

# Annual Report 2021/22





**MINISTER  
OF LABOUR CONSUMER PROTECTION AND GOVERNMENT SERVICES**

Room 343  
Legislative Building  
Winnipeg, Manitoba R3C 0V8  
CANADA

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, 2022.

Respectfully submitted,

*'Original Signed by'*

Honourable Reg Helwer  
Minister of Labour, Consumer Protection and Government Services  
Minister responsible for the Manitoba public service  
Minister responsible for the Public Utilities Board







MINISTRE  
DU TRAVAIL, DE LA PROTECTION DU CONSOMMATEUR  
ET DES SERVICES GOUVERNEMENTAUX

Bureau 343  
Palais législatif  
Winnipeg (Manitoba) R3C 0V8  
CANADA

Son Honneur l'honorable Janice C. Filmon, C.M., O.M.  
Lieutenante-gouverneure du Manitoba  
Palais législatif, bureau 235  
Winnipeg (Manitoba) R3C 0V8

Madame la Lieutenante-Gouverneure,

J'ai le privilège de présenter à Votre Honneur le rapport annuel d'Entrepreneuriat Manitoba pour l'exercice terminé le 31 mars 2022.

Le tout respectueusement soumis,

*'Original Signed by'*

Monsieur Reg Helwer  
Ministre du Travail, de la Protection du consommateur et des Services gouvernementaux  
Ministre responsable de la fonction publique  
Ministre responsable de la Régie des services publics







**Deputy Minister of Labour, Consumer Protection and  
Government Services**

Room 349, Legislative Building  
Winnipeg, Manitoba, Canada R3C 0V8  
T 204 945-5703 F 204 948-4227

Honourable Reg Helwer  
Minister of Labour, Consumer Protection and Government Services  
349-450 Broadway  
Winnipeg, MB R3C 0V8

Dear Minister Helwer:

I have the honour to submit for your consideration the Entrepreneurship Manitoba Annual Report for the fiscal year ended March 31, 2022.

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.

Respectfully submitted,

*'Original Signed by'*

Scott Sinclair  
Deputy Minister of Labour,  
Consumer Protection and Government Services







Entrepreneurship Manitoba  
1010 – 405 Broadway  
Winnipeg MB R3C 3L6

Mr. Scott Sinclair  
Deputy Minister Labour Consumer Protection  
and Government Services  
349 – 450 Broadway  
Legislative Building  
Winnipeg MB R3C 0V8

Dear Mr. Sinclair,

I am pleased to submit Entrepreneurship Manitoba's 2021/22 Annual Report for the fiscal year ended March 31, 2022.

In 2021/22, the Agency was successful in all facets of its service offerings, generating an operating net profit of \$9,500.

Looking forward to 2022/23, Entrepreneurship Manitoba will continue implementing strategic improvements to 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  
Historical  
Perspective

# AGENCY OVERVIEW AND HISTORICAL PERSPECTIVE

## HISTORICAL PERSPECTIVE

Entrepreneurship Manitoba began operations on 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 Competiveness Initiatives Branch, and the Business Settlement Office of the Business Immigration and Investment Branch. By the end of 2018/19, Growth, Enterprise and Trade reorganized to include Companies Office and Commissioner of Oaths and Notary Public Office. In 2022, Entrepreneurship Manitoba joined the Department of Labour, Consumer Protection and Government Services.

## MANDATE

Entrepreneurship Manitoba delivers services to the entrepreneurial and legal community in Manitoba and is responsible for the administration of the following legislations:

- The Corporations Act
- The Business Names Registration Act
- The Partnership Act
- The Cooperatives Act
- The Manitoba Evidence Act (Parts 2 and 3)
- The Religious Societies' Lands Act
- The Electronic Commerce and Information Act

# Mandate

## MISSION STATEMENT

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

### GOALS

- Deliver timely and efficient services
- Promote initiatives that streamline and improve the delivery of government services to businesses
- Appoint and authenticate Notaries Public and Commissioners for Oaths

