

# Annual Report 2018/19





**MINISTER  
OF GROWTH, ENTERPRISE AND TRADE**

Legislative Building  
Winnipeg, Manitoba CANADA  
R3C 0V8

Her Honour the Honourable Janice C. Filmon, C.M., O.M.  
Lieutenant Governor of Manitoba  
Room 235, Legislative Building  
Winnipeg MB R3C 0V8

May it please Your Honour:

It is my privilege to present for the information of Your Honour the Annual Report for  
Entrepreneurship Manitoba for the fiscal year ended March 31, 2019.

Respectfully submitted,

*Original signed by*

Honourable Blaine Pedersen  
Minister







**Growth, Enterprise and Trade**

Deputy Minister

Room 352

Legislative Building

Winnipeg, MB R3C 0V8

Honourable Blaine Pedersen  
Minister of Growth, Enterprise and Trade  
Room 358, Legislative Building  
Winnipeg MB R3C 0V8

Dear Minister:

I have the honour to submit for your consideration the Entrepreneurship Manitoba Annual Report for the fiscal year ended March 31, 2019.

Entrepreneurship Manitoba continues to progress in the priority area of enhanced online services that support Manitoba's business community. This report outlines the financial results, activities and achievements of the Agency during its sixth year of operation.

Respectfully submitted,

*Original signed by*

Dave Dyson  
Deputy Minister





Entrepreneurship Manitoba  
1010 – 405 Broadway  
Winnipeg MB R3C 3L6

Dave Dyson  
Deputy Minister  
Growth, Enterprise and Trade  
Room 352, Legislative Building  
Winnipeg MB R3C 0V8

Dear Mr. Dyson:

I am pleased to submit for your review Entrepreneurship Manitoba's 2018/19 Annual Report for the fiscal year ended March 31, 2019.

In 2018/19, the Agency was successful in all facets of its service offerings, generating an operating net profit before transfer of funds to the Province of \$6,703.

Fiscal Year 2018/2019 marks the first full year the Companies Online System (COS) was in operation offering electronic filings and online self-service. Enhancements have been implemented providing greater customer service such as upgrades to email function for some online filings, increased stakeholder self-service ability to monitor their deposit accounts and, setting up pre-approved articles.

Looking forward to 2019/20, Entrepreneurship Manitoba will continue to strategically implement improvements to gradually increase the number of online filings, reduce processing times for customers and increase efficiency across its various types of filings and procedures.

Sincerely,

*Original signed by*

Dawn Gerbrandt  
A / Chief Operating Officer

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# Agency Overview and Historic Perspective

# AGENCY OVERVIEW AND HISTORICAL PERSPECTIVE

## HISTORICAL PERSPECTIVE

Entrepreneurship Manitoba began operations April 1, 2013, as a special operating agency integrating the operations of the Companies Office, Manitoba Growth, Enterprise and Trade's Small Business Development Branch and Competitiveness Initiatives Branch, and the Business Settlement Office of the Business Immigration and Investment Branch.

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 was 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 Parishes Incorporation Act*
- *The Religious Societies' Lands Act*, and
- *The Manitoba Evidence 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 operational goals for 2018/19 were:

