, and by seeking out processing efficiencies where possible.

Registry Services Processing Times				
OBJECTIVES	CRITICAL SUCCESS FACTORS	PERFORMANCE MEASURES	PERFORMANCE TARGETS March 31, 2014	RESULTS March 31, 2014
To process customer service requests in an efficient and effective manner.	Employ strategies that will decrease cycle time.	Cycle time for processing:		
		- Business Names	a) Business Name Registrations:	a) Business Name Registrations:
		- Corporate Documents	4 working days.	9 working days.
		- Annual Returns	b) Incorporations:	b) Incorporations:
			4 working days.	8 working days.
			c) Annual Returns:	c) Annual Returns:
			12 working days.	22 working days.

Client Satisfaction Survey – Companies Office Division				
OBJECTIVES	CRITICAL SUCCESS FACTORS	PERFORMANCE MEASURES	PERFORMANCE TARGETS March 31, 2014	RESULTS March 31, 2014
Exceed customers' expectations by providing quality service.	Provide service which: is prompt	% of "Tell Us How We Are Doing" forms	90% (satisfied and very satisfied)	80% (satisfied and very satisfied)
	is without error	% of "Tell Us How We Are Doing" forms	90% (satisfied and very satisfied)	84% (satisfied and very satisfied)
	is personable	% of "Tell Us How We Are Doing" forms	90% (very satisfied)	72% (very satisfied)
	is helpful/ informative	% of "Tell Us How We Are Doing" forms	90% (very satisfied)	72% (very satisfied)

ENHANCED BUSINESS SERVICES

In 2013/14, the Business Services Division assisted 6,323 clients through 13,361 interactions. Interactions are comprised of requests for business information and business counselling on various topics including start-up, growth, business succession, financing, marketing and human resource management. Assistance was provided to 86 business immigrants from the Provincial Nominee Program for Business.

Enhanced Business Services Activities				
OBJECTIVES	CRITICAL SUCCESS FACTORS	PERFORMANCE MEASURES	PERFORMANCE TARGETS March 31, 2014	RESULTS March 31, 2014
Business Counselling Services	Adequate Promotion	Number of clients counselled	Business counselling services provided to 3,500 clients	6,323 clients counselled
Provide enhanced business services to start-up and existing businesses	Public Awareness Quality of enhanced business services provided	Number of client interactions	Approximately 9,000 client interactions	13,361 client interactions
Increase the number of business immigrants from the PNPB that fulfill program requirements	Businesses started	Number of businesses that are started according to terms & conditions; % of all case files that are closed with a successful start of a business.	80 business immigrants	86 business immigrants

ACCESS TO CAPITAL

Entrepreneurship Manitoba administers three financial support programs on behalf of the Manitoba Government; the Manitoba Business Start Loan Guarantee Program which provides loan guarantees up to \$30,000 through participating financial institutions, the Journeyperson Business Start Program which provides successful applicants with a grant of up to \$2,500 towards launching a trade-related business in rural Manitoba, and the Manitoba Film Loan Guarantee program which provides loan guarantees towards projects filmed in Manitoba.

In 2013/14 the Agency issued 46 Business Start loan guarantees for a total aggregate amount of \$1.32M, creating 133 full and part-time jobs.

Access to Capital				
OBJECTIVES	CRITICAL SUCCESS FACTORS	PERFORMANCE MEASURES	PERFORMANCE TARGETS March 31, 2014	RESULTS March 31, 2014
Manitoba Business Start Loan Guarantee Program	Partnerships with lenders and level of participation by lenders	Number of jobs created under the Business Start Program	Creation of 85 full-time and part-time jobs	133 full-time and part-time jobs
Provide Manitoba businesses access to working capital to start a business	Public Awareness	Financing and investment dollars leveraged through Business Start Loan Program	Provide access to funding to approximately 30 business start clients for total aggregate loan guarantee financing of \$850.0	46 loans for a total aggregate loan guarantee financing of \$1.32M
Manitoba Film Loan Guarantee Program	Favourable Canadian dollar to attract film productions to Manitoba	Financing and investment dollars leveraged through Manitoba Film Loan Guarantee Program	Access to funding for two to three films or television program productions for total aggregate loan guarantee financing of \$200.0	1 loan guarantee for an amount of \$135.0
Provide production companies access to financing	Manitoba Film and Video Production Tax Credit eligibility	Total investment dollars from the business start-up.		
	Partnerships with lenders and level of participation by lenders			
Journeyperson Business Start Program	Adequate Promotion	Total investment dollars from the business start-up.	Launched in Q3	3 grants for a total aggregate amount of \$7.5
Provide Manitoba rural journeypersons access to capital to start a trade-related business	Public Awareness			\$60.0 investment dollars

ENTREPRENEURIAL TRAINING

Entrepreneurship Manitoba develops and delivers a wide range of business courses, seminars and workshops for entrepreneurs seeking to improve their entrepreneurial and business management skills.

