

# 2014/15 Annual Report





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**MINISTER OF  
JOBS AND THE ECONOMY**

Legislative Building  
Winnipeg, Manitoba CANADA  
R3C 0V8

The Honourable Janice C. Filmon, C.M., O.M.  
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, 2015.



Respectfully submitted,

original signed by

Kevin Chief  
Minister Jobs and the Economy





**Jobs and the Economy**

**Mineral Resources**

Deputy Minister

Room 311

Legislative Building

Winnipeg MB R3C 0V8

Honourable Kevin Chief  
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, 2015.

The 2014/15 fiscal year was the second year of operations for the Special Operating Agency.

Respectfully submitted,

original signed by

Hugh Eliasson  
Deputy Minister





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 2014/15 Annual Report for the fiscal year ended March 31, 2015.

Entrepreneurship Manitoba achieved strong financial and operational results. The Agency reported an operating net profit before transfer of funds to the Province of \$3,817.

In 2014/15, Entrepreneurship Manitoba experienced an increase in overall activity throughout its service offerings. The Agency's Companies Office Division processed over 70,000 annual returns, all the while reducing processing times by 30%, the result of a Lean Management Efficiency Initiative. In addition, supports for Manitoba's business community continued to meet the needs of Manitoba's entrepreneurs. Entrepreneurship Manitoba delivered 94 business skills development seminars to over 1,471 participants and assisted 10,682 entrepreneurs through its business counselling services. Furthermore, the Agency's business settlement services continued to work diligently with new business immigrants, facilitating 104 business transactions for a total investment value of \$25.7M. Demand for the Agency's financial support programs remained strong, resulting in over \$1.5M in loan guarantees to 52 new businesses.

Entrepreneurship Manitoba continues to leverage technology as a transformational and service delivery tool. In 2014/15, enhancements were made to the Agency's spectrum of online services, including improved access to business information and the addition of online seminar delivery. The Agency also realized advancements in red tape reduction and service delivery partnerships.

Entrepreneurship Manitoba is dedicated to helping Manitoba's economy grow, and as such, will continue to deliver innovative programming that supports Manitoba's entrepreneurs.

Sincerely,

original signed by

Craig Halwachs  
Chief Operating Officer

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# Agency Overview and Historical Perspective

# AGENCY OVERVIEW AND HISTORICAL PERSPECTIVE

## HISTORICAL PERSPECTIVE

Entrepreneurship Manitoba began operations April 1, 2013, integrating the operations of the Companies Office, Manitoba Jobs and the Economy's Small Business Development Branch and Competitiveness Initiatives Branch, and the Business Settlement Office of the Business Immigration and Investment Branch.

Prior to being merged into Entrepreneurship Manitoba, the Companies Office had been a Special Operating Agency since April 1, 1996. The Companies Office's main function was to be a public registry of information filed under several Manitoba statutes.

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

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

## 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 Partnership Act*
- *The Corporations Act*
- *The Business Names Registration Act*
- *The Electronic Commerce and Information Act*
- *The Ukrainian Catholic Incorporations Act*
- *The Religious Societies Land Act*
- *Manitoba Evidence Act (parts II and III) and*
- *The Franchises Act*

## 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

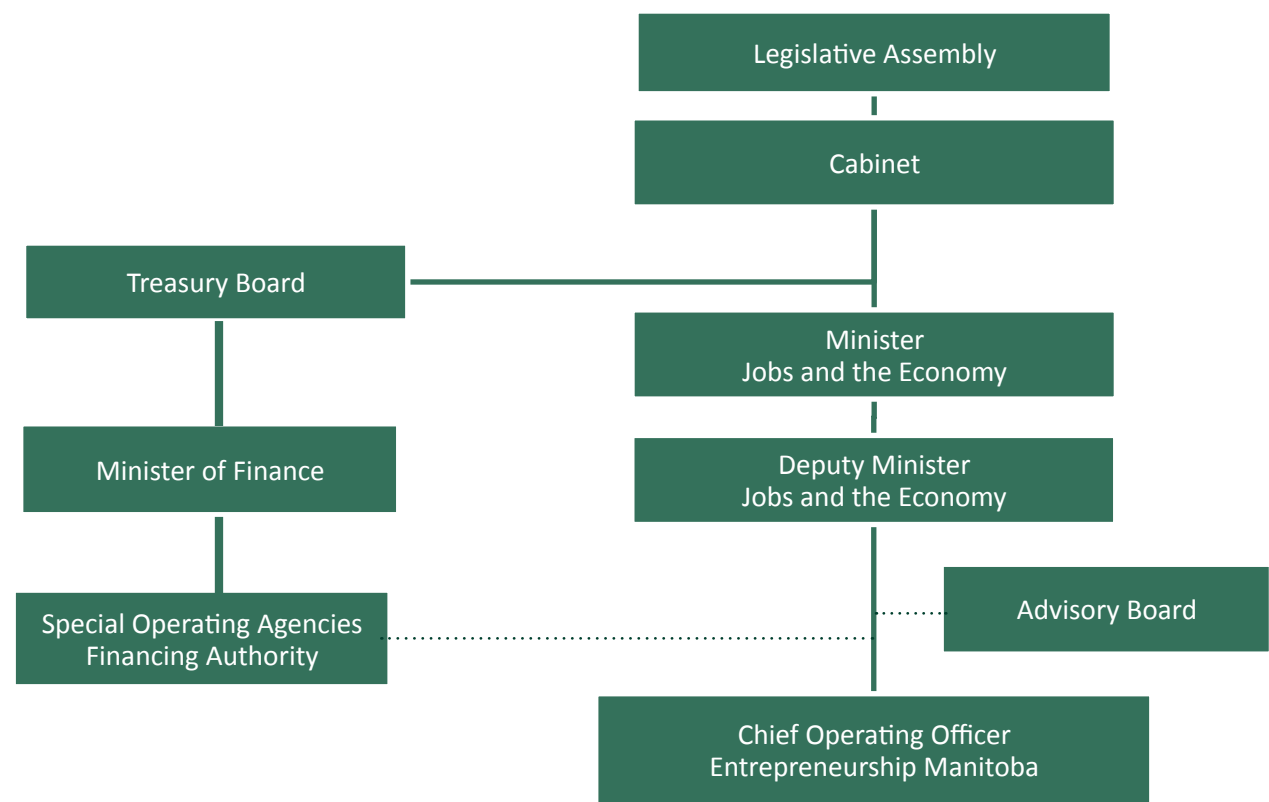
Entrepreneurship Manitoba reports directly to the Deputy Minister of Manitoba Jobs and the Economy, and is held accountable to the Minister for operational and financial performance.

