

# Annual Report 2014 - 2015

**The Cooperative  
Promotion Board**

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**Minister of Housing  
and Community Development**

Room 162  
Legislative Building  
Winnipeg, Manitoba, CANADA  
R3C 0V8

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

Your Honour:

I have the privilege to present, for the information of Your Honour, the Annual Report of The Cooperative Promotion Board for the year ending March 31, 2015.

Respectfully submitted,

**“Original Signed By Mohinder Saran”**

Mohinder Saran  
Minister





**The Cooperative Promotion Board  
400-352 Donald Street  
Winnipeg MB R3B 2H8**

Honourable Mohinder Saran  
Minister  
Housing and Community Development  
Room 162 Legislative Building  
Winnipeg MB R3C 0V8

Dear Minister:

On behalf of the Board of Directors, I have the pleasure to present to you the Annual Report of The Cooperative Promotion Board for the year ending March 31, 2015.

Respectfully submitted,

**“Original Signed By Duane Nicol”**

Duane Nicol  
Chairperson



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# MEMBERS OF THE COOPERATIVE PROMOTION BOARD

**MARCH 31, 2015**

Duane Nicol, Chairperson	- Selkirk, Manitoba
Joy Goertzen, Secretary	- Winnipeg, Manitoba
Raymond Ngarboui	- Winnipeg, Manitoba
Billy Granger	- Winnipeg, Manitoba

## LEGISLATION

The Cooperative Promotion Board operates under the terms of *The Cooperative Promotion Trust Act*. The Board acts as trustee for those surplus funds of the original Canadian Wheat Board, which were apportioned to Manitoba by the Government of Canada.

Manitoba received and invested the sum of \$128,800 in this distribution. The Board is empowered to utilize the income from investments.

In pursuance of its objectives, the Board may make grants from the fund:

- as prizes or scholarships for any competition or studies related to the philosophy, principles, business, or affairs of cooperative organizations;
- as gifts or donations in aid of research into cooperative organizations;
- to promote education with respect to cooperatives;
- to develop and promote cooperative organizations; and
- to agricultural organizations to promote the general welfare of rural residents of the Province.

The members of the Board are appointed by the Lieutenant Governor in Council.

## **ACTIVITIES 2014-2015**

During the fiscal year ending March 31, 2015, the Board undertook the following activities:

- Held three meetings.
- Considered eight applications for assistance; six were approved by way of grants to support a variety of activities; and two applications were declined.

The following grants were approved:

- CoopZone Developers Network Cooperative Tele-learning series for CoopZone members.
- Teen Stop Jeunesse Youth Services Co-op.
- Heartland Community Futures Youth Services Co-op.
- Manitoba Cooperative Association's May 2014 Co-op Youth Leadership Retreat.
- Manitoba Cooperative Association and Seed Winnipeg Aboriginal Student Cooperative.
- Canadian CED Network 2014 Manitoba CD/CED Gathering.

The Independent Auditor's Report, together with the Financial Statements for the fiscal year ended March 31, 2015, to follow.

**The Cooperative Promotion Board**  
**400-352 Donald Street**  
**Winnipeg MB R3B 2H8**

August 6, 2015

**The Cooperative Promotion Board**  
**Responsibility for Financial Reporting**

The accompanying financial statements and other financial information in the Annual Report for the year ended March 31, 2015 are the responsibility of management and have been approved by the Board.

The financial statements were prepared by management in accordance with Canadian public sector accounting standards. Any financial information contained elsewhere in the Annual Report conforms to these financial statements.

As management is responsible for the integrity of the financial statements, management has established systems of internal control to provide reasonable assurance that assets are properly accounted for and safeguarded from loss.