In 2013/14, the Agency delivered a total of 79 training sessions attended by 1,271 participants.

Entrepreneurial Training Activities				
OBJECTIVES	CRITICAL SUCCESS FACTORS	PERFORMANCE MEASURES	PERFORMANCE TARGETS March 31, 2014	RESULTS March 31, 2014
Provide networking events and training seminars for immigrant entrepreneurs	Increased capacity by immigrant investors to start businesses	Number of events, seminars and attendees	3 networking events and 6 seminars 34 participants	26 events delivered 279 participants
Seminars and Workshops	High quality, high value seminars	Number of seminars delivered	Delivery of 12 seminars	28 seminars delivered
Provide training and business skills development to Manitoba entrepreneurs through seminars and workshops	Variety of delivery methods (in person, online, on-site) Adequate promotion	Number of participants in seminars	240 participants	427 participants
Three-day Business Planning Workshop	Provide workshops which: 1) are good quality 2) present appropriate topics 3) have knowledgeable speakers	Number of Business Planning Workshops delivered in Winnipeg and rural Manitoba Number of participants at Business Planning Workshop	Delivery of 14 Business Planning Workshops in Winnipeg and rural Manitoba Attended by approximately 210 participants	25 Business Planning Workshops delivered 565 participants

BUSINESS IMMIGRATION SERVICES

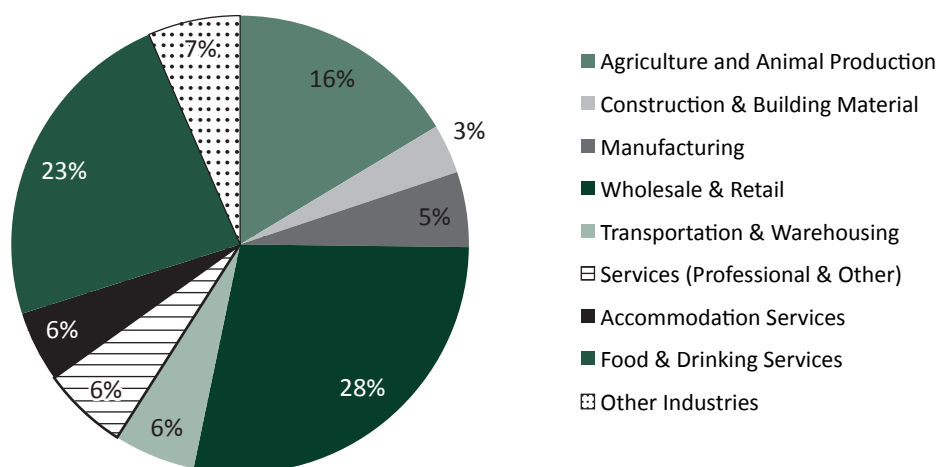
In 2013/14, Entrepreneurship Manitoba facilitated 86 investments by business immigrants originating from the Provincial Nominee Program for Business, creating 57 new jobs, and retaining 130 jobs throughout Manitoba's communities.

The 86 investments were a result of 37 new business start-ups, and 49 acquisitions, primarily in wholesale, retail, and food services.

Initial Business Investments	2013-2014	Since inception
No. of investments	86	659
Value (ooo)	\$19,400	\$228,050
Deposits released (ooo)	\$7,804	\$48,525

Job Creation 2013-2014	New	Existent (acquisitions)
Businesses	37	49
Jobs	57	130

INVESTMENTS BY INDUSTRY



Financial Results

Summary of Financial Results

Revenue

Expenses

SUMMARY OF FINANCIAL RESULTS

Entrepreneurship Manitoba reported revenues of \$10,839, an increase of \$1,109 over budget, and a net income from operations of \$3,823, an increase of \$2,881 over budget, for the year ended March 31, 2014.