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, 2015:

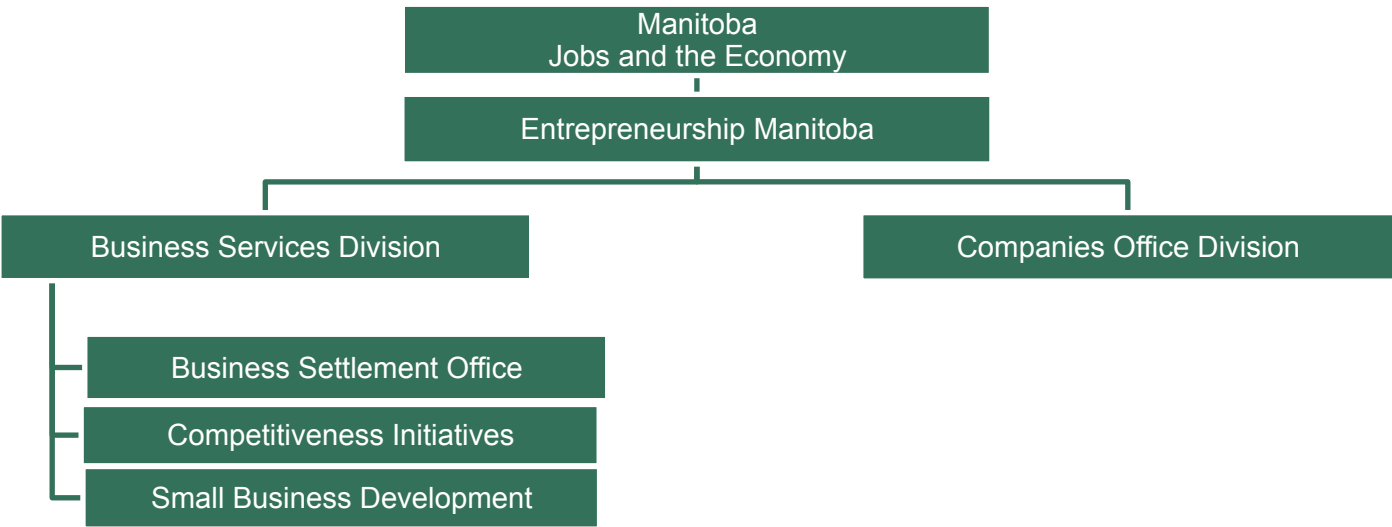
**ENTREPRENEURSHIP MANITOBA  
ACCOUNTABILITY STRUCTURE CHART  
MARCH 31, 2015**



**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, 2015**



# 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 for the financial and 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 two divisions.**

# ORGANIZATIONAL SERVICES

Entrepreneurship Manitoba provides registry and business support programs and services through two divisions.

## COMPANIES OFFICE DIVISION

The Companies Office Division's main function is to act as a public registry of information filed under several statutes, including *The Partnership Act*, *The Corporations Act*, *The Business Names Registration Act*, *The Ukrainian Catholic Parishes Incorporation Act*, *The Manitoba Evidence Act (parts II and III)* and *The Religious Societies' Lands Act* for the Province of Manitoba.

The Companies Office 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 SERVICES DIVISION

The Business Services Division is responsible for the delivery of business support programs, services and initiatives that enhance Manitoba's entrepreneurial business community. In addition, the Division is responsible for the administration of *The Franchises Act* of Manitoba.

### Business Counselling and Access to Business Information

The Business Services Division provides business information services, business counselling and advisory services, market research services, business skills development, the delivery of financial programs for business, and targeted support services to specific entrepreneur groups, including entrepreneurs with disabilities, aboriginal entrepreneurs and youth. Business information and counselling services are delivered to Manitoba's business community through several service delivery channels, including in-person, phone, online and email.

### Entrepreneurial Skills Development

To further support business growth and sustainability and to improve entrepreneurial and management skills, the Business Services Division develops and delivers a wide range of business seminars and workshops for entrepreneurs. Entrepreneurial training is delivered in-person, through video-conferencing and online.



## **Business Settlement Services**

Through the Agency's Business Settlement Office, the Business Services Division offers family settlement information and referral services, business counselling, post-landing case management, business education and networking opportunities. The Agency works closely with Manitoba Labour and Immigration and not-for-profit organizations, with the purpose of assisting immigration nominees through the initial stages of their integration in our province.

## **Financial Programs for Business**

To provide access to capital to entrepreneurs, the Business Services Division administers the Business Start Loan Guarantee Program, the Journeypersons Business Start Program and the Manitoba Film Loan Guarantee Program. In addition, the Division works closely with other government departments and non-governmental organizations, providing third-party application adjudication and processing services. Partnering programs include Manitoba Children and Youth Opportunities' Young Entrepreneurs Grant Program, Manitoba Jobs and the Economy's TechFutures Program and the Futurpreneur Canada Loan Program.

## **Service and Regulatory Innovation and Service Delivery Partnerships**

The Business Services Division researches, identifies, promotes and develops innovative approaches and practices for streamlining service delivery and alleviating paperwork burden for businesses and employers. Innovations may be technology, people or process-focused and are frequently the result of collaborative efforts with other provincial, public, or private sector organizations, in Manitoba or from other jurisdictions across Canada.

In addition, the Division leads and coordinates, in collaboration with stakeholders, service delivery partnerships with the goal of enhancing and optimizing provincial service delivery resources. These partnerships strengthen service delivery processes and approaches and help to improve the overall accessibility of the province's business services.

## **Manitoba Business Links**

The Business Services Division is responsible for the administration, use and expansion of the national Business Number (BN) in Manitoba, which includes administering the MB Hub, a database and network infrastructure that interconnects the participating program areas in Manitoba to the Canada Revenue Agency.

## **Manitoba Data Analytics**

The Business Services Division continues to explore the development of a new Agency function centred on Big Data. The Manitoba Big Data initiative seeks to link prioritized Government of Manitoba business problems with potential Big Data analytic solutions.