### VALUES

- Trust and mutual respect
- Deliver informative, accountable, reliable, consistent and courteous customer service
- Improve services through engagement and innovation
- Prudent stewardship of resources

goals

# OPERATIONAL STRUCTURE

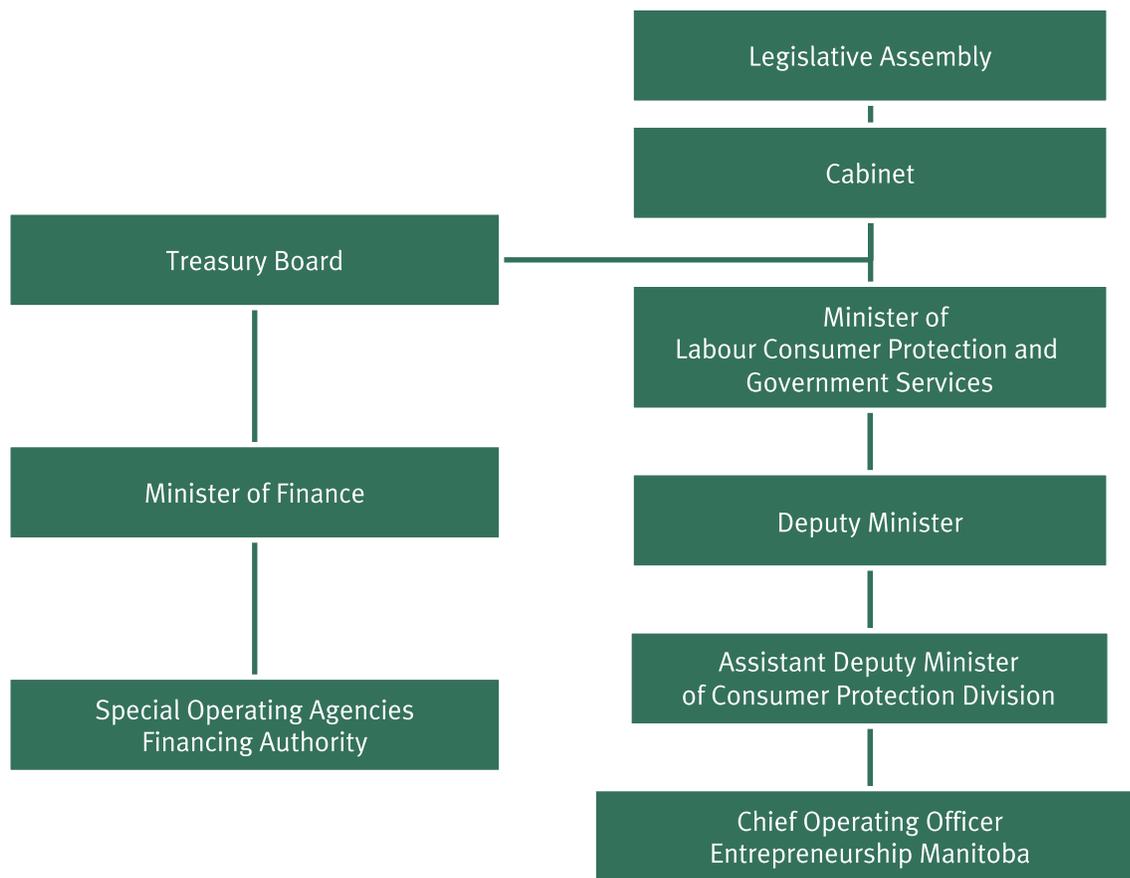
## ACCOUNTABILITY STRUCTURE

As a Special Operating Agency within the Consumer Protection Division, Entrepreneurship Manitoba reports directly to the Assistant Deputy Minister of Consumer Protection Division. Entrepreneurship Manitoba is held accountable to the Secretary of Treasury Board and the Minister of Labour, Consumer Protection and Government Services.

The Agency operates outside of the Consolidated Fund under the Special Operating Agencies Financing Authority, 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 the Treasury Board Secretariat.

## ACCOUNTABILITY STRUCTURE CHART



# Management and Administration

## **MANAGEMENT AND ADMINISTRATION**

As at April 1, 2021, Entrepreneurship Manitoba's Management Team consists of a Chief Operating Officer, a Financial Officer and, three managers supporting its day-to-day operational and technical requirements.



# Highlights and Achievements

# HIGHLIGHTS AND ACHIEVEMENTS

## **MULTI-JURISDICTIONAL REGISTRY ACCESS SERVICE (MRAS)**

MRAS is a pan-Canadian, scalable digital solution that allows Canadian corporate registries to share information and streamline extra provincial corporate registration. MRAS has three main functions: Canada's Business Registries website is a free government service which provides access to information about businesses within Canada, electronic notifications to update registry information in jurisdictions where a corporation is extra provincially registered and, streamlined registration.