ENTREPRENEURSHIP MANITOBA 2013/14 Financial Summary (in thousands)			
	Actual 2013/2014	Budget 2013/2014	Over (Under) Budget
Total Net Revenue	\$10,839	\$9,730	\$1,109
Salaries & Benefits	3,729	4,248	(519)
Operating Expenses	3,278	4,277	(999)
Amortization	9	263	(254)
Income from Operations	3,823	942	2,881
Transfer of Funds to Province of Manitoba	2,500	2,500	-
Net Income (Deficit)	1,323	(1,558)	2,881

REVENUE

Total net revenue for the year ended March 31, 2014 was \$10,839 or \$1,109 greater than budget. An increase in actual filings and a rate increase effective October 1, 2013, account for the difference.

EXPENSES

The following is an explanation of significant variances to budget.

Actual to Budget

Expenses were \$1,772 lower than budget mainly due to:

a) The delay in the Companies Office System implementation.

New system maintenance	\$(437)
Bank visa charges	(118)
Amortization	(254)
Programmer fees	<u>220</u>
	\$(589)

b) Only \$15 Canada/Manitoba Business Service Centre operational expenses were incurred during the 2013/14 fiscal year. The initial Budget included \$196 in costs.

c) Salaries and Benefits were \$519 lower than budget mainly due to:

- The Entrepreneurship Manitoba budget included reclassification increases as a result of the implementation of the new Companies Office System (COS). These reclassifications have not taken place.
- Various vacancies not filled.

APPENDIX A - RATE FEE COMPARISON TO OTHER JURISDICTIONS

The Corporations Act											
	MB	QUE.	N.B.	N.S.	NL.	ONT.	SASK.	ALTA*	B.C.	P.E.I.	CAN.
Incorporation (share)	350	300	300	308.71	270/300	300/360	215/265	100	350	250	200/250
Amalgamation	350	300	350	308.71	300		265	100	1000	200/250	300
Continuance/ Discontinuance	350	200	350	125.77/ 308.71	300	330	265	0/100	350/ 1000	250	200
Articles of Amendment (share)	175	155	200	182.94	50/100	165	100	25	100/ 1000	250	200
Articles of Reorganization/Arrangement	350	155	350		100	330	100/250	25/100	N/A		200
Restated Articles	175	155	100		100	150	25	25	N/A		50
Articles of Amendment (converting)	350										
Registration of Federal or Extra-Provincial (share)	350	300	200	251.53	260/560	330	265	250	350	250	N/A
Supplementary Registration	175	50	100/200	0/ various	30/100/ 260	N/A	100/250	25/100	20/100/ 350	200	N/A
Order of Director	175						25				250
Amendment (non-share)	60	50	0/200		0	130	20	N/A	N/A	125	50
Revival (share)	120	300	250	N/A	300	330	250	100	350	250	200
Revival (non-share)	60	100	0	0	0	100	50	50/75	100	125	N/A
Dissolution	60	0	50	125.77	0	25	0	0	20	125	0
Statement/Revocation of Intent	60				0		0	0			0
Cancel Registration	60										N/A
Restore Regn – share - non-share	120	50	100	503	260/560	N/A	250	100	350		N/A
Request Name Reservation	45	20		48.71/ 60.88	10		50/60		30	40/50	
Notation of Name or Renewal	60										
New Power of Attorney	40	N/A	50	N/A	10	0		0	20		N/A
Certified Copy - Articles	40	30	20	11.43/ 22.87	20	36	30+\$1/ page	5	25/10+ 50¢/pg	30	35
Certificate or Supp	40	30	20	11.43/ 22.87	20	36	30+\$1/ page	5	25/10+ 50¢/pg	30	35
Cert. of Reg.	20	30	20	11.43/ 22.87	20	36	30+\$1/ page	5	25/10+ 50¢/pg	30	35
Other document											
Photocopy Articles	20	5	10	11.43/ 22.87	25¢/pg	10	\$1/pg	5	10+50¢/ pg	25¢/pg	\$1/pg
Cert/Supp Cert.	20	5	10	11.43/ 22.87	25¢/pg	10	\$1/pg page	5	10+50¢/ pg	25¢/pg	\$1/pg
Other document	15	5	10	11.43/ 22.87	25¢/pg	10	\$1/pg page	5	10+50¢/ pg	25¢/pg	\$1/pg
Certificate of Search	40										
Certificate of Status	40	20	20	34.30	10	N/A	15	5	35	30	10
Search by mail	10	N/A	N/A	N/A	N/A	5/12/30	5	N/A	10	0	0
Expedited Service	Double to max \$200 additional	Additional 50%		N/A	0		\$25-\$100	N/A	100		N/A

* Private sector providers add service fees in Alberta.