- 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

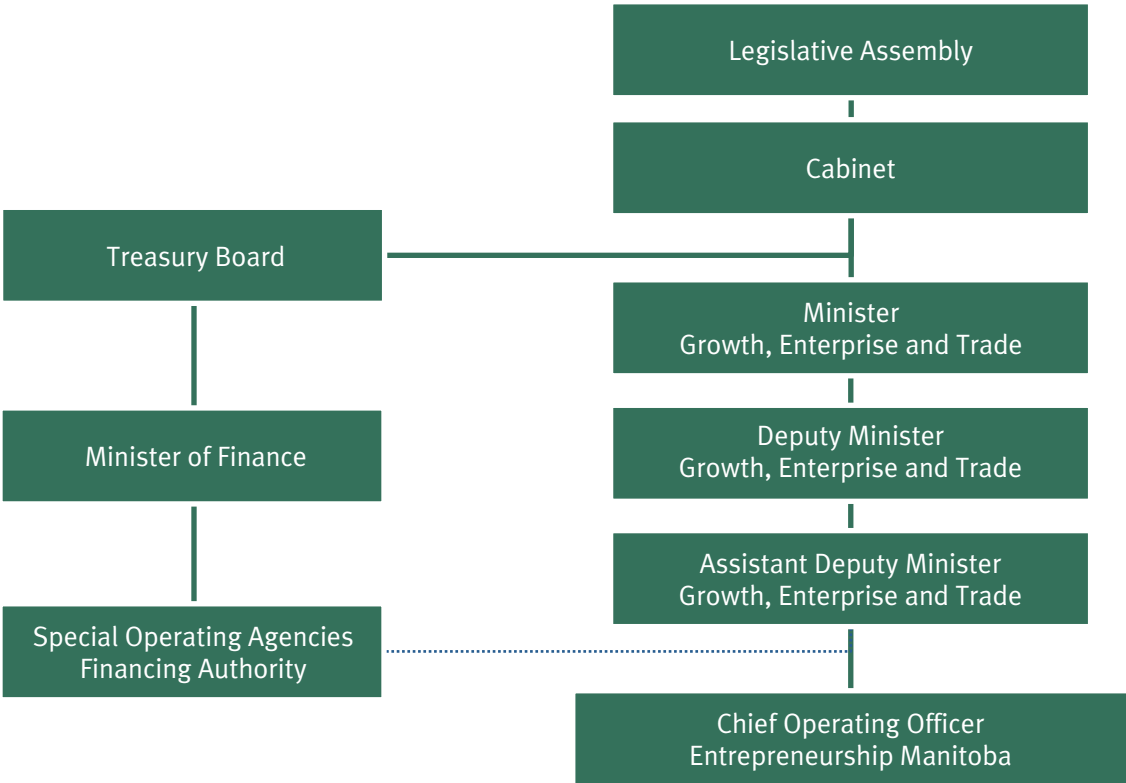
Entrepreneurship Manitoba reports to the Assistant Deputy Minister of Financial and Corporate Services for Manitoba Growth Enterprise and Trade, and is held accountable to the Minister for operational and financial performance.

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, 2019:

**ENTREPRENEURSHIP MANITOBA  
ACCOUNTABILITY STRUCTURE CHART  
MARCH 31, 2019**



# Management and Administration

## **MANAGEMENT AND ADMINISTRATION**

As of April 1, 2018, Entrepreneurship Manitoba's Executive Management Team consisted of a Chief Operating Officer, a Chief Financial Officer, and Senior Management.

Reporting to the Assistant Deputy Minister of Financial and Corporate Services of Manitoba Growth, Enterprise and Trade, 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 financial and comptrollership functions within the Agency.



# Highlights and Achievements

2018/2019 INITIATIVES

# HIGHLIGHTS AND ACHIEVEMENTS 2018/19

## **COMPANIES ONLINE SYSTEM (COS)**

The Companies Online System (COS) is a transformational tool, increasing Manitoban's direct access to the Companies Office, including rural and northern Manitoba residents. The COS reduces barriers and increases service efficiency, resulting in cost savings for Manitoba businesses.

Fiscal Year 2018/2019 marks the first full year COS was in operation offering electronic filings and online self-service. Enhancements such as upgrading email function for online certificates and amendments, increased self service ability for stakeholders in the legal community to monitor deposit accounts, and setting up pre-approved articles have all been implemented to provide a greater customer service.

The number of registered corporations and business names under the authority of the Companies Office have increase over multiple years. Trends indicate an increase in online activity and a decrease in in-person transactions overall. Most notably, more than half of new businesses and corporations register their names and file Annual Returns online and, the majority of Name Reservations are filed online. There is also an increase in online file summaries providing the public with registry information and a decrease in customers attending the office and personal file searches.

Companies Office will continue to strategically implement improvements to gradually increase the number of online filings, reduce processing times for customers and increase efficiency across its various types of filings and procedures.

## **NEW WEST PARTNERSHIP TRADE AGREEMENT (NWPTA)**

Manitoba is committed to reducing trade barriers for corporations registering extra provincially by eliminating fees, certain filing requirements and making it easier to complete all the required tasks in a streamlined fashion. GET staff have brought the knowledge, skills and commitment to this project and have contributed to its success.