MRAS launched June 29, 2020 to support the exchange of registry information under The New West Partnership Trade Agreement (NWPTA). Manitoba is currently using MRAS to share information and register extra provincial corporations with Saskatchewan, Alberta and British Columbia.

At the direction of the Regulatory Reconciliation and Cooperation Table, corporate registries finalized a reconciliation agreement that went into effect January 1, 2021. The agreement reflects a jurisdiction's commitment to implement MRAS by a date of their choosing. All jurisdictions are working towards implementing MRAS across Canada.

Manitoba is currently working with Digital and Technology Solutions for the appropriate approvals to onboard Quebec and Corporations Canada.

## **TRANSFORMATION**

Entrepreneurship Manitoba moved into its second year of significant transformation. The first year was dedicated to ensuring seamless customer service during the COVID-19 pandemic while the office closed to the public and staff were working remotely. This year additional digital options were identified to support the current and future needs of the business and legal community for seamless document filings.

### **Online Filings**

Additional functionality launched in February 2022 (a second release is planned for Fiscal 22/23) within Companies Online System to increase the number of online filings by deposit account holders i.e. the legal community working on behalf of businesses in Manitoba. The legal community used email to submit paper filings throughout the pandemic. However, this resulted in a significant increase in administrative work for Companies Office staff that was not sustainable. As new online filings launch, Companies Office will move away from email filings. Currently, 70% of business and corporate filings can be submitted online.

Digital filings deliver multiple benefits:

- Automatic information verification
- Decrease in time required for data entry
- Digital work queue

These benefits result in:

- Less time needed to process a filing – average decrease of 25%
- Quicker turnaround time – guaranteed 4-6 business days vs. 7-14 for paper filings
- Less cost to clients – digital filings generally do not require expedite service (savings of up to \$250 per filing)

### Review – Companies Online System

Companies Office consulted with its three stakeholder groups: staff, legal community and casual users to gather feedback on improving current functionalities in the Companies Online System to better serve stakeholder groups. Interviews were conducted with staff and the legal community. Communication Services Manitoba was engaged to help create an online survey to capture feedback from casual users.

Feedback will be analyzed, prioritized and will guide future work plans.

### Commissioner for Oaths and Notary Public Office

Commissioner for Oaths and Notary Publics appointed in Manitoba form a registry of data currently held in an old, unsupported database that is difficult to change or fix. There is an opportunity to use existing functionality within Companies Online System to include this registry data. Companies Online System will provide a new database with greater functionality and usability for staff. Companies Office has begun scoping enhancements with an anticipated launch date next year.

### Office Wide Improvements

Entrepreneurship Manitoba's work is evolving as it strives to provide an increasing number of online filings. Work volume also increases each year with a

greater number of active business and corporations registered. Entrepreneurship Manitoba will continue analyzing business processes to find efficiencies and reorganize internal work arrangements by redistributing work among its staff to alleviate increased volumes in other areas.

### DIGITAL REGISTRY

Companies Office Registry maintains over 143,000 active corporations and businesses. This is public information that requires easy access for staff and the public. Companies Office has reduced its hardcopy file room by approximately 450 boxes - almost half of the files as a whole, since April 1, 2020. Transition to digital registry is saving Companies Office approximately \$5,000 per year reduction in paper and office supplies expenditure and \$10,000 per year by moving scanning activities to a third party. Support Clerk's time is spent on more value-added tasks to support the office.

Putting those savings to good use, Companies Office transitioned to a cloud based software (SmartCloud) to hold scanned files. SmartCloud offers greater benefits:

- More search functions
- Quicker access to the scanned images
- Better image quality
- Ability to email scanned files
- Additional tools for caseload management

SmartCloud also offers digital workflow functions Companies Office is exploring for the near future in addition to a virtual mailroom. These tools along with current scanning activities will lead to a paperless work environment for Companies Office in the future. Other benefits include the ability to accurately monitor workflow.

## **BENEFICIAL OWNERSHIP**

Following a federal-provincial-territorial Finance Ministers meeting in December 2017, Manitoba passed legislative changes in fall 2019 under Bill 22: The Business Registration, Supervision and Ownership Act for privately held corporations to create and maintain a registry of individuals with significant control over the corporation (proclaimed April 8, 2020).

Innovation, Science and Economic Development Canada (ISED) released a summary of information gathered from stakeholders through public consultations in early 2020 to create a public registry in Canada. Canada announced within its Budget 2022 announcement that they are accelerating their commitment to implement a registry for beneficial owners by end of 2023. Manitoba's multi-departmental Anti Money Laundering Working Group continues to share information to understand the extent of the money laundering problem in Manitoba, identify gaps and provide advice to government. .