# Highlights and Achievements

2014/15 INITIATIVES

# HIGHLIGHTS AND ACHIEVEMENTS

## 2014/15 INITIATIVES

### LEAN MANAGEMENT EFFICIENCY INITIATIVE

In February 2015, the Companies Office initiated a Lean Management Efficiency Initiative to review the processes surrounding annual return filings.

The Companies Office processed over 70,000 annual returns in 2014/15, representing a 20 per cent increase in the number of Annual Returns processed over the last five years. A lean review was completed to streamline and improve processing requirements as targeted service standards have become increasingly difficult to achieve due to resource constraints. Prior to the lean review, annual return processing times averaged 18 days, requiring the use of overtime. By the end of March 2015, the Companies Office achieved its processing target of 12 days and has continued to surpass this by processing annual returns, on average, within five days.

The Companies Office continues to apply the best practices learned through the Lean Management Efficiency Initiative to other areas of the office to streamline and improve processes to ensure the efficient and effective delivery of services to its clientele.

### ENHANCED SKILLS DEVELOPMENT AND SUPPORTS FOR NEW BUSINESS IMMIGRANTS

Entrepreneurship Manitoba's Business Settlement Office continued to implement an educational and training plan designed to support business immigrants in their efforts to establish a business in Manitoba.

The "Doing Business In Manitoba Workshop Series" held in fiscal 2014/15 for new business immigrants proved very popular as all teaching materials, manuals and presentations were developed and printed in English, Korean and Mandarin. The workshop series covered, at an introductory level, three major knowledge areas specifically: business research, business law and business finance. The series was delivered twice over a period of two weeks, each series attracting on average 30 participants for each of the subjects.

Furthermore, in late 2014/15 the Business Settlement Office launched the "Business Investment through Business Immigration" weekly information seminar. This seminar is designed to serve the needs of potential foreign business investors who wish to explore the opportunity to immigrate and invest in Manitoba through the Manitoba Provincial Nominee Program for Business. The workshops will continue to be offered and further enhanced in 2015/16.

## **SMALL BUSINESS WEEK 2014**

Small Business Week is an annual celebration championed by the Business Development Bank of Canada (BDC) with the support of public and private partnerships. The week-long celebration recognizes the achievements of Canadian entrepreneurs and their contribution to Canada's economy.

In October 2014, Entrepreneurship Manitoba, in partnership with the BDC, co-hosted a Small Business Week luncheon in Winnipeg, and further supported the Brandon Chamber of Commerce's Small Business Week luncheon event held in Brandon. The successful events featured networking opportunities for entrepreneurs and inspiring keynote speakers. Furthermore, the Winnipeg event also hosted an exhibitor space featuring chambers of commerce, financial institutions, credit unions, business service providers and government departments. In addition, Manitoba Jobs and the Economy's Century Business Recognition Award recipients were named and celebrated for their outstanding achievement of operating a business in Manitoba for 100 years. These two events were attended by over 500 members of Manitoba's business community.

## **SERVICE AND REGULATORY INNOVATION**

Acting upon the November 2015 Throne Speech commitment related to reducing red tape, Entrepreneurship Manitoba supported the Manitoba Employers Council's advisory committee on red tape reduction in the analysis of regulatory requirements imposed on businesses and the development of best practices in regulation-making for use across Government of Manitoba program areas. The research and analysis is being used to support the development of regulatory guidance services that are "path-finding" and referral services that help reduce the complexity of regulatory requirements, improve customer service and facilitate compliance.

The Business Number, which supports efficiency, regulatory compliance, and lean management practices while reducing red tape and improving

service to business, is growing its profile across the country and within Manitoba. In 2014/15, the Science, Innovation and Business Development Division of Jobs and the Economy agreed to adopt the Business Number for the Manitoba Interactive Digital Media Tax Credit; work to bring this new program on board will continue into 2015/16.

## **SERVICE DELIVERY PARTNERSHIPS AND RURAL SERVICE DELIVERY**

Entrepreneurship Manitoba strives to provide access to business services to all Manitobans and remove barriers that may hinder business start-up and growth. To this end, the Agency works with internal-to-government clients, external-to-government clients, partners and stakeholders.

In 2014/15 an intergovernmental working group completed analysis of opportunities to enhance collaboration between Entrepreneurship Manitoba and the City of Winnipeg in the delivery of business services, and prepared its final report and recommendations. Consultations with the Workers Compensation Board were also carried out with a view to strengthening collaboration in serving businesses and entrepreneurs.

To ensure that Entrepreneurship Manitoba programs and services are equally accessible to all Manitobans, the Agency initiated the development and implementation of a new rural and northern service delivery strategy. In 2015/16, the Agency will work towards improving access to its services through program and service delivery channel enhancements, and strategic partnerships with internal and external-to-government service providers.

## ONLINE SERVICES AND NEW WEBSITE DEVELOPMENT

In 2014/15 Entrepreneurship Manitoba developed and deployed a new business-focused website that was publicly launched in October 2014. The website enables clients to access information on government programs and services for entrepreneurs, download business tools and templates, and register for business skills development workshops and seminars.

In addition to launching a new website, the Agency launched an online seminar delivery platform (webinars), increasing access to business skills training to Manitobans throughout the province. Entrepreneurship Manitoba further developed BizPaL, an online service that generates a listing of permits, licences, and other regulatory requirements from federal, provincial and participating municipal governments. In 2014/15, Entrepreneurship Manitoba expanded the service to include the Town of Beausejour and the RM of Brokenhead.

The further development of website content, webinar topics, and additional business information and resources will be ongoing as part the Agency's daily operations.

## SERVICE INTEGRATION

In 2014/15, the Agency completed an Integrated Service Delivery Strategy. The strategy provides a framework for the ongoing integration of the Agency's service offering, and further identifies opportunities for increased awareness of its programs and services through a single-window service delivery format. Integrated service delivery positions the Agency to provide a more effective and meaningful client experience.

## MANITOBA BIG DATA ANALYTICS

Significant progress was achieved in 2014/15 culminating in the February 20, 2015 release of an RFP for an initial Big Data Analytics (BDA) project focused on, and developed in conjunction with, Manitoba Jobs and the Economy's Workforce Development and Income Support Division.