In 2016, Manitoba entered the New West Partnership Trade Agreement (NWPTA) and committed to completing legislative requirements and system enhancements by January 1, 2020. Throughout the 2018/2019 fiscal year, Companies Office has worked in collaboration with NWPTA jurisdictions, Innovation, Science and Economic Development Canada (ISED), Corporations Canada, GET's Central Policy Unit and a private vendor to complete the necessary tasks and will be ready to launch using the national Multi-Jurisdictional Registry Access System (MRAS) in the 2019/2020 fiscal year.



## **BIZPAL MANITOBA – ONLINE SERVICE ENHANCEMENTS**

BizPaL (Business Permits and Licences) is a collaborative online service of Federal-Provincial/Territorial and Municipal (F/P/T & M) governments, is managed within the Department of Growth, Enterprise and Trade. BizPaL Manitoba enables Canadian businesses to easily find and identify business permits and licences from three levels of government required to start and grow their businesses. BizPaL Manitoba assists new municipalities in enhancing the online system for Manitoba's business community. Currently, BizPaL Manitoba is helping entrepreneurs in 69 Manitoba municipalities (representing almost 80% of Manitoba's population) save time, effort and money by providing easy-to-understand access to integrated information on permits, licences, approvals and other requirements needed to establish and run a business. BizPaL Manitoba continues to support red tape reduction and improved online access to business information for entrepreneurs throughout Manitoba.

## **MANITOBA BUSINESS LINKS**

In 2018/19, Entrepreneurship Manitoba continued to explore ways to expand the use of the Business Number in Manitoba. In December 2018 Manitoba Business Links began work with Canada Revenue Agency and Companies Office to automate manual processes that involved many staff, faxing, spreadsheets and customer phone calls. Manitoba Business Links system now sends, in real time, messages to Canada Revenue Agency system as soon as director information is updated, a Manitoba Corporation is revived or dissolved, or when a Manitoba amalgamation is processed in the Companies Office System. In early 2019, Manitoba Business Links amended the Common Business Identifier Regulation and Workplace Safety and Health became a Business Number partner.



# Summary of Operational Activities / Performance Indicators

# SUMMARY OF OPERATIONAL ACTIVITIES / PERFORMANCE INDICATORS

## REQUESTS FOR SERVICE – COMPANIES OFFICE

The table below outlines key service requests fulfilled by Companies Office in 2018/19 and in prior years.

Comparative Operating Statistics					
	2018/2019		2017/2018 <sup>1</sup>		2016/2017
	Paper	Online	Paper	Online	Paper
Name Reservation	2,754	13,933	3,748	13,137	16,430
Business Name Registration <sup>2</sup>	3,036	3,763	5,188	1,823	7,437
Amendments <sup>3</sup> – with or without a name change	890	373	975	208	1,454
Annual Returns	30,083	47,664	53,316	24,338	73,818
Notices of Change <sup>4</sup>	4,056	13,429	8,689	5,783	10,536
New Incorporations	2,404	3,055	3,649	1,428	4,943
Total Active Corporate and Business Name Records	134,667		132,990		131,002
Online File Summaries	115,846		76,651		Nil
Customers Served In-Person	20,431		25,661		26,006
Personal Counter file Searches	2,169		2,845		3,452

<sup>1</sup> Companies Online full online functionality implemented in 2017/18 in two stages:

- July 10, 2017 – Annual Returns and Name Reservations
- September 20, 2017 – Full online functionality Statistics

<sup>2</sup> Not all Business Name Registrations can be filed online (generally limited to proprietorships and partnerships)

<sup>3</sup> Amendments with a Name Change only can be filed online

<sup>4</sup> Includes:

- Change of Directors/Officers
- Change of Mailing Address
- Change of Registered Office Address
- Change of Shareholders

## PERFORMANCE INDICATORS – COMPANIES OFFICE

The Companies Office endeavours to process customer service requests in an efficient and effective manner. The Agency continues to work diligently to improve processing times through investments in technology, by seeking out processing efficiencies where possible, and by a more nimble approach to staff assignment and redeployment.