The responsibility of the Office of the Auditor General is to perform an independent examination of the financial statements of the Board in accordance with Canadian auditing standards. The Independent Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

Duane Nicol  
Chairperson of the Board



## INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba  
To the Members of the Cooperative Promotion Board

We have audited the accompanying financial statements of the Cooperative Promotion Board, which comprise the statement of financial position as at March 31, 2015, and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

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

*Office of the Auditor General*

Office of the Auditor General  
August 6, 2015  
Winnipeg, Manitoba

# The Cooperative Promotion Board

## Statement of Financial Position

Year ended March 31, 2015, with comparative figures for 2014

	General Account 2015	Commercial Fishing Account 2015	Total 2015	General Account 2014	Commercial Fishing Account 2014	Total 2014
<b>Assets</b>						
Current assets:						
Cash (note 3)	\$ 91,928	\$ 32,304	\$ 124,232	\$ 103,163	\$ 34,350	\$ 137,513
Accounts receivable	418	45	463	1,118	197	1,315
Prepaid expenses	461	-	461	508	-	508
Current investments (note 4)	-	-	-	64,400	41,724	106,124
	<u>92,807</u>	<u>32,349</u>	<u>125,156</u>	<u>169,189</u>	<u>76,271</u>	<u>245,460</u>
Investments (note 4)	128,800	45,580	174,380	64,400	571	64,971
	<u>\$ 221,607</u>	<u>\$ 77,929</u>	<u>\$ 299,536</u>	<u>\$ 233,589</u>	<u>\$ 76,842</u>	<u>\$ 310,431</u>
<b>Liabilities, Deferred Revenue and Fund Balances</b>						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 1,079	\$ -	\$ 1,079	\$ -	\$ -	\$ -
Deferred revenue (note 5)	27,300	-	27,300	27,300	-	27,300
Fund balances:						
Contributed capital (note 8)	128,800	-	128,800	128,800	-	128,800
General account	64,428	-	64,428	77,489	-	77,489
Commercial Fishing account	-	77,929	77,929	-	76,842	76,842
	<u>193,228</u>	<u>77,929</u>	<u>271,157</u>	<u>206,289</u>	<u>76,842</u>	<u>283,131</u>
Commitments (note 11)						
	<u>\$ 221,607</u>	<u>\$ 77,929</u>	<u>\$ 299,536</u>	<u>\$ 233,589</u>	<u>\$ 76,842</u>	<u>\$ 310,431</u>

See accompanying notes to financial statements

On behalf of the Board:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# The Cooperative Promotion Board

## Statement of Operations

Year ended March 31, 2015, with comparative figures for 2014

	General Account 2015	Commercial Fishing Account 2015	Total 2015	General Account 2014	Commercial Fishing Account 2014	Total 2014
Revenue:						
Interest	\$ 4,043	\$ 1,078	\$ 5,121	\$ 4,248	\$ 1,149	\$ 5,397
Dividend	-	9	9	-	8	8
Contributed services (note 7)	18,343	-	18,343	20,121	-	20,121
Grants from the Province of Manitoba (note 5)	-	-	-	16,000	-	16,000
<b>Total revenue</b>	<b>22,386</b>	<b>1,087</b>	<b>23,473</b>	<b>40,369</b>	<b>1,157</b>	<b>41,526</b>
Expenses:						
Grants (schedule 1)	13,103	-	13,103	19,949	-	19,949
Administrative services (note 7)	13,401	-	13,401	14,376	-	14,376
Annual report	187	-	187	1,281	-	1,281
Board members' meals and travel	741	-	741	780	-	780
Board members' remuneration	1,125	-	1,125	1,506	-	1,506
Liability insurance	915	-	915	738	-	738
Membership fees	955	-	955	927	-	927
Miscellaneous	318	-	318	231	-	231
Professional services	3,672	-	3,672	4,352	-	4,352
Promotional campaign	-	-	-	16,000	-	16,000
Seminars and workshops	1,030	-	1,030	-	-	-
<b>Total expenses</b>	<b>35,447</b>	<b>-</b>	<b>35,447</b>	<b>60,140</b>	<b>-</b>	<b>60,140</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ (13,061)</b>	<b>\$ 1,087</b>	<b>\$ (11,974)</b>	<b>\$ (19,771)</b>	<b>\$ 1,157</b>	<b>\$ (18,614)</b>