Consultations were conducted with key stakeholders – including Manitoba's Information and Privacy Policy Secretariat, the Manitoba Ombudsman's Office, the Department of Health, Healthy Living and Seniors, and the Justice Department's Legal Services Branch – to secure project support and initiate essential work, including development of data sharing agreements and a Privacy Impact Assessment. Core project participants from Manitoba Data Analytics, Workforce Development and Income Support Division, and the Manitoba Centre for Health Policy continued to identify and address project design and implementation requirements, establishing the framework needed for project delivery. Contract award approvals and project kick-off will occur in 2015/16.

# Summary of Operational Activities / Performance Indicators

# SUMMARY OF OPERATIONAL ACTIVITIES / PERFORMANCE INDICATORS

## REQUESTS FOR SERVICE - COMPANIES OFFICE

During the fiscal year 2014/15 Office staff responded to 290,550 requests for services compared to 289,214 requests last year. This included document filings, phone inquiries and in-person searches of files as outlined in the chart below.

| Comparative Operating Statistics                          |           |           |           |           |
|---|-----------|-----------|-----------|-----------|
|   | 2014/2015 | 2013/2014 | 2012/2013 | 2011/2012 |
| New Incorporations  | 4,593     | 5,012     | 4,584     | 4,652     |
| Amendments  | 1,248     | 1,242     | 1,160     | 1,181     |
| New Registrations - Non Manitoba Corporations             | 951       | 1,025     | 1,045     | 920       |
| Business Name Registrations                               | 6,614     | 6,876     | 6,774     | 6,793     |
| Personal Counter Searches of Corporate and Business Files | 3,809     | 4,801     | 3,650     | 3,717     |
| Name Reservations Requests                                | 15,700    | 15,672    | 14,696    | 14,510    |
| Annual Returns Processed                                  | 74,146    | 64,943    | 67,753    | 58,173    |
| Telephone Inquiries                                       | 53,961    | 57,702    | 58,860    | 58,164    |
| Customers Served at Counter                               | 29,200    | 23,673    | 26,720    | 23,357    |
| Active Corporate and Business Name Records                | 124,430   | 133,120   | 119,663   | 108,061   |

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 1,037,986 inquiry transactions occurring in 2014/15. 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 28 objections to both registered and unregistered names, up from 24 the previous year.

## PERFORMANCE INDICATORS - COMPANIES OFFICE

The Companies Office endeavours to process customer service requests in an efficient and effective manner. In the 2015/16 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<br>March 31, 2015             | RESULTS<br>March 31, 2015                         |
| To process customer service requests in an efficient and effective manner. | Employ strategies that will decrease cycle time. | Cycle time for processing: |   |   |
|  |  | a) Business Names          | a) Business Name Registrations:<br>4 working days | a) Business Name Registrations:<br>2 working days |
|  |  | b) Corporate Documents     | b) Incorporations:<br>4 working days              | b) Incorporations:<br>2 working days              |
|  |  | c) Annual Returns          | c) Annual Returns:<br>12 working days             | c) Annual Returns:<br>16 working days             |



## ENHANCED BUSINESS SERVICES

In 2014/15, the Business Services Division assisted 10,682 clients through 16,967 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. Furthermore, Entrepreneurship Manitoba facilitated 104 business investments by providing supports to business immigrants originating from the Provincial Nominee Program for Business, for a total investment of \$25.7M.

| Enhanced Business Services Activities  |  |  |   |  |
|--|--|--|---|--|
| OBJECTIVES   | CRITICAL SUCCESS FACTORS   | PERFORMANCE MEASURES   | PERFORMANCE TARGETS March 31, 2015                      | RESULTS March 31, 2015   |
| Business Counselling Services  | Adequate Promotion   | Number of clients counselled   | Business counselling services provided to 5,000 clients | 10,682 clients counselled  |
| Provide enhanced business services to start-up and existing businesses                     | Public Awareness<br>Quality of enhanced business services provided | Number of client interactions  | Approximately 10,000 client interactions                | 16,967 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; percentage of all case files that are closed with a successful start of a business. | 80 business immigrants                                  | 104 refunds<br>· 25 new businesses<br>· 79 existing businesses (acquired)<br>· \$25.7 million in initial investments |

## 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 2014/15 the Agency issued 52 Business Start loan guarantees for a total aggregate amount of \$1.53M, creating 132 full and part-time jobs.

| Access to Capital   |  |  |   |  |
|---|--|--|---|--|
| OBJECTIVES  | CRITICAL SUCCESS FACTORS   | PERFORMANCE MEASURES   | PERFORMANCE TARGETS<br>March 31, 2015   | RESULTS<br>March 31, 2015  |
| Manitoba Business Start Loan Guarantee Program<br><br>Provide Manitoba businesses access to working capital to start a business       | Partnerships with lenders and level of participation by lenders<br><br>Public awareness  | Number of jobs created under the Business Start Loan Guarantee Program<br><br>Financing and investment dollars leveraged through the Business Start Loan Guarantee Program | Creation of 100 full-time and part-time jobs<br><br>Provide access to funding to approximately 35 business start clients for total aggregate loan guarantee financing of \$1.0M | 132 full-time and part-time jobs<br><br>52 loans for a total aggregate loan guarantee financing of \$1.53M |
| Manitoba Film Loan Guarantee Program<br><br>Provide production companies access to financing  | Favourable Canadian dollar to attract film productions to Manitoba<br><br>Manitoba Film and Video Production Tax Credit eligibility<br><br>Partnerships with lenders and level of participation by lenders | Financing and investment dollars leveraged through Manitoba Film Loan Guarantee Program<br><br>Total investment dollars from the business start-up                         | Access to funding for two to three films or television program productions for total aggregate loan guarantee financing of \$200.0  | 0 loan guarantees  |
| Journeyperson Business Start Program<br><br>Provide Manitoba rural journeypersons access to capital to start a trade-related business | Adequate promotion<br><br>Public awareness   | Total investment dollars from the business start-up  | 25 grants issued for a total aggregate amount of \$62.5<br><br>Leveraged investment dollars of \$500.0  | 14 grants for a total aggregate amount of \$35.0<br><br>Total leveraged investment dollars of \$705.4      |

## 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 2014/15, the Agency delivered a total of 94 training sessions attended by 1,471 participants.