Registry Services Processing Times					
OBJECTIVE	MEASURE	TARGET (March 31, 2019)		RESULTS (March 31, 2019)	
To process customer service requests in an efficient and effective manner.	Cycle time (working days)	Online	Paper	Online	Paper
	Business Name Registrations	2	3	1	8
	Corporate Documents	2	3	1	8
	Annual Returns	1	7	1	5

The Business Start Loan Guarantee Program supported 24 new business through loan guarantees valued at \$630,000, resulting in the creation of 31 new jobs in Manitoba.



# Financial Results

Summary of Financial Results

Revenue

Expenses

## SUMMARY OF FINANCIAL RESULTS

Entrepreneurship Manitoba reported revenues of \$12,745 an increase of \$649 over budget, and a net income from operations of \$6,703, an increase of \$2,519 over budget, for the year ended March 31, 2019.

### Entrepreneurship Manitoba 2018/19 Financial Summary (in thousands)

	ACTUAL 2018/2019	BUDGET 2018/2019	OVER (UNDER) BUDGET
Total Net Revenue	\$12,745	\$12,096	\$649
Salaries and Benefits	3,356	4,423	(1,067)
Operating Expenses	2,231	3,036	(805)
Amortization	455	453	2
Income from Operations	6,703	4,184	2,519
Transfer of Funds to the Province of Manitoba	2,840	2,840	–
Net Income (Deficit)	3,863	1,344	2,519

## REVENUE

Total net revenue for the year ended March 31, 2018 was \$12,745 or \$649 greater than budget. Filing fees increased in October 2018 and an increase in filings over the previous year account for the difference.

## EXPENSES

The following is an explanation of significant variances to budget.

### Actual to Budget

- Operating Expenses were lower as a result of the Business Services Division and related programming winding down.
- Salaries and Benefits were \$1,067 less than budget due to vacancies that were not filled during the year.



# Financial Statements

**Management's Responsibility**

**Independent Auditors' Report**

**Statement of Financial Position**

**Statement of Operations**

**Statement of Change in Net Financial Assets**

**Statement of Cash Flows**

**Notes to the Financial Statements**

**Schedule of Operating Expenses**



## Management's Responsibility

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To the Special Operating Agencies Financing Authority:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

MNP LLP is appointed to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically with, management to discuss their audit findings.

June 28, 2019

*Original signed by Dawn Gerbrandt*

Chief Operating Officer

## Independent Auditor's Report

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To the Special Operating Agencies Financing Authority and Entrepreneurship Manitoba:

### Opinion

We have audited the financial statements of Entrepreneurship Manitoba (the "Organization"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net financial assets, cash flows and the related schedules for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### Responsibilities of Management 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Winnipeg, Manitoba

June 28, 2019

*Original signed by*

Chartered Professional Accountants

**MNP**

**Entrepreneurship Manitoba**  
**Statement of Financial Position**

*As at March 31, 2019*  
*(in thousands of dollars)*

	2019	2018
<b>Financial assets</b>		
<b>Current</b>		
Cash and cash equivalents	9,731	6,454
Accounts receivable	584	166
Portfolio investments (Note 3)	219	219
<b>Total financial assets</b>	<b>10,534</b>	<b>6,839</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	317	260
Deferred revenue	391	376
Accrued vacation entitlements	334	457
Provision for loan guarantees (Note 4)	788	922
Employee future benefits (Note 5)	365	449
Borrowings from the Province of Manitoba (Note 6)	857	1,187
<b>Total financial liabilities</b>	<b>3,052</b>	<b>3,651</b>
<b>Net financial assets</b>	<b>7,482</b>	<b>3,188</b>
<b>Designated assets (Note 8)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Note 7)	6,159	6,571
Inventories of supplies	20	33
Prepaid expenses	5	11
<b>Total non-financial assets</b>	<b>6,184</b>	<b>6,615</b>
<b>Accumulated surplus</b>	<b>13,666</b>	<b>9,803</b>

The accompanying notes are an integral part of these financial statements

**Entrepreneurship Manitoba**  
**Statement of Operations**  
For the year ended March 31, 2019  
(in thousands of dollars)