See accompanying notes to financial statements

# The Cooperative Promotion Board

## Statement of Changes in Fund Balances

Year ended March 31, 2015, with comparative figures for 2014

	General Account 2015	Commercial Fishing Account 2015	Total 2015	General Account 2014	Commercial Fishing Account 2014	Total 2014
Fund balances, beginning of year						
Contributed capital	\$ 128,800	\$ -	\$ 128,800	\$ 128,800	\$ -	\$ 128,800
General account	77,489	-	77,489	97,260	-	97,260
Commercial Fishing account	-	76,842	76,842	-	75,685	75,685
	206,289	76,842	283,131	226,060	75,685	301,745
Excess (deficiency) of revenue over expenses	(13,061)	1,087	(11,974)	(19,771)	1,157	(18,614)
Fund balances, end of year	\$ 193,228	\$ 77,929	\$ 271,157	\$ 206,289	\$ 76,842	\$ 283,131

See accompanying notes to financial statements



# The Cooperative Promotion Board

## Statement of Cash Flows

Year ended March 31, 2015, with comparative figures for 2014

	General Account 2015	Commercial Fishing Account 2015	Total 2015	General Account 2014	Commercial Fishing Account 2014	Total 2014
Excess (deficiency) of revenue over expenses	\$ (13,061)	\$ 1,087	\$ (11,974)	\$ (19,771)	\$ 1,157	\$ (18,614)
Operating activities:						
Changes in the following:						
Accounts receivable	700	152	852	141	2	143
Prepaid expenses	47	-	47	(115)	-	(115)
Accounts payable	1,079	-	1,079	-	-	-
Net increase/(decrease) in deferred revenue	-	-	-	(16,000)	-	(16,000)
	(11,235)	1,239	(9,996)	(35,745)	1,159	(34,586)
Financing activities:						
Purchase of investments	(64,400)	(45,000)	(109,400)	(64,400)	-	(64,400)
Proceeds from matured investments	64,400	41,724	106,124	114,400	-	114,400
Dividends	-	(9)	(9)	-	(8)	(8)
	-	(3,285)	(3,285)	50,000	(8)	49,992
Net increase/(decrease) in cash	(11,235)	(2,046)	(13,281)	14,255	1,151	15,406
Cash, beginning of year	103,163	34,350	137,513	88,908	33,199	122,107
Cash, end of year	\$ 91,928	\$ 32,304	\$ 124,232	\$ 103,163	\$ 34,350	\$ 137,513
Supplementary cash flow information:						
Interest received	\$ 4,286	\$ 1,230	\$ 5,516	\$ 4,389	\$ 1,151	\$ 5,540

See accompanying notes to financial statements

# The Cooperative Promotion Board

## Notes to Financial Statements

Year ended March 31, 2015

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### 1. General

The Cooperative Promotion Board (CPB) operates under the terms of The Cooperative Promotion Trust Act (The Act), which came into force on December 20, 1988. The CPB is a continuation of the Board established under The Wheat Board Money Trust Act. The Wheat Board Money Trust Act was repealed when The Cooperative Promotion Trust Act came into force. The Department of Housing and Community Development administers the activities of the CPB.

#### General Account

The General Account funds controlled by the CPB consist of surplus funds of the original Canadian Wheat Board, apportioned to Manitoba by the Government of Canada (recorded as Contributed Capital), assets vested in the CPB when The Cooperative Promotion Trust Act came into force, and assets acquired by the CPB.

The objectives of the CPB with regard to the General Account are to assist in the development of cooperative organizations, to promote the general welfare of cooperative organizations and rural residents in Manitoba and to make recommendations to the Minister responsible with respect to cooperative organizations and related legislation.

#### Commercial Fishing Account

The Commercial Fishing Account consists of funds donated by Northern Cooperative Services Ltd. As a condition of the donation, these funds are to be used exclusively for the promotion and development of commercial fishing in Manitoba.

### 2. Significant accounting policies

#### a) Basis of presentation

These financial statements are prepared in accordance with Canadian public accounting standards including PS 4200 series for government not-for-profit organizations.