The Business Names Registration Act

	MB	QUE.	N.B.	N.S.	NL.	ONT.	SASK.	ALTA*	B.C.	P.E.I.
Registration of Business or Firm Name	60	48	100	62.89	N/A	60/80	40/50	10	30/40	50
Dissolution	60	0	0	0	N/A	0	10	0	0	
Change of Registrants	60	0	0	0	N/A	N/A	20	10	40	
Change in Capital	60				N/A					
Change in Business or Firm Name	60	0	50	34.30	N/A	60/80	40/50	10	40	
Renewal	60	0	50	62.89	N/A	80	40/50	N/A	N/A	50
Registration of Limited Partnership	350	48	200	182.94	230	210	265	50	165	200
Registration of Limited Liability Partnership	350		100			80	265		275	
Certified Copy	20	30	20	11.43/ 22.87		8	30+ \$1/pg	5	25/10+ 50¢/pg	
Certificate of Status or Search	40									
Request Name Reservation	45	N/A		48.71/ 60.88		8/12	50/60		30	40/50
New Power of Attorney	40									
Photocopy	15	5	10	11.43/ 22.87		8	\$1/pg		10+50¢/ pg	
Search by mail	10									
Expedited Service	Double to max of \$200 additional	Add'l 50%		N/A		N/A	25/100		100	

Financial Statements

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INDEPENDENT AUDITORS' REPORT

To the Special Operating Agencies Financing Authority of
Entrepreneurship Manitoba

Report on the Financial Statements

We have audited the accompanying financial statements of Entrepreneurship Manitoba, an agency of the Special Operating Agencies Financing Authority, Province of Manitoba, which comprise the statements of financial position as at March 31, 2014 and the statements of operations, change in net financial assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Entrepreneurship Manitoba as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

June 16, 2014
Winnipeg, Canada

Magnus Chartered Accountants LLP


Management's Responsibility for Financial Reporting

The accompanying financial statements are the responsibility of management of Entrepreneurship Manitoba and have been prepared in accordance with Canadian public sector accounting standards. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgments regarding all necessary estimates and all other data available as at June 16, 2014.

Management maintains internal controls to properly safeguard the assets of Entrepreneurship Manitoba and to provide reasonable assurance that the books and records from which the financial statements are derived accurately reflect all transactions and that established policies and procedures are followed.

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

On behalf of Management of
Entrepreneurship Manitoba



Craig Halwachs
Chief Operating Officer



David Rudy
Chief Financial Officer

ENTREPRENEURSHIP MANITOBA
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

Statement of Financial Position

(in thousands)

March 31, 2014

	2014 Actual	2013 Actual (Note 1)
Financial assets		
Cash and cash equivalents	\$ 5,312	\$ 5,080
Trade accounts receivable	375	249
Receivable from the Province of Manitoba	213	-
Portfolio investments	2,055	2,035
	7,955	7,364
Liabilities		
Accounts payable and accrued liabilities	512	874
Accrued vacation entitlements	385	241
Provision for loan guarantees (Note 4)	644	-
Employee future benefits (Note 5)	402	322
Borrowings from the Province of Manitoba (Note 6)	2,507	2,837
	4,450	4,274
Net financial assets	3,505	3,090
Non-financial assets		
Tangible capital assets (Note 7)	4,204	3,302
Prepaid expenses	13	6
Inventories of supplies	34	35
	4,251	3,343
Accumulated surplus	\$ 7,756	\$ 6,433

Designated assets (Note 8)

Commitments (Note 9)

See accompanying notes to financial statements.