| Entrepreneurial Training Activities   |  |  |   |  |
|---|--|--|---|--|
| OBJECTIVES  | CRITICAL SUCCESS FACTORS   | PERFORMANCE MEASURES   | PERFORMANCE TARGETS<br>March 31, 2015   | RESULTS<br>March 31, 2015  |
| 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<br><br>34 participants   | 2 networking events delivered<br>6 workshops<br>4 seminars<br><br>Total of 12 events<br><br>279 participants |
| Seminars, Workshops and Info-Sessions   | High quality, high value seminars  | Number of seminars delivered   | Delivery of 27 seminars   | 27 seminars<br>25 info-sessions<br>4 webinars<br><br>Total of 56 seminars                                    |
| Provide training and business skills development to Manitoba entrepreneurs through seminars and workshops | Variety of delivery methods (in person, online, on-site)<br><br>Adequate promotion                                 | Number of participants in seminars   | 500 participants  | 591 participants   |
| Three-day Business Planning Workshop  | Provide workshops which:<br>1) are good quality<br>2) present appropriate topics<br>3) have knowledgeable speakers | Number of Business Planning Workshops delivered in Winnipeg and rural Manitoba<br><br>Number of participants at Business Planning Workshop | Delivery of 26 Business Planning Workshops in Winnipeg and rural Manitoba<br><br>Attended by approximately 480 participants | 26 Business Planning Workshops delivered<br><br>601 participants   |

## BUSINESS IMMIGRATION SERVICES

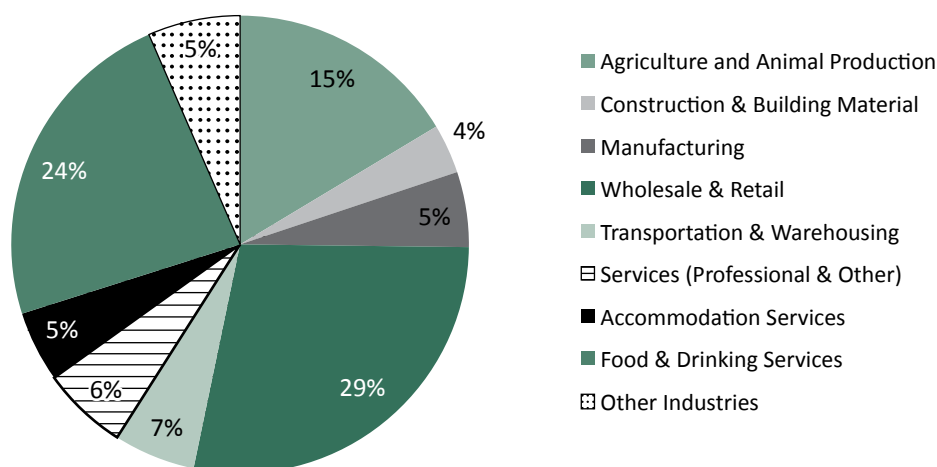
In 2014/15, Entrepreneurship Manitoba facilitated 104 investments by business immigrants originating from the Provincial Nominee Program for Business, creating 96 new jobs and retaining 163 jobs throughout Manitoba's communities.

The 104 investments were a result of 25 new business start-ups and 79 acquisitions, primarily in wholesale, retail and food services.

| Initial Business Investments | 2014-2015 | Since inception |
|------------------------------|-----------|-----------------|
| No. of investments           | 104       | 763             |
| Value (ooo)                  | \$25,712  | \$254,950       |
| Deposits released            | \$7,801   | \$56,329        |

| Job Creation 2014-2015 | New | Existent (acquisitions) |
|------------------------|-----|-------------------------|
| Businesses             | 25  | 79                      |
| Jobs                   | 96  | 163                     |

## INVESTMENTS BY INDUSTRY



# Financial Results

**Summary of Financial Results**

**Revenue**

**Expenses**

## SUMMARY OF FINANCIAL RESULTS

Entrepreneurship Manitoba reported revenues of \$11,236, an increase of \$706 over budget, and a net income from operations of \$3,817, an increase of \$2,302 over budget, for the year ended March 31, 2015.

| ENTREPRENEURSHIP MANITOBA 2014/15 Financial Summary (in thousands) |                     |                     |                        |
|--|---------------------|---------------------|------------------------|
|  | Actual<br>2014/2015 | Budget<br>2014/2015 | Over (Under)<br>Budget |
| Total Net Revenue  | \$11,236            | \$10,530            | \$706                  |
| Salaries and Benefits  | 3,931               | 4,404               | (473)                  |
| Operating Expenses   | 3,483               | 4,378               | (895)                  |
| Amortization   | 5                   | 233                 | (228)                  |
| Income from Operations   | 3,817               | 1,515               | 2,302                  |
| Transfer of Funds to<br>Province of Manitoba                       | 2,500               | 2,500               | -                      |
| Net Income (Deficit)   | 1,317               | (985)               | 2,302                  |

## REVENUE

Total net revenue for the year ended March 31, 2015 was \$11,236 or \$706 greater than budget. Increase in activity in annual returns and new business registrations account for the difference.

## EXPENSES

The following is an explanation of significant variances to budget.

Actual to Budget

Expenses were \$1,596 lower than budget mainly due to:

a) The delay in the Companies Office System implementation.

|                        |            |
|------------------------|------------|
| New system maintenance | \$(667)    |
| Bank visa charges      | (142)      |
| Amortization           | (228)      |
| Programmer fees        | <u>152</u> |
|                        | \$(885)    |

b) Increase in the Manitoba Business Start Loan Guarantee Program loan provision of \$139.0 for a total provision amount of \$783.0.

c) Salaries and Benefits were \$473 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.

# Financial Statements

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## **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 5, 2015.