#### b) Fund accounting

The CPB follows the deferral method of accounting for contributions and maintains a General Account and a Commercial Fishing Account.

#### c) Revenue recognition

Restricted contributions are recognized as revenue of the appropriate account in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue of the appropriate account when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest revenue earned from cash balances on hand and the Guaranteed Investment Certificates (GICs) are recorded on an accrual basis.

# The Cooperative Promotion Board

## Notes to Financial Statements

Year ended March 31, 2015

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### 2. Significant accounting policies continued

#### d) Contributed services

Housing and Community Development provides administrative services to the CPB at no cost. The value of these contributed administrative services is recorded as revenue and expenses.

#### e) Financial instruments

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

The CPB records its financial assets at cost, which includes cash, accounts receivable and investments. The CPB also records its financial liabilities at cost, which includes accounts payable and accrued liabilities.

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

The CPB did not incur any remeasurement gains or losses during the year (2014 - nil).

#### f) Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumption that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

### 3. Cash

#### General account

The cash balance for the General Account includes \$91,811 (2014 - \$102,232) held in a high yielding savings account at Assiniboine Credit Union at a fixed rate of 0.85% effective March 31, 2015. Interest is paid monthly.

#### Commercial Fishing account

The cash balance for the Commercial Fishing Account includes \$32,304 (2014 - \$34,350) held in a high yield savings account at Assiniboine Credit Union at a fixed rate of 0.60% effective March 31, 2015. Interest is paid monthly.

# The Cooperative Promotion Board

## Notes to Financial Statements

Year ended March 31, 2015

### 4. Investments

The guaranteed investment certificates (GICs) are all held at Assiniboine Credit Union (ACU) and are compounded daily with interest paid annually.

#### Current investments

	2015	2014
General Account		
2.15% GIC - term January 11, 2013 to January 10, 2015	\$ -	\$ 64,400
Commercial Fishing Account		
2.15% GIC - term January 11, 2013 to January 10, 2015	-	41,724
	\$ -	\$ 106,124

#### Long-term investments

	2015	2014
General Account		
2.50% GIC - term January 10, 2014 to January 9, 2017	\$ 64,400	\$ 64,400
2.45% GIC - term March 17, 2015 to September 17, 2017	64,400	-
	128,800	64,400
Commercial Fishing Account		
ACU - surplus shares	580	571
2.45% GIC - term March 17, 2015 to September 17, 2017	45,000	-
	45,580	571
	\$ 174,380	\$ 64,971

### 5. Deferred revenue

On March 26, 2013, the CPB received \$43,300 from the Department of Housing and Community Development as grant assistance for a promotional campaign to support and enhance the profile of housing cooperatives. During 2013/14, the CPB has incurred costs of \$16,000 associated with this initiative. No additional costs were incurred in 2014/15. The CPB will complete the campaign in the first quarter of 2015/16.

### 6. Commercial Fishing Account

During 1993 and 1994, Northern Cooperative Services Ltd. donated \$41,724 to the CPB subject to the condition that these funds are to be used exclusively for the promotion and development of commercial fishing in Manitoba. These funds have earned interest and the balance as of March 31, 2015 was \$77,929 (2014 - \$76,842).

### 7. Contributed services

The Province of Manitoba provides the services of support staff, other administrative support services, office space and utilities. The cost of support staff for 2015 is estimated at \$13,401 (2014 - \$14,376) with another \$4,942 (2014 - \$5,745) for provincially paid identified expenses. The costs of other administrative support services, office space and utilities are deemed too difficult to estimate and as such no amount has been determined.

# The Cooperative Promotion Board

## Notes to Financial Statements

Year ended March 31, 2015

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### 8. Contributed capital

Section 4(6) of The Act requires that the CPB maintain a minimum realizable value of \$129,000 for securities held, essentially the amount of the Contributed Capital. The CPB complied with the externally restricted capital requirements during the year.