ENTREPRENEURSHIP MANITOBA
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

Statement of Operations

(in thousands)

Year ended March 31, 2014

	2014 Budget	2014 Actual	2013 Actual (Note 1)
Revenue:			
Fees and services	\$ 7,970	\$ 9,025	\$ 8,125
Immigration settlement transfer	1,750	1,750	-
Interest	10	64	43
	9,730	10,839	8,168
Expenses:			
Salaries and employee benefits	4,248	3,729	1,740
Operating expenses (Schedule 1)	4,277	3,278	2,709
Amortization of tangible capital assets	263	9	12
	8,788	7,016	4,461
Income before the transfer of funds to the Province of Manitoba	942	3,823	3,707
Transfer of funds to the Province of Manitoba (Note 10)	2,500	2,500	2,500
Net income for the year	(1,558)	1,323	1,207
Accumulated surplus, beginning of year	5,470	6,433	5,226
Accumulated surplus, end of year	\$ 3,912	\$ 7,756	\$ 6,433

See accompanying notes to financial statements.

ENTREPRENEURSHIP MANITOBA
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

Statement of Change in Net Financial Assets

(in thousands)

Year ended March 31, 2014

	2014 Budget	2014 Actual	2013 Actual (Note 1)
Net income for the year	\$ (1,558)	\$ 1,323	\$ 1,207
Tangible capital assets:			
Acquisition of tangible capital assets	(25)	(911)	(627)
Amortization of tangible capital assets	263	9	12
Net acquisition of tangible capital assets	238	(902)	(615)
Other non-financial assets:			
Change in prepaid expenses during the year	-	(7)	(1)
Change in inventories of supplies during the year	-	1	(5)
Net acquisition of other non-financial assets	-	(6)	(6)
Increase (decrease) in net financial assets	(1,320)	415	586
Net financial assets, beginning of year	1,579	3,090	2,504
Net financial assets, end of year	\$ 259	\$ 3,505	\$ 3,090

See accompanying notes to financial statements.

ENTREPRENEURSHIP MANITOBA
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

Statement of Cash Flow

(in thousands)

Year ended March 31, 2014

	2014 Actual	2013 Actual (Note 1)
Cash provided by (applied to)		
Operating activities:		
Net income for the year	\$ 1,323	\$ 1,207
Adjustment for		
Amortization of tangible capital assets	9	12
	1,332	1,219
Changes in the following:		
Accounts receivable	(126)	99
Receivable from the Province of Manitoba	(213)	-
Prepaid expenses	(7)	(1)
Inventories of supplies	1	(5)
Accounts payable and accrued liabilities	(362)	603
Provision for loan guarantees	644	-
Accrued vacation entitlements	144	14
Employee future benefits	80	(5)
Cash provided by operating activities	1,493	1,924
Capital activities:		
Capital asset additions	(911)	(627)
Cash (applied to) capital activities	(911)	(627)
Financing activities:		
Debt repayments to the Province of Manitoba	(330)	(330)
Cash (applied to) financing activities	(330)	(330)
Investing activities:		
Portfolio investments	(20)	(1,206)
Cash (applied to) investing activities	(20)	(1,206)
Change in cash and cash equivalents	232	(239)
Cash and cash equivalents, beginning of year	5,080	5,319
Cash and cash equivalents, end of year	\$ 5,312	\$ 5,080

See accompanying notes to financial statements.

ENTREPRENEURSHIP MANITOBA
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

Notes to Financial Statements

(in thousands)

Year ended March 31, 2014

1. Nature of organization

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

The Agency is in the department of Jobs and the Economy and is under the policy direction of the Minister, the Deputy Minister, and the Assistant Deputy Minister of Manitoba Jobs and the Economy. The Agency remains bound by relevant legislation and regulations. The Agency is also bound by administrative policy except where specific exemptions have been provided for in its operating charter in order to meet business objectives.

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

2. Basis of accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards which are Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board.

3. Significant accounting policies

(a) Revenue

Fees and services

Fees and services revenue is recognized when the rendering of services is complete or substantially complete.

Government transfers

Government transfers without eligibility criteria or stipulations are recognized as revenue when the transfer is authorized.

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

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

Other revenue

All other revenues are recorded on an accrual basis.

ENTREPRENEURSHIP MANITOBA
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PROVINCE OF MANITOBA

Notes to Financial Statements

(in thousands)

Year ended March 31, 2014

3. Significant accounting policies (continued)

(b) Expenses

Accrual accounting

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

Government transfers

Government transfers are recognized as expenses in the period in which the transfers are authorized and all eligibility criteria have been met.

(c) Financial assets

Cash and cash equivalents

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

Accounts receivable

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

Portfolio investments

Portfolio investments are deposits or investments with original maturities of greater than three months. These investments are recognized at cost.