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

original signed by

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Craig Halwachs  
Chief Executive Officer

original signed by

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David Rudy  
Chief Financial Officer

## INDEPENDENT AUDITORS' REPORT

To the Special Operating Agencies Financing Authority  
and Entrepreneurship Manitoba

### Report on the Financial Statements

We have audited the accompanying financial statements of Entrepreneurship Manitoba, an agency of the Government of Manitoba, which comprise the statements of financial position as at March 31, 2015 and the statements of operations, change in net financial assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Entrepreneurship Manitoba as at March 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

June 5, 2015  
Winnipeg, Canada

Magnus Chartered Accountants LLP

**ENTREPRENEURSHIP MANITOBA**  
**AN AGENCY OF THE PROVINCIAL GOVERNMENT**  
**PROVINCE OF MANITOBA**

Statement of Financial Position

(in thousands)

March 31, 2015

|   | 2015<br>Actual | 2014<br>Actual |
|---|----------------|----------------|
| <b>Financial assets</b>                           |                |                |
| Cash and cash equivalents                         | \$ 6,769       | \$ 5,312       |
| Trade accounts receivable                         | 225            | 375            |
| Receivable from the Province of Manitoba          | -              | 213            |
| Portfolio investments                             | 1,445          | 2,055          |
|   | 8,439          | 7,955          |
| <b>Liabilities</b>                                |                |                |
| Accounts payable and accrued liabilities          | 331            | 512            |
| Accrued vacation entitlements                     | 401            | 385            |
| Provision for loan guarantees (Note 4)            | 783            | 644            |
| Employee future benefits (Note 5)                 | 430            | 402            |
| Borrowings from the Province of Manitoba (Note 6) | 2,177          | 2,507          |
|   | 4,122          | 4,450          |
| <b>Net financial assets</b>                       | 4,317          | 3,505          |
| <b>Non-financial assets</b>                       |                |                |
| Tangible capital assets (Note 7)                  | 4,703          | 4,204          |
| Prepaid expenses                                  | 12             | 13             |
| Inventories of supplies                           | 41             | 34             |
|   | 4,756          | 4,251          |
| <b>Accumulated surplus</b>                        | \$ 9,073       | \$ 7,756       |

Designated assets (Note 8)

See accompanying notes to financial statements.

**ENTREPRENEURSHIP MANITOBA**  
**AN AGENCY OF THE PROVINCIAL GOVERNMENT**  
**PROVINCE OF MANITOBA**

Statement of Operations

(in thousands)

Year ended March 31, 2015

|  | 2015<br>Budget | 2015<br>Actual | 2014<br>Actual |
|--|----------------|----------------|----------------|
| Revenue:   |                |                |                |
| Fees and services  | \$ 8,760       | \$ 9,430       | \$ 9,025       |
| Immigration settlement transfer  | 1,750          | 1,750          | 1,750          |
| Investment income  | 20             | 56             | 64             |
|  | 10,530         | 11,236         | 10,839         |
| Expenses:  |                |                |                |
| Salaries and employee benefits   | 4,404          | 3,931          | 3,729          |
| Operating expenses (Schedule 1)  | 4,378          | 3,483          | 3,278          |
| Amortization of tangible capital assets                                | 233            | 5              | 9              |
|  | 9,015          | 7,419          | 7,016          |
| Net income before the transfer of funds to the<br>Province of Manitoba | 1,515          | 3,817          | 3,823          |
| Transfer of funds to the Province of Manitoba (Note 9)                 | 2,500          | 2,500          | 2,500          |
| Net income for the year  | (985)          | 1,317          | 1,323          |
| Accumulated surplus, beginning of year                                 | 6,651          | 7,756          | 6,433          |
| Accumulated surplus, end of year                                       | \$ 5,666       | \$ 9,073       | \$ 7,756       |

See accompanying notes to financial statements.

**ENTREPRENEURSHIP MANITOBA**  
**AN AGENCY OF THE PROVINCIAL GOVERNMENT**  
**PROVINCE OF MANITOBA**

Statement of Change in Net Financial Assets

(in thousands)

Year ended March 31, 2015

|   | 2015<br>Budget | 2015<br>Actual | 2014<br>Actual |
|---|----------------|----------------|----------------|
| Net income for the year                           | \$ (985)       | \$ 1,317       | \$ 1,323       |
| Tangible capital assets:                          |                |                |                |
| Acquisition of tangible capital assets            | (425)          | (504)          | (911)          |
| Amortization of tangible capital assets           | 233            | 5              | 9              |
| Net acquisition of tangible capital assets        | (192)          | (499)          | (902)          |
| Other non-financial assets:                       |                |                |                |
| Change in prepaid expenses during the year        | -              | 1              | (7)            |
| Change in inventories of supplies during the year | -              | (7)            | 1              |
| Net acquisition of other non-financial assets     | -              | (6)            | (6)            |
| Increase (decrease) in net financial assets       | (1,177)        | 812            | 415            |
| Net financial assets, beginning of year           | 2,343          | 3,505          | 3,090          |
| Net financial assets, end of year                 | \$ 1,166       | \$ 4,317       | \$ 3,505       |

See accompanying notes to financial statements.

**ENTREPRENEURSHIP MANITOBA**  
**AN AGENCY OF THE PROVINCIAL GOVERNMENT**  
**PROVINCE OF MANITOBA**

Statement of Cash Flow

(in thousands)

Year ended March 31, 2015

|  | 2015<br>Actual | 2014<br>Actual |
|--|----------------|----------------|
| <i>Cash provided by (applied to)</i>               |                |                |
| Operating activities:                              |                |                |
| Net income for the year                            | \$ 1,317       | \$ 1,323       |
| Adjustment for:                                    |                |                |
| Amortization of tangible capital assets            | 5              | 9              |
|  | 1,322          | 1,332          |
| Changes in the following:                          |                |                |
| Accounts receivable                                | 150            | (126)          |
| Receivable from the Province of Manitoba           | 213            | (213)          |
| Prepaid expenses                                   | 1              | (7)            |
| Inventories of supplies                            | (7)            | 1              |
| Accounts payable and accrued liabilities           | (181)          | (362)          |
| Provision for loan guarantees                      | 139            | 644            |
| Accrued vacation entitlements                      | 16             | 144            |
| Employee future benefits                           | 28             | 80             |
| Cash provided by operating activities              | 1,681          | 1,493          |
| Capital activities:                                |                |                |
| Capital asset additions                            | (504)          | (911)          |
| Cash (applied to) capital activities               | (504)          | (911)          |
| Financing activities:                              |                |                |
| Debt repayments to the Province of Manitoba        | (330)          | (330)          |
| Cash (applied to) financing activities             | (330)          | (330)          |
| Investing activities:                              |                |                |
| Change in portfolio investments                    | 610            | (20)           |
| Cash provided by (applied to) investing activities | 610            | (20)           |
| Change in cash and cash equivalents                | 1,457          | 232            |
| Cash and cash equivalents, beginning of year       | 5,312          | 5,080          |
| Cash and cash equivalents, end of year             | \$ 6,769       | \$ 5,312       |

See accompanying notes to financial statements.

