



Annual Report
2022 - 2023

Indigenous Land Acknowledgement

We recognize that Manitoba is on the Treaty Territories and ancestral lands of the Anishinaabe, Anishinewuk, 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.

Reconnaissance du territoire

Nous reconnaissons que le Manitoba se trouve sur les territoires visés par un traité et sur les terres ancestrales des peuples anishinaabe, anishinewuk, dakota oyate, denesuline et nehethowuk.

Nous reconnaissons que le Manitoba se situe sur le territoire des Métis de la Rivière-Rouge.

Nous reconnaissons que le nord du Manitoba comprend des terres qui étaient et sont toujours les terres ancestrales des Inuits.

Nous respectons l'esprit et l'objectif des traités et de la conclusion de ces derniers. Nous restons déterminés à travailler en partenariat avec les Premières Nations, les Inuits et les Métis dans un esprit de vérité, de réconciliation et de collaboration.

Entrepreneurship Manitoba

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This publication is available in alternate formats, upon request.



**MINISTER
OF CONSUMER PROTECTION AND GOVERNMENT SERVICES**

Room - 33
Legislative Building
Winnipeg, Manitoba R3C 0V8
CANADA

August 31, 2023

Her Honour, the Honourable Anita R. Neville, P.C., O.M.
Lieutenant Governor of Manitoba
Room 235 Legislative Building
Winnipeg, MB R3C 0V8

May it Please Your Honour:

I have the privilege of presenting, for the information of Your Honour, the Annual Report of Entrepreneurship Manitoba, for the fiscal year ending March 31, 2023.

Respectfully submitted,

Honourable James Teitsma
Minister of Consumer Protection and Government Services





**MINISTRE
DE LA PROTECTION DU CONSOMMATEUR ET DES SERVICES GOUVERNEMENTAUX**

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

31 août 2023

Son Honneur l'honorable Anita R. Neville
Lieutenant-gouverneure du Manitoba
Palais législatif, bureau 235
Winnipeg (Manitoba) R3C 0V8

Madame la Lieutenant-Gouverneure,

J'ai l'honneur de vous présenter, à titre d'information, le rapport annuel
d'Entreprenariat Manitoba pour l'exercice qui s'est terminé le 31 mars 2023.

Le tout respectueusement soumis,

Monsieur James Teitsma
Ministre de la Protection du consommateur et des
Services gouvernementaux





Consumer Protection and Government Services
Deputy Minister
Room 349, Legislative Building, Winnipeg, Manitoba, Canada R3C 0V8
T 204-945-5703 F 204-948-4227
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August 31, 2023

Honourable James Teitsma
Minister of Consumer Protection and Government Services
Room 343 Legislative Building
Winnipeg, MB R3C 0V8

Dear Minister:

I submit for your consideration the Annual Report of Entrepreneurship Manitoba for the fiscal year ending March 31, 2023.

Sincerely,

Joseph Dunford
Deputy Minister of Consumer Protection and Government
Services





Sous-ministre de la Protection du consommateur et des Services
gouvernementaux
Palais législatif, bureau 349, Winnipeg (Manitoba) R3C 0V8, Canada
www.manitoba.ca

31 août 2023

James Teitsma
Ministre de la Protection du consommateur et des Services gouvernementaux
Palais législatif, bureau 343
Winnipeg (Manitoba) R3C 0V8

Monsieur,

J'ai le plaisir de soumettre à votre approbation le rapport annuel d'Entreprenariat
Manitoba pour l'exercice 2022-2023.

Le tout respectueusement soumis,

Joseph Dunford
Le sous-ministre de la Protection du consommateur et des
Services gouvernementaux,





Entrepreneurship Manitoba
1010 – 405 Broadway
Winnipeg MB R3C 3L6

Joseph Dunford
Deputy Minister of Consumer Protection and Government Services
Room 349 Legislative Building
Winnipeg, MB R3C 0V8

Dear Deputy Minister Dunford,

I am pleased to submit Entrepreneurship Manitoba's 2022/23 Annual Report for the fiscal year ended March 31, 2023.

Sincerely,

A handwritten signature in blue ink, appearing to read "D. Gerbrandt", is positioned above the typed name.