	2019 <i>Budget</i>	2019	2018
<b>Revenue</b>			
Fees and services	10,331	10,927	10,188
Immigration settlement transfer	1,750	1,750	1,750
Investment income	15	68	56
	<b>12,096</b>	<b>12,745</b>	<b>11,994</b>
<b>Expenses</b>			
Amortization	453	455	232
Operating expenses <i>(Schedule 1)</i>	3,036	2,231	2,712
Salaries and employee benefits	4,423	3,356	4,072
	<b>7,912</b>	<b>6,042</b>	<b>7,016</b>
<b>Net income before transfer to the Province of Manitoba</b>	<b>4,184</b>	<b>6,703</b>	<b>4,978</b>
<b>Transfer to the Province of Manitoba <i>(Note 9)</i></b>	<b>2,840</b>	<b>2,840</b>	<b>7,609</b>
<b>Net income (loss) for the year</b>	<b>1,344</b>	<b>3,863</b>	<b>(2,631)</b>
<b>Accumulated surplus, beginning of year</b>	<b>7,604</b>	<b>9,803</b>	<b>12,434</b>
<b>Accumulated surplus, end of year</b>	<b>8,948</b>	<b>13,666</b>	<b>9,803</b>

The accompanying notes are an integral part of these financial statements



**Entrepreneurship Manitoba**  
**Statement of Change in Net Financial Assets**  
*For the year ended March 31, 2019*  
*(in thousands of dollars)*

	<b>2019 Budget</b>	<b>2019</b>	<b>2018</b>
<b>Net income (loss) for the year</b>	<b>1,344</b>	<b>3,863</b>	<b>(2,631)</b>
Acquisition of tangible capital assets	-	(43)	(454)
Amortization of tangible capital assets	453	455	232
<b>Net acquisition of tangible capital assets</b>	<b>453</b>	<b>412</b>	<b>(222)</b>
Use of prepaid expenses	-	6	-
Change in inventories of supplies during the year	-	13	2
<b>Net acquisition of other non-financial assets</b>	<b>-</b>	<b>19</b>	<b>2</b>
<b>Increase (decrease) in net financial assets</b>	<b>1,797</b>	<b>4,294</b>	<b>(2,851)</b>
<b>Net financial assets, beginning of year</b>	<b>970</b>	<b>3,188</b>	<b>6,039</b>
<b>Net financial assets, end of year</b>	<b>2,767</b>	<b>7,482</b>	<b>3,188</b>

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



**Entrepreneurship Manitoba**  
**Statement of Cash Flows**  
For the year ended March 31, 2019  
(in thousands of dollars)

	2019	2018
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Net income (loss) for the year	3,863	(2,631)
Non-cash items		
Amortization	455	232
	<b>4,318</b>	<b>(2,399)</b>
Changes in working capital accounts		
Accounts receivable	(418)	139
Accounts payable and accruals	57	(133)
Deferred revenue	15	376
Accrued vacation entitlements	(123)	24
Provision for loan guarantees	(134)	43
Employee future benefits	(84)	(6)
Inventories of supplies	13	2
Prepaid expenses	6	-
	<b>3,650</b>	<b>(1,954)</b>
<b>Financing activity</b>		
Repayment of borrowings from the Province of Manitoba	(330)	(330)
<b>Capital activity</b>		
Acquisition of tangible capital assets	(43)	(454)
<b>Investing activity</b>		
Change in portfolio investments	-	519
<b>Increase (decrease) in cash and cash equivalents</b>	<b>3,277</b>	<b>(2,219)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>6,454</b>	<b>8,673</b>
<b>Cash and cash equivalents, end of year</b>	<b>9,731</b>	<b>6,454</b>

The accompanying notes are an integral part of these financial statements

**1. Operations**

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 Growth Enterprise and Trade and is under the policy direction of the Minister and the Deputy Minister. 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. Significant accounting policies**

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

***Revenue recognition***

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

Investment income and all other revenue is recognized on an accrual basis.

***Expenses***

Expenses

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.

2. **Significant accounting policies** (Continued from previous page)

**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.

**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.

**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:

	<b>Method</b>	<b>Rate</b>
System development costs	straight-line	15 years
Furniture and fixtures	straight-line	5 years
Computer equipment and software	straight-line	5 years
Leasehold improvements	straight-line	5 years
Office equipment	straight-line	5 years

In the year of acquisition amortization is taken at one-half of the rates noted above.