(d) Liabilities

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

(e) Non-financial assets

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

Tangible capital assets

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

Computer equipment and software	20% straight line (10% in year of acquisition)
Office equipment	20% straight line (10% in year of acquisition)
Furniture and fixtures	20% straight line (10% in year of acquisition)
Leasehold improvements	20% straight line (10% in year of acquisition)
System development costs	15 years straight line

ENTREPRENEURSHIP MANITOBA
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PROVINCE OF MANITOBA

Notes to Financial Statements

(in thousands)

Year ended March 31, 2014

3. Significant accounting policies (continued)

Prepaid expenses

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

Inventories of supplies

Inventories of supplies are recorded at cost and recognized as an expense in the period the supplies are used or consumed.

(f) Financial instruments - measurement

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

The Agency records its financial assets at cost. Financial assets include cash and cash equivalents, accounts receivable and portfolio investments. The Agency also records its financial liabilities at cost. Financial liabilities include accounts payable and accrued liabilities and borrowings.

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

(g) Measurement uncertainty

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

4. Provision for loan guarantees

Effective April 1, 2013, responsibility for the Province's Manitoba Business Start Loan Guarantee Program was transferred to the Agency. Losses on these loan guarantees are recorded in the accounts when it is likely that a payment will be made to honour a guarantee and when the amount of the anticipated loss can be reasonably estimated. The amount of the allowance for loan losses is determined by taking into consideration the Program's historical loss experience and current economic conditions. The increase or decrease in the allowance is recognized in operating expenses for the year.

As at March 31, 2014, the following debt has been guaranteed under the Business Start Loan Guarantee Program:

	Revolving authorized limit	Balance outstanding
Business Start Loans under <i>The Loan Act</i>	\$ 5,000	\$ 2,966

As at March 31, 2014, the Agency has recorded a provision of \$644 for these loan guarantees.

ENTREPRENEURSHIP MANITOBA
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PROVINCE OF MANITOBA

Notes to Financial Statements

(in thousands)

Year ended March 31, 2014

4. Provision for loan guarantees (continued)

Under *The Loan Act*, the Province guarantees loans up to \$30 each made by participating financial institutions to new owner-managed businesses operating in Manitoba. Business Start Loans are five year term loans at prime plus 1% interest with a one year deferral on principal repayment. In the event of a Business Start Loan default within the five year term, the lender can make a claim for the outstanding loan balance and up to 120 days of interest. When the Agency makes a claim payment, the lender will assign the defaulted loan to the Agency, which allows for potential recovery from the borrower.

As at March 31, 2014, no amounts relating to defaulted loans assigned to the Agency are included in the financial statements due to the uncertainty of recovering any amounts relating to these defaulted loans. Recoveries, if any, will be recognized in the period in which payments are received.

5. Employee future benefits

	2014	2013
Severance benefits	\$ 343	\$ 281
Sick pay benefits	59	41
	\$ 402	\$ 322

Pension benefits

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

Effective March 31, 2001, pursuant to an agreement with the Province of Manitoba, the Agency transferred to the Province the pension liability for its employees. Commencing April 1, 2001, the Agency was required to pay to the Province an amount equal to its employees' current pension contributions. The amount paid for 2014 was \$138 (2013 - \$105). Under this agreement, the Agency has no further pension liability.

Severance benefits

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

An actuarial report was completed for the severance pay liability as of March 31, 2011. The report provides a formula to update the liability on an annual basis. In accordance with the formula, the Agency's actuarially determined net liability for accounting purposes as at March 31, 2014 is \$343 (2013 - \$281), with the actuarial losses of \$83 (2013 - \$83) being amortized over the 15 year EARSL of the employee group.

ENTREPRENEURSHIP MANITOBA
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

Notes to Financial Statements

(in thousands)

Year ended March 31, 2014

5. Employee future benefits (continued)

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

Annual rate of return:	
Inflation component	2.00%
Real rate of return	4.00%
	6.00%
Assumed salary increase rates:	
Annual productivity increase	1.00%
Annual general salary increase	2.75%
	3.75%

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

	2014	2013
Accrued benefit liability	\$ 394	\$ 338
Less: unamortized actuarial losses	(51)	(57)
Severance benefit liability	\$ 343	\$ 281

Total severance benefits paid during the year ended March 31, 2014 were \$73 (2013 - \$43). The total expense related to severance benefits for the year ended March 31 includes the following components:

	2014	2013
Interest on obligation	\$ 22	\$ 23
Current period service cost	16	9
Amortization of actuarial losses over EARS	6	5
Total expense related to severance benefits	\$ 44	\$ 37

Sick pay benefits

The Agency provides sick leave benefits for employees that accumulate but do not vest. The accrued benefit liability related to sick leave entitlements earned by employees is determined using a valuation model developed by an actuary. The valuation is based on employee demographics, sick leave usage and actuarial assumptions. These assumptions include a 6.00% annual return and a 3.75% annual salary increase. The Agency's sick leave benefit liability as at March 31, 2014 based on the valuation model is \$59 (2013 - \$41). The increase in the sick leave benefit liability of \$18 (2013 - \$nil) represents the total sick leave benefit expense for the year.

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AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

Notes to Financial Statements

(in thousands)

Year ended March 31, 2014

6. Borrowings from the Province of Manitoba

By virtue of the Management Agreement, the Agency is responsible for the repayment of debts assumed by the Special Operating Agencies Financing Authority (SOAFA) on its behalf. SOAFA holds the debt instruments listed below on behalf of the Agency.

Borrowings obtained through the use of available Loan Act Authority are repayable in quarterly instalments of principal and interest as follows:

	2014	2013
4.0% repayable in quarterly instalments of \$33 principal plus interest, maturing in 2021	\$ 931	\$ 1,064
3.0% repayable in quarterly instalments of \$49 principal plus interest, maturing in 2022	1,576	1,773
	\$ 2,507	\$ 2,837

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

2015	\$ 330
2016	330
2017	330
2018	330
2019	330

ENTREPRENEURSHIP MANITOBA
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PROVINCE OF MANITOBA

Notes to Financial Statements

(in thousands)

Year ended March 31, 2014

7. Tangible capital assets

	2014			
	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Computer equipment and software	\$ 119	\$ -	\$ -	\$ 119
Office equipment	16	-	-	16
Furniture and fixtures	136	9	-	145
Leasehold improvements	40	-	-	40
System development	3,280	902	-	4,182
	\$ 3,591	\$ 911	\$ -	\$ 4,502
Accumulated amortization				
Computer equipment and software	(101)	(6)	-	(107)
Office equipment	(16)	-	-	(16)
Furniture and fixtures	(132)	(3)	-	(135)
Leasehold improvements	(40)	-	-	(40)
Total accumulated amortization	\$ (289)	\$ (9)	\$ -	\$ (298)
Net book value	\$ 3,302	\$ 902	\$ -	\$ 4,204

During the year, system development costs were capitalized in the amount of \$902 (2013 - \$619). The total cost of tangible capital assets not subject to amortization as at March 31, 2014 is \$4,182 (2013 - \$3,280). Amortization will commence when construction is complete and the system is available for use.

ENTREPRENEURSHIP MANITOBA
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PROVINCE OF MANITOBA

Notes to Financial Statements

(in thousands)

Year ended March 31, 2014

7. Tangible capital assets (continued)

	2013			
	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Computer equipment and software	\$ 111	\$ 8	\$ -	\$ 119
Office equipment	16	-	-	16
Furniture and fixtures	136	-	-	136
Leasehold improvements	40	-	-	40
System development	2,661	619	-	3,280
	\$ 2,964	\$ 627	\$ -	\$ 3,591
Accumulated amortization				
Computer equipment and software	(94)	(7)	-	(101)
Office equipment	(16)	-	-	(16)
Furniture and fixtures	(127)	(5)	-	(132)
Leasehold improvements	(40)	-	-	(40)
Total accumulated amortization	\$ (277)	\$ (12)	\$ -	\$ (289)
Net book value	\$ 2,687	\$ 615	\$ -	\$ 3,302

8. Designated assets

The Agency has allocated \$218 (2013 - \$218) of its portfolio investments as designated assets for cash received from the Province of Manitoba for the vacation entitlements earned by employees of the Companies Office prior to its designation as an SOA and the severance pay benefits accumulated to March 31, 1998 for certain employees. This amount is held in an interest bearing account until the cash is required to discharge the related liabilities. Any unused balance is re-invested annually.

During the current year, \$644 was received from the Province of Manitoba for the total provision for loan guarantees transferred to the Agency as of April 1, 2013. This amount is also held in an interest bearing trust account until cash is required to discharge the related liabilities for loan guarantees. In addition, \$213 receivable from the Province of Manitoba as at March 31, 2014 is designated for vacation and severance benefits transferred to the Agency as of April 1, 2013.