Dawn Gerbrandt
A / Chief Operating Officer

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Agency Overview

Entrepreneurship Manitoba began operations on April 1, 2013, as a special operating agency integrating the operation 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. By the end of 2018/19, Growth, Enterprise and Trade reorganized to include Companies Office providing corporate registry services and appointing commissioner for oaths and notary publics. In 2022, Entrepreneurship Manitoba joined the Department of Consumer Protection and Government Services.

This Annual Report is presented in accordance with The Special Operating Agency Act.

Mandate

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

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

Mission Statement

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

Goals

- Deliver timely and efficient service
- Champion and lead initiatives that streamline and improve the delivery of government services to business
- Accurately 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

Accountability Structure

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

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

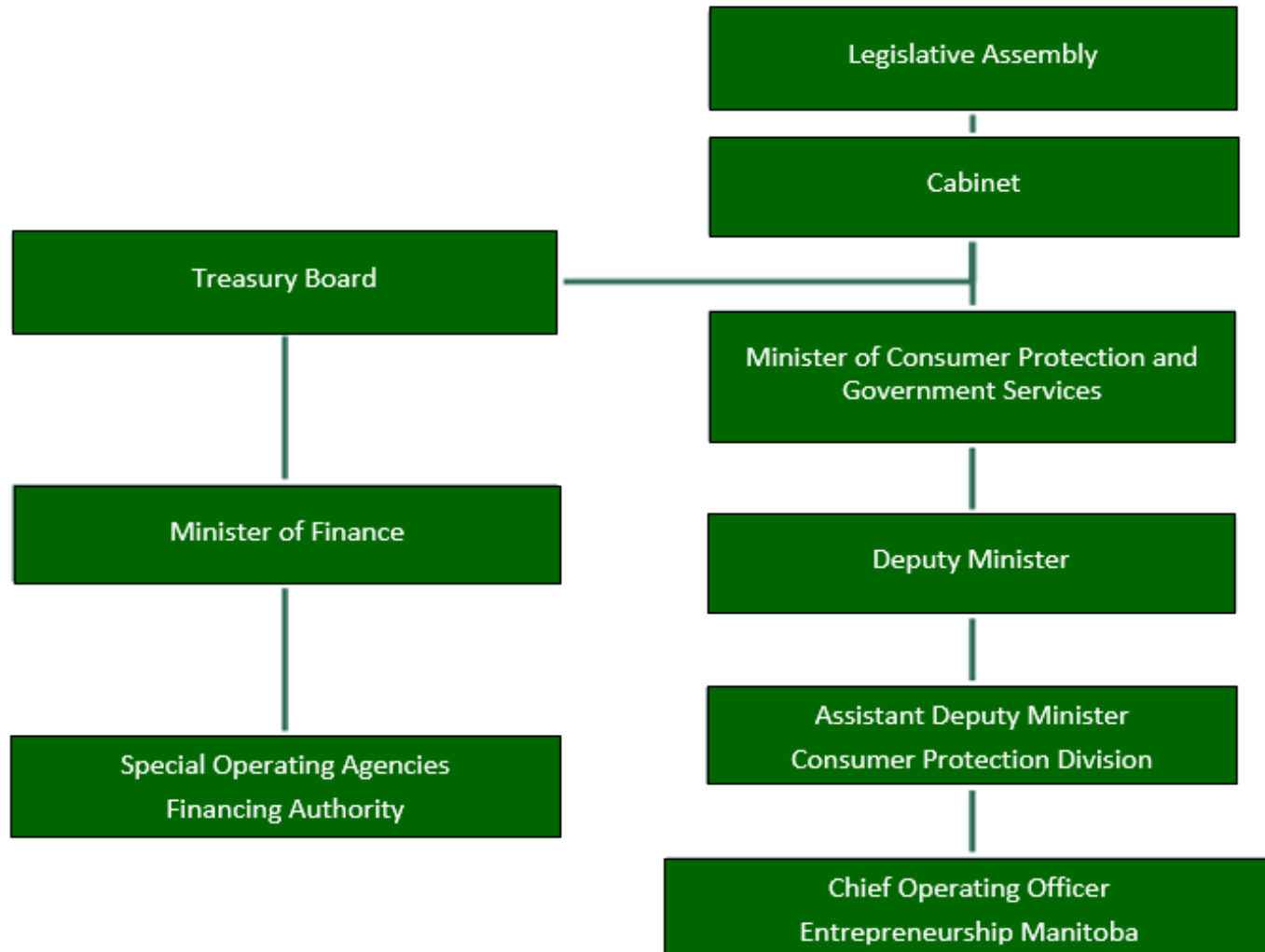
Governance and accountability are substantiated by Entrepreneurship Manitoba's compliance with its Operating Charter, Transfer Agreement, applicable General Manual of Administration policies, and by The Special Operating Agencies Act. Financial and operational information and requirements are provided to and from Treasury Board through a special operating agency coordinator at Treasury Board Secretariat.