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.

**2. Significant accounting policies** *(Continued from previous page)*

**Measurement uncertainty**

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

Areas requiring the use of significant estimates include the allowance for accounts receivable deemed uncollectible, useful lives of tangible capital assets, provisions for loan guarantees and employee future benefits. Changes to the underlying assumptions and estimates or legislative changes in the near term could have a material impact on the provisions recognized. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in the statement of operations in the periods in which they become known.

**3. Portfolio investments**

Portfolio investments consist of deposits held with the Province of Manitoba, bearing interest at rates ranging from 1.68% to 1.92% per annum (2018 - 1.17% to 1.72% per annum), maturing between April 2019 and March 2020 (2018 - April 2018 and March 2019). Amounts with original maturities of three months or less are included in cash and cash equivalents.

**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 1.00% 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.

As at March 31, 2019, there is a revolving authorized limit of \$5,000, with debt totaling \$3,581 (2018 - \$4,191) being guaranteed under the Manitoba Business Start Loan Guarantee Program.

As at March 31, 2019, the Agency has recorded a provision of \$788 for these loan guarantees (2018 - \$922). The decrease in the provision of \$134 (2018 - increase of \$43) represents the loan guarantee gains (2018 - losses) recognized as an expense during the year. In addition, the Agency made total loan guarantee payments during the year of \$278 (2018 - \$159) for total loan guarantee gains (losses) and payments during the year of \$143 (2018 - \$202).

As at March 31, 2019, 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 (2018 - \$nil). Recoveries, if any, will be recognized in the period in which payments are received.

Effective April 1, 2019, this liability has been transferred to the Manitoba Growth, Enterprise and Trade department as disclosed in Note 11.



**5. Employee future benefits**

Included in employee future benefits are severance benefits of \$306 (2018 - \$390) and sick pay benefits of \$59 (2018 - \$59).

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 of the Province of Manitoba (the "Province"), including the Agency, through the Civil Service Superannuation Fund.

Effective March 31, 2001, pursuant to an agreement with the Province, 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 2019 was \$230 (2018 - \$253). 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.

An actuarial report was completed for the severance pay liability as of March 31, 2017. 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, 2019 is \$306 (2018 - \$390), with the total actuarial gains of \$71 (2018 - losses of \$128) based on the completed actuarial reports being amortized over the 15 year EARSLS of the employee group.

Significant long-term actuarial assumptions used in the March 31, 2017 valuation, and in the determination of the March 31, 2019 present value of the accrued severance benefit obligation include an annual rate of return of 3.80% (2018 - 3.80%) and annual salary increases of 2.75% (2018 - 2.75%).

The severance liability as at March 31, 2019 includes the following components:

	<b>2019</b>	<b>2018</b>
Accrued benefit liability, beginning of year	<b>482</b>	499
Current period service costs	<b>27</b>	31
Interest on accrued benefits	<b>23</b>	24
Severance benefits paid	<b>(155)</b>	(72)
Accrued benefit liability, end of year	<b>377</b>	482
Less: unamortized actuarial losses	<b>(71)</b>	(92)
Severance benefit liability, end of year	<b>306</b>	390

The total expense related to severance benefits for the year ended March 31, 2019 includes current period service costs of \$27 (2018 - \$31), interest on accrued benefits of \$23 (2018 - \$24) and amortization of actuarial losses over EARSLS of \$21 (2018 - \$11), for a total expense related to severance benefits of \$70 (2018 - \$66).

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, 2019 based on the valuation model is \$59 (2018 - \$59). The increase in the sick leave liability of \$nil (2018 - \$nil) represents the total sick leave benefit expense for the year.