# Summary of Operational Activities / Performance Indicators

# SUMMARY OF OPERATIONAL ACTIVITIES / PERFORMANCE INDICATORS

Available performance statistics continue to show a steady year-over-year increase in online filings, with consistent decreases in paper filings and in person visits to the office since the implementation of Companies Online System in September 2017. Online filings is a quicker method for clients to file documents and maintain their registry information.

The table below provides a breakdown of online filing processes currently available, including the new functionality that was launched in February 2022:

- Amalgamation
- Amendment
- Dissolution
- Power of Attorney
- Change in Limited Partnership

Comparative Operating Statistics						
	2021/2022		2020/2021		2019/2020	
	Paper	Online	Paper	Online	Paper	Online
Name Reservation	1,055	19,054 (95%)	730	19,296 (96%)	2,599	13,652 (84%)
Business Name Registration	1,256	6,471 (83%)	1,146	6,488 (85%)	2,331	3,862 (62%)
Incorporations	975	6,273 (86%)	809	5,492 (87%)	1,675	3,643 (68%)
Annual Return/Renewal*	17,354	73,128 (80%)	17,683	61,236 (78%)	25,328	53,208 (68%)
Amendments	840	792 (48%)	939	490 (34%)	925	348 (27%)
Alteration in Membership	1,561	381 (19%)	-	-	-	-
Amalgamation	399	104 (20%)	-	-	-	-
Dissolution	1,476	186 (11%)	-	-	-	-
Power of Attorney	1,110	256 (18%)	-	-	-	-
Notices of Change*	2,336	18,907 (89%)	2,508	18,148	3,194	19,297
NWPTA Registrations, Cancellations	126	441	80	270	-	-
NWPTA Notifications	-	836	-	592	-	-
Total Active Records	143,850		140,077		135,668	
File Summaries	431	143,835	129,037		121,454	
Certificate of Status	67	7,845	-		-	
In-Person Service	132		0		16,033	

\* Completed immediately by the client online.  
There is currently no online functionality for Cooperatives.

Companies Office amended its online filing turnaround time from 1-2 business days to 4-6 business days. Upon review, 1-2 business days was no longer a realistic turnaround time with the addition of new functionality and a year over year increase in online filings. Paper filings continue to have a turnaround time of 7-14 business days with an expedite option of 5 business days.



# Financial Results

**Summary of Financial Results**

**Revenue**

**Expenses**

## Summary of Financial Results

Entrepreneurship Manitoba reported revenues of \$13,023 and a net income from operations of \$9,500 for the year ending March 31, 2022. Revenue increases are largely due to an increase in filings for Revivals and Annual Returns.

2021/2022 Financial Summary (in thousands)			
	Actual	Budget	Over(Under)
Total Net Revenue	13,023	10,560	2,463
Salaries and Benefits	1,965	2,384	(419)
Operating Expenses	1,067	1,271	(204)
Amortization	491	500	(9)
Net Income	9,500	6,405	3,095

# 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:

The Management of Entrepreneurship Manitoba 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.

*Dawn Gerbrandt*

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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 "Agency"), which comprise the statement of financial position as at March 31, 2022, and the statements of operations, change in net financial assets and cash flows 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 Agency as at March 31, 2022, 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 Agency 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 Agency'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 Agency 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.

ACCOUNTING > CONSULTING > TAX  
TRUE NORTH SQUARE

242 HARGRAVE STREET, SUITE 1200, WINNIPEG MB, R3C 0T8  
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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 Agency'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 Agency'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 Agency 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

The logo for MNP LLP, featuring the letters 'MNP' in a large, bold, sans-serif font, followed by 'LLP' in a smaller, similar font.