Management and Administration

As of April 1, 2020, Entrepreneurship Manitoba's management team consists of a chief operating officer, a financial officer and three managers supporting day-to-day operational and technical requirements.

Accountability Structure Chart

March 31, 2023



Highlights and Achievements 2022/23

Apostille Convention

In the fall of 2022, Manitoba confirmed its commitment to Canada to implement apostilles under The Hague Convention. Apostilles will legalize Canadian documents that are destined for purposes overseas and streamline an otherwise complicated authentication process for Manitobans. Apostille Certificates will replace the current Authentication Certificate effective January 11, 2024. Entrepreneurship Manitoba will continue its mandate to appoint Notary Publics under The Manitoba Evidence Act and will take on responsibility to coordinate signature and seal specimen cards for public officials and liaison activities with Global Affairs Canada to support their responsibility to issue the Apostille Certificates for Manitoba documents.

The current document authentication process will be eliminated (approximately 3400 documents per year) when apostilles come into effect providing Entrepreneurship Manitoba with the opportunity to reallocate staff resources to other areas of the office. In addition, work is underway to incorporate commissioner for oath appointments into the Companies Online System to create online applications and reduce the amount of staff time to data enter, process payment and filing. It will also eliminate the old, unsupported system currently in use.

Transformation

Entrepreneurship Manitoba entered its third year of significant transformation focussing on increasing digital filings and adding functions to support the needs of the business and legal communities.

Online Filings

Throughout the year, multiple enhancements were made to Companies Online System:

- Additional filings available for deposit account holders (legal community working on behalf of the business community). Currently, 77% of all filings can be submitted online.
- For the first time, cooperatives can submit annual returns and changes online.
- Increased the number of filings that can be completed immediately (approximately 300 per month)
- Filings can be returned digitally for corrections saving time for the client and staff. Rejections have decreased by half since the 21/22 fiscal year.
- A future effective date on some filings can be requested.

These changes result in:

- Decrease in time required for data entry.
- A greater number of filings available that are processed immediately or within 4-6 business days (no additional expedite fees required).
- A better customer service with flexible options to meet their needs.

Digital Registry

Since April 1, 2020, Entrepreneurship Manitoba has been working towards transitioning its corporate and business registries from paper to digital form. There are a total of 146,675 active entities with paper files. To date, approximately 80,000 files have been scanned and digitized. The benefits of this project include a cost savings of approximately \$15,000 per year in stationery costs. In addition, the digitization project eliminated the requirement to manually file documents, provided staff with more search options to locate documents, and provided quick access to high resolution documents with clear digital images.

Process improvements

Business processes are continuously reviewed for opportunities to improve, streamline or modernize and ensure they are in compliance with legislation. This year eight processes have been updated.

The Corporations Act and The Cooperatives Act were amended to include the option to hold meetings electronically. During the pandemic the option to meet electronically was highly valued by Manitobans. It also represents a modernization within the legislation.

Customer Service

Customer service remains a high priority with the volume of clients needing general inquiry support to properly file documents. During 2022/23, front line staff answered 26,026 general inquiry phone calls, 7,075 emails and served 7,080 clients in person.