**ENTREPRENEURSHIP MANITOBA  
AN AGENCY OF THE PROVINCIAL GOVERNMENT  
PROVINCE OF MANITOBA**

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Notes to Financial Statements

(in thousands)

Year ended March 31, 2015

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**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 former 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.

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.

**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. Summary of significant accounting policies**

**(a) Revenue**

Fees and services

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

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 revenue is recognized on an accrual basis.

**(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.

**ENTREPRENEURSHIP MANITOBA  
AN AGENCY OF THE PROVINCIAL GOVERNMENT  
PROVINCE OF MANITOBA**

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Notes to Financial Statements

(in thousands)

Year ended March 31, 2015

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**3. Summary of significant accounting policies (continued)**

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 estimated useful lives as follows:

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



**ENTREPRENEURSHIP MANITOBA  
AN AGENCY OF THE PROVINCIAL GOVERNMENT  
PROVINCE OF MANITOBA**

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Notes to Financial Statements

(in thousands)

Year ended March 31, 2015

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**3. Summary of significant accounting policies (continued)**

Prepaid expenses

Prepaid expenses are payments for goods or services that will provide economic benefits 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, trade 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 may 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 provision for loan losses is determined by taking into consideration the Program's historical loss experience and current economic conditions. Any increase or decrease in the provision is recognized in operating expenses for the year.

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 by the Agency.

**ENTREPRENEURSHIP MANITOBA**  
**AN AGENCY OF THE PROVINCIAL GOVERNMENT**  
**PROVINCE OF MANITOBA**

Notes to Financial Statements

(in thousands)

Year ended March 31, 2015

**4. Provision for loan guarantees (continued)**

As at March 31, 2015, the following debt has been guaranteed under the Manitoba Business Start Loan Guarantee Program (2014 - principal outstanding of \$2,966):

|  | Revolving<br>authorized limit | Principal<br>outstanding |
|--|-------------------------------|--------------------------|
| Business Start Loans under <i>The Loan Act</i> | \$ 5,000                      | \$ 3,561                 |

As at March 31, 2015, the Agency has recorded a provision of \$783 for these loan guarantees (2014 - \$644). The increase in the provision of \$139 (2014 - \$nil) represents the loan guarantee losses recognized as an expense during the year. In addition, the Agency made total loan guarantee payments during the year of \$131 (2014 - \$112) for total loan guarantee losses and payments during the year of \$270 (2014 - \$112).

As at March 31, 2015, no amounts receivable relating to defaulted loans assigned to the Agency are included in these financial statements due to the uncertainty of recovering any amounts relating to these defaulted loans (2014 - \$nil). Recoveries, if any, will be recognized in the period in which payments are received.

**5. Employee future benefits**

|                    | 2015   | 2014   |
|--------------------|--------|--------|
| Severance benefits | \$ 371 | \$ 343 |
| Sick pay benefits  | 59     | 59     |
|                    | \$ 430 | \$ 402 |

**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 2015 was \$217 (2014 - \$196). 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 (EARSLS) of the related employee group.

**ENTREPRENEURSHIP MANITOBA**  
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**PROVINCE OF MANITOBA**

Notes to Financial Statements

(in thousands)

Year ended March 31, 2015

**5. Employee future benefits (continued)**

An actuarial report was completed for the severance pay liability as of March 31, 2014. 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, 2015 is \$371 (2014 - \$343), with the total actuarial losses of \$168 (2014 - \$83) based on the completed actuarial reports being amortized over the 15 year EARSL of the employee group.

Significant long-term actuarial assumptions used in the March 31, 2014 valuation, and in the determination of the March 31, 2015 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:

|  | 2015   | 2014   |
|--|--------|--------|
| Accrued benefit liability, beginning of year         | \$ 394 | \$ 338 |
| Actuarial (gains) losses                             | 85     | -      |
| Current period service costs                         | 25     | 16     |
| Interest on accrued benefits                         | 29     | 22     |
| Severance benefits paid                              | (37)   | (73)   |
| Transfer of severance benefits due to reorganization | -      | 91     |
| Accrued benefit liability, end of year               | 496    | 394    |
| Less: unamortized actuarial losses                   | (125)  | (51)   |
| Severance benefit liability, end of year             | \$ 371 | \$ 343 |

The total expense related to severance benefits for the year ended March 31 includes the following components:

|   | 2015  | 2014  |
|---|-------|-------|
| Current period service costs                | 25    | 16    |
| Interest on accrued benefits                | \$ 29 | \$ 22 |
| Amortization of actuarial losses over EARSL | 11    | 6     |
| Total expense related to severance benefits | \$ 65 | \$ 44 |

**ENTREPRENEURSHIP MANITOBA  
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PROVINCE OF MANITOBA**

Notes to Financial Statements

(in thousands)

Year ended March 31, 2015

**5. Employee future benefits (continued)**

**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, 2015 based on the valuation model is \$59 (2014 - \$59). The increase in the sick leave benefit liability of \$nil (2014 - \$18) represents the total sick leave benefit expense for the year.

**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:

|   | 2015            | 2014            |
|---|-----------------|-----------------|
| 4.0% repayable in quarterly instalments of \$33 principal plus interest, maturing in 2021 | \$ 798          | \$ 931          |
| 3.0% repayable in quarterly instalments of \$49 principal plus interest, maturing in 2022 | 1,379           | 1,576           |
|   | <b>\$ 2,177</b> | <b>\$ 2,507</b> |

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

|      |        |
|------|--------|
| 2016 | \$ 330 |
| 2017 | 330    |
| 2018 | 330    |
| 2019 | 330    |
| 2020 | 330    |

**ENTREPRENEURSHIP MANITOBA**  
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**PROVINCE OF MANITOBA**

Notes to Financial Statements  
(in thousands)  
Year ended March 31, 2015

**7. Tangible capital assets**

|                                 | 2015               |           |           |                    |
|---------------------------------|--------------------|-----------|-----------|--------------------|
|                                 | Opening<br>Balance | Additions | Disposals | Closing<br>Balance |
| <b>Cost</b>                     |                    |           |           |                    |
| Computer equipment and software | \$ 119             | \$ -      | \$ -      | \$ 119             |
| Office equipment                | 16                 | -         | -         | 16                 |
| Furniture and fixtures          | 145                | -         | -         | 145                |
| Leasehold improvements          | 40                 | -         | -         | 40                 |
| System development costs        | 4,182              | 504       | -         | 4,686              |
|                                 | \$ 4,502           | \$ 504    | \$ -      | \$ 5,006           |
| <b>Accumulated amortization</b> |                    |           |           |                    |
| Computer equipment and software | (107)              | (4)       | -         | (111)              |
| Office equipment                | (16)               | -         | -         | (16)               |
| Furniture and fixtures          | (135)              | (1)       | -         | (136)              |
| Leasehold improvements          | (40)               | -         | -         | (40)               |
| Total accumulated amortization  | \$ (298)           | \$ (5)    | \$ -      | \$ (303)           |
| <b>Net book value</b>           | \$ 4,204           | \$ 499    | \$ -      | \$ 4,703           |