Chartered Professional Accountants

## Entrepreneurship Manitoba Statement of Financial Position

*As at March 31, 2022  
(in thousands of dollars)*

	<b>2022</b>	<b>2021</b>
<b>Financial assets</b>		
<b>Current</b>		
Cash and cash equivalents	24,481	14,588
Portfolio investments (Note 3)	11,776	11,753
Accounts receivable	136	95
<b>Total financial assets</b>	<b>36,393</b>	<b>26,436</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	74	199
Accrued vacation entitlements	230	211
Deferred revenue	436	411
Employee future benefits (Note 4)	502	423
<b>Total financial liabilities</b>	<b>1,242</b>	<b>1,244</b>
<b>Net financial assets</b>	<b>35,151</b>	<b>25,192</b>
<b>Designated assets (Note 5)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Note 6)	5,726	6,177
Inventories of supplies	14	17
Prepaid expenses	1	6
<b>Total non-financial assets</b>	<b>5,741</b>	<b>6,200</b>
<b>Accumulated surplus</b>	<b>40,892</b>	<b>31,392</b>

The accompanying notes are an integral part of these financial statements

**Entrepreneurship Manitoba**  
**Statement of Operations**  
*For the year ended March 31, 2022*  
*(in thousands of dollars)*

	<b>2022 Budget</b>	<b>2022</b>	<b>2021</b>
<b>Revenue</b>			
Fees and services	10,450	12,999	11,774
Investment income	110	24	21
	<b>10,560</b>	<b>13,023</b>	11,795
<b>Expenses</b>			
Amortization	500	491	453
Operating expenses <i>(Schedule 1)</i>	1,271	1,067	1,154
Salaries and employee benefits	2,384	1,965	1,979
	<b>4,155</b>	<b>3,523</b>	3,586
<b>Net income for the year</b>	<b>6,405</b>	<b>9,500</b>	8,209
<b>Accumulated surplus, beginning of year</b>	<b>31,392</b>	<b>31,392</b>	23,183
<b>Accumulated surplus, end of year</b>	<b>37,797</b>	<b>40,892</b>	31,392

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, 2022*  
*(in thousands of dollars)*

	<b>2022 Budget</b>	<b>2022</b>	<b>2021</b>
<b>Net income for the year</b>	<b>6,405</b>	<b>9,500</b>	8,209
Acquisition of tangible capital assets	-	(40)	(110)
Amortization of tangible capital assets	<b>500</b>	<b>491</b>	453
<b>Net acquisition of tangible capital assets</b>	<b>500</b>	<b>446</b>	343
Use of prepaid expenses	-	<b>5</b>	-
Use of inventories of supplies	-	<b>3</b>	3
<b>Net acquisition of other non-financial assets</b>	-	<b>8</b>	3
<b>Increase in net financial assets</b>	<b>6,905</b>	<b>9,959</b>	8,555
<b>Net financial assets, beginning of year</b>	<b>25,192</b>	<b>25,192</b>	16,637
<b>Net financial assets, end of year</b>	<b>32,097</b>	<b>35,151</b>	25,192

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

**Entrepreneurship Manitoba**  
**Statement of Cash Flows**  
*For the year ended March 31, 2022*  
*(in thousands of dollars)*

	<b>2022</b>	<b>2021</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Net income for the year	9,500	8,209
Non-cash items		
Amortization	491	453
	<b>9,991</b>	<b>8,662</b>
Changes in working capital accounts		
Accounts receivable	(41)	60
Accounts payable and accruals	(125)	105
Accrued vacation entitlements	19	28
Deferred revenue	25	(18)
Employee future benefits	79	-
Inventories of supplies	3	3
Prepaid expenses	5	-
	<b>9,956</b>	<b>8,840</b>
<b>Capital activity</b>		
Acquisition of tangible capital assets	(40)	(110)
<b>Investing activity</b>		
Change in portfolio investments	(23)	(8,848)
<b>Increase in cash and cash equivalents</b>	<b>9,893</b>	<b>(118)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>14,588</b>	<b>14,706</b>
<b>Cash and cash equivalents, end of year</b>	<b>24,481</b>	<b>14,588</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 under the Consumer Protection Division of Labour, Consumer Protection and Government Services Department 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 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 a rate of 0.2% per annum (2021 - 0.02% to 0.21% per annum), maturing between April 2022 and March 2023 (2020 - April 2021 and March 2022). Amounts with original maturities of three months or less are included in cash and cash equivalents.

**4. Employee future benefits**

Included in employee future benefits are severance benefits of \$385 (2021 - \$380) and sick pay benefits of \$117 (2021 - \$43).

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 2022 was \$103 (2021 - \$113). Under this agreement, the Agency has no further pension liability.

Severance benefits

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

An actuarial report was completed for the severance pay liability as of March 31, 2022. 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, 2022 is \$385 (2021 - \$380), with the total actuarial losses of \$nil (2021 - losses of \$47) 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, 2022 valuation, and in the determination of the March 31, 2022 present value of the accrued severance benefit obligation include an annual rate of return of 3.20% (2021 - 3.20%) and annual salary increases of 2.50% (2021 - 2.50%).