Customer service is also a priority when processing filings. Staff strive to process filings the first time wherever possible resulting in less than 1% of total individual filings that are rejected. Online filings remain the quickest way to file with a target of 4-6 business day turnaround and paper filings take 7-14 business days. The actual average turnaround times for 2022/23 were:

Type of Service	Average days to complete	
Name Reservation	5	
Corporate Filings	Paper - 11	Online - 4
Business Filings	Paper - 9	Online - 3
Annual Returns	8	
Requests for Copies	4	

Customer service has been improved by the following achievements:

- Staff participated in Serving our Clients training session (funded through the Learning Fund for Manitoba public servants) geared to enhance customer service skills. Management participated in Managing Change and Managing Under the Collective Agreement course. All coordinated through Organizational and Staff Development.
- Website content was improved to include detailed reference material for starting, maintaining and closing a business in Manitoba.
- In a collaboration with Economic Development, Investment and Trade and BizPal, the Manitoba Business Structures Wizard was created and posted online. This tool helps Manitobans make an informed decision on the business structure best suited to the type of business they want to start.
- Completed a project to collect feedback on the current functions of Companies Online System. Key stakeholder groups including law firms, business owners and staff were engaged through in person meetings and an online survey link provided by Engage MB. Results primarily focussed on customer service and online functions/filings and will be used to determine future improvements for Companies Online System.
- Implemented a new interactive voice response phone system with the goal of improving general inquiry services by collecting statistics and other data to understand the workflow and build an effective phone service for clients as well as staff.
- Decreased the number of rejections and refunds by approximately half with new functionality to return an online filing to the client for correction.

Office Initiatives

Entrepreneurship Manitoba completed a refresh of its front office customer service area. The public customer service area was painted with a feature wall. Management also reorganized staff seating arrangements for teams to be together and close to their leaders to foster team work and collaboration. The overall result was refreshed workspace to enjoy and a more welcoming and functional customer service area.

Multiple activities were organized by management and the employment engagement committee throughout the year, to foster team work and collaboration.

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 was launched on June 29, 2020 to support the exchange of registry information under The New West Partnership Trade Agreement (NWPTA). Under the Canadian Free Trade Agreement, the Regulatory Reconciliation and Cooperation Table identified that corporate registration creates trade barriers for business. Manitoba is currently using MRAS to share information and register extra provincial corporations with Saskatchewan, Alberta and British Columbia to reduce trade barriers.

At the direction of the Regulatory Reconciliation and Cooperation Table, corporate registries finalized a reconciliation agreement that took effect January 1, 2021. All jurisdictions are at various stages of readiness to onboard to MRAS. Entrepreneurship Manitoba has been working with government's Digital and Technology Solutions to onboard new jurisdictions. Work is anticipated to begin in 2024/25 after mandatory server upgrades are complete.

Beneficial Ownership

Innovation, Science and Economic Development Canada (ISED) has been working towards implementing a public registry for beneficial owners (individuals with significant control) of federally registered corporations by end of 2023 and a full launch end of 2025. The goal is to create transparency of who are the beneficial owners of a corporation in order to provide accurate information to law enforcement to combat money laundering and terrorist financing activities.

In 2020, ISED conducted a public consultation that was in favor of a public registry and consulted stakeholders to identify their requirements for a public registry. To implement a comprehensive Canadian public registry all jurisdictions must also have one because incorporation is governed by provincial and territorial jurisdictions. Manitoba regularly participates on a federal, provincial and territorial working group to advance this project.

Summary of Operational Activities / Performance Indicators

There are 47 different types of filings that are accepted by the Companies Office. 77% of the filings may be completed online for deposit account holders. Most law firms and lawyers are deposit account holders and regularly use the online filing system. (

Entrepreneurship Manitoba received a total of 239,866 individual filings in 2022/23. Over half (56%) were filed online. The percentage of online filings are expected to continue to rise. In addition to the number of individual filings received, 162,395 file summaries, certificates of status and request for registry copies were provided to clients (98% filed online).

The table below represents the highest volume activities. The following trends can be observed:

- The majority of activities are completed online
- There is an overall year over year increase in online filings
- New online activities (marked with *) show an increase from the previous year
- Total active entities continue to increase year over year

Table 1

Comparative Operating Statistics						
	2022/23		2021/2022		2020/2021	
	Paper	Online	Paper	Online	Paper	Online
Name Reservation	969	17,419	1,055	19,054	730	19,296
Business Name Registration	1025	5,781	1,256	6,471	1,146	6,488
Incorporations	602	6,384	975	6,273	809	5,492
Annual Return/Renewal	16,618	76,014	17,354	73,128	17,683	61,236
Amendments*	130	551 (81%)	840	792 (48%)	939	490 (34%)
Alteration in Membership*	314	1743 (85%)	1,561	381 (19%)	-	-
Amalgamation*	128	355 (73%)	399	104 (20%)	-	-
Dissolution*	1234	473 (28%)	1,476	186 (11%)	-	-
Power of Attorney*	469	994 (68%)	1,110	256 (18%)	-	-
Notices of Change	2,127	20,963	2,336	18,907	2,508	18,148
NWPTA	41	1,380	126	1,277	80	862
Total Active Records	146,675		143,850		140,077	
File Summaries	683	151,682	431	143,835	129,037	
Certificate of Status	35	8,325	67	7,845	-	
Request for Copies	1,670		-		-	