During the year, system development costs were capitalized in the amount of \$504 (2014 - \$902). The total cost of tangible capital assets not subject to amortization as at March 31, 2015 is \$4,686 (2014 - \$4,182). 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, 2015

**7. Tangible capital assets (continued)**

|                                 | 2014               |           |           |                    |
|---------------------------------|--------------------|-----------|-----------|--------------------|
|                                 | Opening<br>Balance | Additions | Disposals | Closing<br>Balance |
| <b>Cost</b>                     |                    |           |           |                    |
| Computer equipment and software | \$ 119             | \$ -      | \$ -      | \$ 119             |
| Office equipment                | 16                 | -         | -         | 16                 |
| Furniture and fixtures          | 136                | 9         | -         | 145                |
| Leasehold improvements          | 40                 | -         | -         | 40                 |
| System development costs        | 3,280              | 902       | -         | 4,182              |
|                                 | \$ 3,591           | \$ 911    | \$ -      | \$ 4,502           |
| <b>Accumulated amortization</b> |                    |           |           |                    |
| 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)           |
| <b>Net book value</b>           | \$ 3,302           | \$ 902    | \$ -      | \$ 4,204           |

**8. Designated assets**

The Agency has allocated \$218 (2014 - \$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 former Companies Office prior to its designation as an SOA and the severance pay benefits accumulated to March 31, 1998 for certain employees. In addition, during the current year, \$213 was received from the Province of Manitoba for vacation and severance benefits transferred to the Agency as of April 1, 2013 relating to the reorganization effective as of this date. These amounts are held in interest bearing trust accounts until the cash is required to discharge the related liabilities for severance and vacation entitlements. Any unused balance is re-invested annually.

During the prior 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.

As at March 31, 2015, the Agency has a total of \$1,075 (2014 - \$1,075) of its portfolio investments designated for specific purposes as described above.

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Notes to Financial Statements

(in thousands)

Year ended March 31, 2015

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**9. 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 (2014 - \$2,500) of its surplus funds to the Province of Manitoba. These amounts are recorded as an expense in the statement of operations.

**10. 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 (2014 - \$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:

|                                      | 2015            | 2014            |
|--------------------------------------|-----------------|-----------------|
| Cash and cash equivalents            | \$ 6,769        | \$ 5,312        |
| Accounts receivable                  | 225             | 375             |
| Receivable from Province of Manitoba | -               | 213             |
| Portfolio investments                | 1,445           | 2,055           |
|                                      | <u>\$ 8,439</u> | <u>\$ 7,955</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.

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, 2015 is \$nil (2014 - \$nil).

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Year ended March 31, 2015

**10. Financial instruments and financial risk management (continued)**

The aging of accounts receivable and allowance for doubtful accounts at March 31, 2015 is as follows:

|                                  | Accounts<br>receivable | Allowance | Net    |
|----------------------------------|------------------------|-----------|--------|
| Current                          | \$ 188                 | \$ -      | \$ 188 |
| 30-60 days past the billing date | 25                     | -         | 25     |
| 61-90 days past the billing date | 2                      | -         | 2      |
| 90 days past the billing date    | 10                     | -         | 10     |
|                                  | \$ 225                 | \$ -      | \$ 225 |

**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.

**11. Comparative information**

Certain of the amounts for the year ended March 31, 2014 have been reclassified to conform to the financial statement presentation adopted for the current year.



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Schedule of Operating Expenses

**Schedule 1**

(in thousands)

Year ended March 31, 2015

|  | 2015            | 2014            |
|--|-----------------|-----------------|
| Advertising and brochures                    | \$ 20           | \$ 30           |
| Audit fees                                   | 11              | 9               |
| Bad debts                                    | 2               | 2               |
| Bank and credit card charges                 | 55              | 67              |
| C/MBSC expenses                              | -               | 15              |
| Communications and telephone                 | 78              | 68              |
| Commissioner for Oath and Notary Public fees | 140             | 141             |
| Computer expenses                            | 176             | 183             |
| Computer programming                         | 252             | 220             |
| Conference/convention registration fees      | 2               | 3               |
| Desktop support costs                        | 234             | 202             |
| Disaster recovery and electronic storage     | 45              | 52              |
| Education and training expenses              | 23              | 2               |
| Equipment maintenance and rentals            | 3               | 4               |
| Hall rentals                                 | 20              | 20              |
| Hospitality                                  | 2               | 3               |
| Insurance expense                            | 16              | 14              |
| Interest on borrowings                       | 80              | 92              |
| Journey Persons Program grant expenditures   | 3               | 17              |
| Legal services                               | 47              | 49              |
| Library materials                            | 21              | 4               |
| Loan guarantee losses and payments (Note 4)  | 270             | 112             |
| Manitoba Business Links, net of recoveries   | 237             | 164             |
| Miscellaneous expenses                       | 51              | 102             |
| Name search applications                     | 161             | 167             |
| New system costs - BSI allocation            | 871             | 918             |
| Occupancy costs                              | 309             | 280             |
| Payroll processing                           | 21              | 21              |
| Postage and courier                          | 78              | 67              |
| Promotional materials                        | 19              | 14              |
| Publications                                 | 25              | 20              |
| Seminar hall rental                          | 27              | 6               |
| Sponsorships                                 | 15              | 11              |
| Stationery and supplies                      | 100             | 87              |
| Subscriptions                                | 7               | 18              |
| Translation services                         | 2               | 6               |
| Travel and transportation                    | 46              | 43              |
| Website hosting fees                         | 1               | 39              |
| Workshops                                    | 13              | 6               |
|  | <b>\$ 3,483</b> | <b>\$ 3,278</b> |