ENTREPRENEURSHIP MANITOBA
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PROVINCE OF MANITOBA

Notes to Financial Statements

(in thousands)

Year ended March 31, 2014

9. Commitments

Lease commitments

The Agency has entered into a lease agreement with the Province of Manitoba for office space located at 250 - 240 Graham Avenue, Winnipeg, Manitoba. The term of the lease expires March 31, 2019. Occupancy charges for the year ending March 31, 2015 are estimated to be \$106 (2014 actual - \$112).

The Agency has entered into a lease agreement with the Province of Manitoba for office space located at 340-9th Street, Brandon, Manitoba. The term of the lease expires March 31, 2019. Occupancy charges for the year ending March 31, 2015 are estimated to be \$27 (2014 actual - \$26).

10. Transfer of funds to the Province of Manitoba

During the year, with Lieutenant-Governor-in-Council approval by Order in Council, the Agency transferred \$2,500 (2013 - \$2,500) of its surplus funds to the Province of Manitoba. These amounts are recorded as an expense in the statement of operations.

11. Financial instruments and financial risk management

The Agency does not have any significant financial instruments subsequently measured at fair value or denominated in a foreign currency therefore the Agency did not incur any remeasurement gains or losses during the year (2013 - \$nil).

Financial risk management - overview

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

Credit risk

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

The maximum exposure of the Agency to credit risk as at March 31 is:

	2014	2013
Cash and cash equivalents	\$ 5,312	\$ 5,080
Accounts receivable	375	249
Receivable from Province of Manitoba	213	-
Portfolio investments	2,055	2,035
	<u>\$ 7,955</u>	<u>\$ 7,364</u>

Cash and cash equivalents and portfolio investments: The Agency is not exposed to significant credit risk as the cash and cash equivalents and portfolio investments are primarily held by the Minister of Finance.

Accounts receivable: The Agency is not exposed to significant credit risk as the balance of the accounts receivable is due from a large client base and payment in full is typically collected when it is due. The Agency manages this credit risk through close monitoring of any overdue accounts.

ENTREPRENEURSHIP MANITOBA
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PROVINCE OF MANITOBA

Notes to Financial Statements

(in thousands)

Year ended March 31, 2014

11. Financial instruments and financial risk management (continued)

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

There was no change in the allowance for doubtful accounts during the year and the balance at March 31, 2014 is \$nil (2013 - \$nil).

Liquidity risk

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

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

Market risk

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

Interest rate risk

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

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

The Agency manages its interest rate risk on borrowings through the exclusive use of fixed rate terms for its borrowings.

Foreign currency risk

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

12. Comparative information

Certain of the amounts from the year ended March 31, 2013 have been reclassified to conform to the financial statement presentation adopted for the current year.

ENTREPRENEURSHIP MANITOBA
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

Schedule of Operating Expenses

Schedule 1

(in thousands)

Year ended March 31, 2014

	2014	2013 (Note 1)
Accounting costs	\$ 13	\$ 13
Advertising	28	-
Audit fees	9	11
Bad debts	2	2
Bank and credit card charges	67	55
Brochures	2	-
C/MBSC expenses	15	-
Communications and telephone	68	30
Commissioner for Oath and Notary Public fees	141	137
Computer expenses	176	154
Computer programming	220	181
Conference/convention registration fees	3	-
Departmental services	-	31
Desktop support costs	202	104
Disaster recovery and electronic storage	52	59
Education and training expenses	2	-
Equipment maintenance and rentals	4	3
Hall rentals	20	-
Hospitality	3	-
Insurance expense	14	11
Interest on borrowings	92	103
Journey Persons Program grant expenditures	17	-
Legal services	49	14
Library materials	4	-
Loan guarantee losses and payments	112	-
Manitoba Business Links, net of recoveries	164	370
Miscellaneous expenses	102	34
Name search applications	167	164
New system costs - BSI allocation	918	959
Occupancy costs	280	125
Payroll processing	21	20
Postage and courier	67	56
Promotional materials	14	-
Publications	20	-
Seminar hall rental	6	-
Sponsorships	11	-
Stationary and supplies	81	69
Subscriptions	18	-
Translation services	6	-
Travel and transportation	43	4
Website hosting fees	39	-
Workshops	6	-
	\$ 3,278	\$ 2,709