Commissioner for Oath	5,827	-	-
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Summary of Financial Results

Summary of Financial Results Entrepreneurship Manitoba reported revenues of \$13,138 and a net income from operations of \$9,406 for the year ending March 31, 2023. There are no significant variances for revenue or expenses.

Table 2

2022/23 Financial Summary (in thousands)			
	Actual	Budget	Over(under)
Total Net Revenue	13,138	10,450	2,688
Salaries and Benefits	2,074	2,384	(310)
Operating Expenses	1,140	1,271	(131)
Amortization	518	500	18
Net income	9,406	6,405	3,001*

*Revenue is generated by fees that are directly related to the activity in the business community. The forecast for 22/23 revenue was less than actual revenue.



Financial Statements 2022/23

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

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 policies 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
Digitally signed by Dawn Gerbrandt
Date: 2023.06.16 13:02:03 -05'00'

Chief Operating Officer - Acting

Independent Auditor's Report

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, 2023, 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, 2023, 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. 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.

Those charged with governance are responsible for overseeing the Agency's financial reporting process.

MNP LLP

True North Square

242 Hargrave Street, Suite 1200, Winnipeg MB, R3C 0T8

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MNP.ca

Entrepreneurship Manitoba
Statement of Financial Position

As at March 31, 2023
(in thousands of dollars)

	2023	2022
Financial assets		
Current		
Cash and cash equivalents	34,119	24,481
Portfolio investments (Note 3)	12,017	11,778
Accounts receivable	147	138
	46,283	36,393
Liabilities		
Current		
Accounts payable and accruals	72	74
Accrued vacation entitlements	215	230
Deferred revenue	459	438
Employee future benefits (Note 4)	513	502
	1,259	1,242
Net financial assets	45,024	35,151
Designated assets (Note 5)		
Non-financial assets		
Tangible capital assets (Note 6)	5,255	5,728
Inventories of supplies	18	14
Prepaid expenses	1	1
	5,274	5,741
Accumulated surplus	50,298	40,892

Approved on behalf of the Board

 Dawn Gerbrandt Digitally signed by Dawn Gerbrandt
Date: 2023.06.16 13:03:14 -05'00'

Chief Operating Officer

The accompanying notes are an integral part of these financial statements

**Entrepreneurship Manitoba
Statement of Operations**

*For the year ended March 31, 2023
(in thousands of dollars)*

	2023 Budget	2023	2022
Revenue			
Fees and services	10,450	12,898	12,999
Investment income	110	240	24
	10,560	13,138	13,023
Expenses			
Amortization	500	518	491
Operating expenses (Schedule 1)	1,271	1,140	1,067
Salaries and employee benefits	2,384	2,074	1,965
	4,155	3,732	3,523
Net income for the year	6,405	9,406	9,500
Accumulated surplus, beginning of year	40,892	40,892	31,392
Accumulated surplus, end of year	47,297	50,298	40,892

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, 2023
(in thousands of dollars)

	<i>2023 Budget</i>	<i>2023</i>	<i>2022</i>
Net income for the year	6,405	9,406	9,500
Acquisition of tangible capital assets	-	(47)	(40)
Amortization of tangible capital assets	500	518	491
	500	471	448
Use of prepaid expenses	-	-	5
Use (purchases) of inventories of supplies	-	(4)	3
	-	(4)	8
Increase in net financial assets	6,905	9,873	9,959
Net financial assets, beginning of year	35,151	35,151	25,192
Net financial assets, end of year	42,056	45,024	35,151