**Entrepreneurship Manitoba**  
**Notes to the Financial Statements**  
For the year ended March 31, 2022  
(in thousands of dollars)

**4. Employee future benefits** (Continued from previous page)

The severance liability as at March 31, 2022 includes the following components:

	<b>2022</b>	2021
Accrued benefit liability, beginning of year	<b>313</b>	288
Current period service costs	<b>14</b>	16
Interest on accrued benefits	<b>9</b>	9
Severance benefits paid	<b>(20)</b>	-
<hr/>		
Accrued benefit liability, end of year	<b>316</b>	313
Less: unamortized actuarial losses	<b>(157)</b>	(161)
Add: actuarial gains	<b>226</b>	226
<hr/>		
Severance benefit liability, end of year	<b>385</b>	378

The total expense related to severance benefits for the year ended March 31, 2022 includes current period service costs of \$14 (2021 - \$16), interest on accrued benefits of \$9 (2021 - \$9) and amortization of actuarial losses over EARSL of \$157 (2021 - \$161), for a total expense related to severance benefits of \$27 (2021 - \$45).

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 5.75% annual return and a 2.50% annual salary increase. The Agency's sick leave benefit liability as at March 31, 2022 based on the valuation model is \$117 (2021 - \$45).

**5. Designated assets**

As at March 31, 2022, the Agency has a total of \$1,075 (2021 - \$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 (2021 - \$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 (2021 - \$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.

**Entrepreneurship Manitoba**  
**Notes to the Financial Statements**  
For the year ended March 31, 2022  
(in thousands of dollars)

**6. Tangible capital assets**

	<i>Cost</i>	<i>Additions</i>	<i>Disposals</i>	<i>Accumulated amortization</i>	<i>2022 (Thousands) Net book value</i>
System development costs	7,751	40	-	2,067	5,724
Furniture and fixtures	151	-	-	150	1
Computer equipment and software	118	-	-	118	-
Leasehold improvements	40	-	-	40	-
Office equipment	27	-	-	26	1
	<b>8,087</b>	<b>40</b>	<b>-</b>	<b>2,401</b>	<b>5,726</b>

	<i>Cost</i>	<i>Additions</i>	<i>Disposals</i>	<i>Accumulated amortization</i>	<i>2021 (Thousands) Net book value</i>
System development costs	7,644	110	-	1,579	6,175
Furniture and fixtures	151	-	-	150	1
Computer equipment and software	118	-	-	118	-
Leasehold improvements	40	-	-	40	-
Office equipment	27	-	-	26	1
	<b>7,980</b>	<b>110</b>	<b>-</b>	<b>1,913</b>	<b>6,177</b>

**7. 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 (2021 - \$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 Agency's cash and cash equivalents, portfolio investments and accounts receivable 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.

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

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, 2022 is \$nil (2021 - \$nil).

**Liquidity risk**

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

The Agency 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.

**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.

**8. Comparative figures**

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

**9. Significant Event**

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected the global and local economies resulting in an economic shutdown. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Agency.

**Entrepreneurship Manitoba**  
**Schedule 1 - Schedule of Operating Expenses**  
*For the year ended March 31, 2022*  
*(in thousands of dollars)*

	<b>2021</b>	<b>2021</b>
Audit fees	8	7
Bad debts	-	4
Bank and credit card charges	200	168
Commissioner for Oath and Notary Public fees	19	18
Communications and telephone	24	30
Computer expenses	14	26
Desktop support costs	137	121
Disaster recovery and electronic storage	50	40
Insurance	14	12
Legal services	3	5
Miscellaneous	41	36
Name search applications	178	200
New system maintenance	132	202
Occupancy	129	129
Payroll processing	1	20
Postage and courier	74	84
Stationary	37	48
Translation services	6	4
	<b>1,067</b>	<b>1,154</b>



# INDIGENOUS LAND ACKNOWLEDGEMENT

We recognize that Manitoba is on the Treaty Territories and ancestral lands of the Anishinaabeg, Anishininewuk, Dakota Oyate, Denesuline and Nehethowuk peoples.

We acknowledge Manitoba is located on the Homeland of the Red River Métis.

We acknowledge northern Manitoba includes lands that were and are the ancestral lands of the Inuit.

We respect the spirit and intent of Treaties and Treaty Making and remain committed to working in partnership with First Nations, Inuit and Métis people in the spirit of truth, reconciliation and collaboration.

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