### 9. Compensation disclosure

The Public Sector Compensation Disclosure Act requires disclosure of the aggregate compensation paid to the Cooperative Promotion Board members and of individual compensation paid to board members or staff where such compensation is \$50,000 or more per year. For the period of April 1, 2014 to March 31, 2015, the Cooperative Promotion Board paid board members an aggregate of \$1,125 and held three board meetings. No individuals received compensation of \$50,000 or more.

### 10. Financial instruments and financial risk management

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

#### a) 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. The financial instruments that potentially subject the CPB to credit risk consist principally of cash, accounts receivable and investments.

The CPB's maximum possible exposure to credit is as follows:

	2015	2014
Cash (note 3)	\$ 124,232	\$ 137,513
Accounts receivable	463	1,315
Investments (note 4)	174,380	171,095
	<u>\$ 299,075</u>	<u>\$ 309,923</u>

As at March 31, 2015, \$463 (2014 - \$1,315) of accounts receivable were not past due or impaired.

#### Cash

The CPB is not exposed to significant credit risk as cash is held with a reputable financial institution.

#### Account receivable

The CPB is not exposed to significant credit risk as these amounts are accrued interest on the GICs held with a reputable financial institution and typically collected when due. No allowance for doubtful accounts is required.

#### Investments

The CPB is not exposed to significant credit risk as its investments are held by a reputable financial institution.

# The Cooperative Promotion Board

## Notes to Financial Statements

Year ended March 31, 2015

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### 10. Financial instruments and financial risk management continued

#### b) Interest rate risk

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

#### Cash

The interest rate risk on cash is considered to be low due to their short-term nature.

#### Investments

The CPB's investments held with a reputable financial institution are normally held to maturity so changes in interest rates do not affect the value of the investments.

#### c) Liquidity risk

Liquidity risk relates to the CPB's ability to access sufficient funds to meet its financial commitments.

The CPB manages liquidity risk by maintaining adequate cash balances and by reviewing cash flows to ensure adequate funding will be received to meet the obligations when they become due. Accounts payable and accrued liabilities are typically paid when due.

#### d) Foreign currency risk

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 rates.

The CPB is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency.

### 11. Commitments

As of March 31, 2015, the CPB has approved grants in the amount of \$7,000, for which the grant applicants had not yet met the payment conditions. If the payment conditions relating to these grants are met in the future, the commitments will be funded by the General Account.

As of March 31, 2015, the CPB also had an additional outstanding commitment in the amount of \$16,000, for the promotional campaign. This commitment is expected to be completed during 2015/16.

Subsequent to March 31, 2015, the contract relating to the promotional campaign consultant was amended on May 4, 2015 to increase the original contract from \$32,000 to \$42,950. The remaining unpaid amount of \$26,950 was paid in two further installments and the contract was completed in June 2015.

### 12. Related party transactions

The CPB is related in terms of common ownership to all Province of Manitoba created Departments, Agencies, Boards and Crown Corporations. The CPB enters into transactions with these entities in the normal course of operations and they are measured at the exchange amount agreed to by the related parties.

# The Cooperative Promotion Board

## Schedule of Grants

Year ended March 31, 2015, with comparative figures for 2014

Schedule 1

	2015	2014
<b>General Account</b>		
Albert Street Autonomous Zone	\$ -	\$ 3,500
Canadian CED Network	2,000	2,500
Canadian Worker Co-op Federation	1,495	1,809
Compo-Stages Manitoba Services Co-op	-	2,850
CoopZone Developers' Network Co-operative	1,000	2,000
Economic Development Council for Manitoba Bilingual Municipalities	-	3,500
Heartland Community Futures	5,000	-
Manitoba Cooperative Association Inc.	-	1,000
Mondragon Worker Co-op	-	1,510
Natural Cycleworks Worker Cooperative	1,000	-
Par IT	-	280
Peg City Car Co-op	2,608	-
Rural Roots Food Cooperative	-	1,000
<b>Total of Grants</b>	<b>\$ 13,103</b>	<b>\$ 19,949</b>