**Entrepreneurship Manitoba**  
**Notes to the Financial Statements**  
For the year ended March 31, 2019  
(in thousands of dollars)

**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:

	2019	2018
Loan repayable in quarterly instalments of \$33 plus interest at 4.00% per annum, maturing in 2021	266	399
Loan repayable in quarterly instalments of \$49 plus interest at 3.00% per annum, maturing in 2022	591	788
	<b>857</b>	<b>1,187</b>

Interest is measured using the effective interest method. Approximate scheduled principal payments in each of the next three years are as follows (in thousands):

2020	330
2021	330
2022	197

**7. Tangible capital assets**

	Cost	Additions	Disposals	Accumulated amortization	2019 Net book value
System development costs	6,784	43	-	678	6,149
Furniture and fixtures	151	-	-	146	5
Computer equipment and software	118	-	-	118	-
Leasehold improvements	40	-	-	40	-
Office equipment	27	-	-	22	5
	<b>7,120</b>	<b>43</b>	<b>-</b>	<b>1,004</b>	<b>6,159</b>

	Cost	Additions	Disposals	Accumulated amortization	2018 Net book value
System development costs	6,330	454	-	229	6,555
Furniture and fixtures	151	-	-	143	8
Computer equipment and software	118	-	-	118	-
Leasehold improvements	40	-	-	40	-
Office equipment	27	-	-	19	8
	<b>6,666</b>	<b>454</b>	<b>-</b>	<b>549</b>	<b>6,571</b>

**8. Designated assets**

As at March 31, 2019, the Agency has a total of \$1,075 (2018 - \$1,075) of its cash and cash equivalents and portfolio investments designated for specific purposes as described below.

The Agency has allocated \$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 a Special Operating Agency and the severance pay benefits accumulated to March 31, 1998 for certain employees. In addition, \$213 was received from the Province of Manitoba for vacation and severance benefits transferred to the Agency relating to the reorganization effective April 1, 2013. 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.

Also relating to the reorganization effective April 1, 2013, \$644 was received from the Province of Manitoba for the total provision for loan guarantees transferred to the Agency as of this date. This amount is also held in an interest bearing account until cash is required to discharge the related liabilities for loan guarantees.

**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 \$2,840 (2018 - \$7,609) 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 (2018 - \$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 carrying amount of the Organization's cash and cash equivalents, accounts receivable and portfolio investments best represents the maximum exposure to credit risk.

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 best 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, 2019 is \$nil (2018 - \$nil). The entire balance of accounts receivable was current as of March 31, 2019.

***Liquidity risk***

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

The Organization manages the 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.



**10. Financial instruments and financial risk management** *(Continued from previous page)*

**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 of cash and cash equivalents is considered to be low due to their short-term nature. The interest rate risk on portfolio investments is considered to be 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 currency 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. Subsequent event**

Effective April 1, 2019, the Agency's Business Services Division and related programming has been transferred to the Manitoba Growth, Enterprise, and Trade department.

As of this date, the Agency is comprised of the Companies Office business registry operations and the Commissioner of Oaths and Notary Public.

Future revenue is not expected to be impacted due to this change. The annual transfer of funds to the Province of Manitoba has been eliminated for subsequent years (see Note 9). Salaries and employee benefits as well as operating expenses are expected to decrease by \$2,000 and \$1,676, respectively.



**Entrepreneurship Manitoba**  
**Schedule 1 - Schedule of Operating Expenses**  
*For the year ended March 31, 2019*  
*(in thousands of dollars)*

	2019	2018
Audit fees	8	12
BSI allocation	88	195
Bad debts	1	-
Bank and credit card charges	108	84
Commissioner for Oath and Notary Public fees	140	133
Communications and telephone	47	74
Computer expenses	22	82
Computer programming	-	123
Conference and convention registration fees	-	4
Desktop support costs	250	253
Disaster recovery and electronic storage	50	60
Education and training expenses	-	5
Equipment maintenance and rentals	-	7
Grants and sponsorships	-	1
Hall rentals	1	10
Insurance	12	13
Interest on long-term debt	35	47
Legal services	32	25
Library materials	-	11
Loan guarantee losses and payments	143	202
Manitoba Business Links - net of recoveries	254	323
Miscellaneous	41	83
Name search applications	144	221
New system maintenance	265	125
Occupancy	293	293
Payroll processing	21	21
Postage and courier	118	116
Promotional materials	-	1
Publications	1	3
Seminar hall rental	1	2
Stationery	64	81
Subscriptions	7	10
Translation services	-	1
Travel and transportation	8	62
Website hosting fees	75	4
Workshops	2	25
	<b>2,231</b>	<b>2,712</b>