The accompanying notes are an integral part of these financial statements

**Entrepreneurship Manitoba
Statement of Cash Flows**

*For the year ended March 31, 2023
(in thousands of dollars)*

	2023	2022
Cash provided by (used for) the following activities		
Operating activities		
Net income for the year	9,406	9,500
Non-cash items		
Amortization	518	491
	9,924	9,991
Changes in working capital accounts		
Accounts receivable	(11)	(41)
Accounts payable and accruals	(2)	(125)
Accrued vacation entitlements	(15)	19
Deferred revenue	23	25
Employee future benefits	11	79
Inventories of supplies	(4)	3
Prepaid expenses	-	5
	9,926	9,956
Capital activity		
Acquisition of tangible capital assets	(47)	(40)
Investing activity		
Change in portfolio investments	(241)	(23)
Increase in cash and cash equivalents	9,638	9,893
Cash and cash equivalents, beginning of year	24,481	14,588
Cash and cash equivalents, end of year	34,119	24,481

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 and is exempt from taxation. 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 the Department of Consumer Protection and Government Services 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:

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.

Portfolio investments

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

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.

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.

Entrepreneurship Manitoba Notes to the Financial Statements

For the year ended March 31, 2023
(in thousands of dollars)

2. Significant accounting policies (Continued from previous page)

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:

	<i>Method</i>	<i>Rate</i>
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.

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.

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.

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 4.65% per annum (2022 – 2.04% per annum), maturing between April 2023 and March 2024 (2022 - April 2022 and March 2023). 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 \$381 (2022 - \$385) and sick pay benefits of \$132 (2022 - \$117).

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 2023 was \$116 (2022 - \$103). 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, 2023. 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, 2023, is \$381 (2022 - \$385), with the total actuarial losses of \$nil (2022 - \$nil) 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, 2023, valuation, and in the determination of the March 31, 2023, present value of the accrued severance benefit obligation include an annual rate of return of 3.20% (2022 - 3.20%) and annual salary increases of 2.50% (2022 - 2.50%).

Entrepreneurship Manitoba
Notes to the Financial Statements
For the year ended March 31, 2023
(in thousands of dollars)

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

The severance liability as at March 31, 2023, includes the following components:

	2023	2022
Accrued benefit liability, beginning of year	316	313
Current period service costs	10	14
Interest on accrued benefits	17	9
Severance benefits paid	(32)	(20)
<hr/>		
Accrued benefit liability, end of year	311	316
Less: unamortized actuarial losses	(70)	(70)
Add: actuarial gains	140	139
<hr/>		
Severance benefit liability, end of year	381	385

The total expense related to severance benefits for the year ended March 31, 2023, includes current period service costs of \$10 (2022 - \$14), interest on accrued benefits of \$17 (2022 - \$9) and amortization of actuarial losses over EARSL of \$157 (2022 - \$157), for a total expense related to severance benefits of \$28 (2022 - \$26).

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, 2023, based on the valuation model is \$132 (2022 - \$117).

5. Designated assets

As at March 31, 2023, the Agency has a total of \$1,075 (2022 - \$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 (2022 - \$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.

Entrepreneurship Manitoba
Notes to the Financial Statements
For the year ended March 31, 2023
(in thousands of dollars)

6. Tangible capital assets

	<i>Cost</i>	<i>Additions</i>	<i>Disposals</i>	<i>Accumulated amortization</i>	<i>2023 (Thousands) Net book value</i>
System development costs	7,791	47	-	2,583	5,255
Furniture and fixtures	151	-	-	151	-
Computer equipment and software	118	-	-	118	-
Leasehold improvements	40	-	-	40	-
Office equipment	27	-	-	27	-
	8,127	47	-	2,919	5,255

	<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
	8,087	40	-	2,401	5,726

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 (2022 - \$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, 2023, is \$nil (2022 - \$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.

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.

Entrepreneurship Manitoba
Schedule 1 - Schedule of Operating Expenses
For the year ended March 31, 2023
(in thousands of dollars)

	2023	2022
Audit fees	11	8
Bad debts	-	-
Bank and credit card charges	197	200
Commissioner for Oath and Notary Public fees	21	19
Communications and telephone	26	24
Computer expenses	5	14
Desktop support costs	142	137
Disaster recovery and electronic storage	68	50
Hosting fees	75	-
Insurance	8	14
Legal services	6	3
Miscellaneous	34	41
Name search applications	163	178
New system maintenance	148	132
Occupancy	129	129
Payroll processing	1	1
Postage and courier	65	74
Stationary	40	37
Translation services	1	6
	1,140	1,067