



**Minister of Housing
and Community Development**

Room 358
Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

The Honourable Philip S. Lee, C.M., O.M.
Lieutenant Governor of Manitoba
Room 235 Legislative Building
450 Broadway
Winnipeg MB 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, 2014.

Respectfully submitted,

Original signed by Peter Bjornson

Peter Bjornson
Minister



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

Honourable Peter Bjornson
Minister
Housing and Community Development
Room 358 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, 2014.

Respectfully submitted,

Original signed by Cindy Coker

Cindy Coker
Chairperson

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Members of the Board	5
Legislation	5
Activities of the Board	6
Responsibility for Financial Reporting	7
Independent Auditor's Report	8

MEMBERS OF THE COOPERATIVE PROMOTION BOARD

MARCH 31, 2014

Cindy Coker, Chairperson	- Winnipeg, Manitoba
Joy Goertzen, Secretary	- Winnipeg, Manitoba
Norine Dohan	- Ethelbert, Manitoba
Marc Rivard	- Winnipeg, Manitoba
Vera Goussaert	- Winnipeg, Manitoba
Raymond Ngarbouï	- Winnipeg, Manitoba
Duane Nicol	- Selkirk, 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 2013-2014

During the fiscal year ended March 31, 2014, the Board undertook the following activities:

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

The following grants were approved:

- Natural Cycleworks Worker Cooperative Ongoing Free Workshops 2014 project.
- Canadian Worker Co-operative Federation's sponsorship of attending Manitoban cooperative participants to the Worker Co-ops and Sustainable Development Conference.
- Peg City Car Co-op Member Recruitment & Co-op Promotion project.
- Rural Roots Community Service Cooperative Membership Campaign.
- Sustainable South Osborne Community Cooperative's Promotional Blitz.
- Manitoba Cooperative Association's May 2013 Co-op Youth Leadership Retreat.
- Economic Development Council for Manitoba Bilingual Municipalities for Brandon's First Youth Cooperative.
- Canadian CED Network 2013 Manitoba CD/CED Gathering.

The Independent Auditor's Report, together with the Financial Statements for the fiscal year ended March 31, 2014, to follow.

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

September 11, 2014

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, 2014, 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.

Original signed by Cindy Coker

Cindy Coker
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, 2014, 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, 2014, 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
September 11, 2014
Winnipeg, Manitoba

The Cooperative Promotion Board

Statement of Financial Position

Year ended March 31, 2014, with comparative figures for 2013

	General Account 2014	Commercial Fishing Account 2014	Total 2014	General Account 2013	Commercial Fishing Account 2013	Total 2013
Assets						
Current assets:						
Cash (note 3)	\$ 103,163	\$ 34,350	\$ 137,513	\$ 88,908	\$ 33,199	\$ 122,107
Accounts receivable	1,118	197	1,315	1,259	199	1,458
Prepaid expenses	508	-	508	393	-	393
Current investments (note 4)	64,400	41,724	106,124	114,400	-	114,400
	<u>169,189</u>	<u>76,271</u>	<u>245,460</u>	<u>204,960</u>	<u>33,398</u>	<u>238,358</u>
Investments (note 4)	64,400	571	64,971	64,400	42,287	106,687
	<u>\$ 233,589</u>	<u>\$ 76,842</u>	<u>\$ 310,431</u>	<u>\$ 269,360</u>	<u>\$ 75,685</u>	<u>\$ 345,045</u>
Deferred Revenue and Fund Balances						
Deferred revenue (note 5)	\$ 27,300	\$ -	\$ 27,300	\$ 43,300	\$ -	\$ 43,300
Fund balances:						
Contributed capital (note 8)	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
	<u>206,289</u>	<u>76,842</u>	<u>283,131</u>	<u>226,060</u>	<u>75,685</u>	<u>301,745</u>
Commitments (note 11)						
	<u>\$ 233,589</u>	<u>\$ 76,842</u>	<u>\$ 310,431</u>	<u>\$ 269,360</u>	<u>\$ 75,685</u>	<u>\$ 345,045</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, 2014, with comparative figures for 2013

	General Account 2014	Commercial Fishing Account 2014	Total 2014	General Account 2013	Commercial Fishing Account 2013	Total 2013
Revenue:						
Interest	\$ 4,248	\$ 1,149	\$ 5,397	\$ 4,427	\$ 964	\$ 5,391
Dividend	-	8	8	-	8	8
Contributed services (note 7)	20,121	-	20,121	19,596	-	19,596
Grants from the Province of Manitoba (note 5)	16,000	-	16,000	-	-	-
Total revenue	40,369	1,157	41,526	24,023	972	24,995
Expenses:						
Grants (schedule 1)	19,949	-	19,949	35,924	-	35,924
Administrative services (note 7)	14,376	-	14,376	13,780	-	13,780
Annual report	1,281	-	1,281	1,200	-	1,200
Board members' meals and travel	780	-	780	981	-	981
Board members' remuneration	1,506	-	1,506	1,382	-	1,382
Liability insurance	738	-	738	723	-	723
Membership fees	927	-	927	900	-	900
Miscellaneous	231	-	231	145	-	145
Professional services	4,352	-	4,352	3,710	-	3,710
Promotional campaign	16,000	-	16,000	-	-	-
Seminars and workshops	-	-	-	831	-	831
	60,140	-	60,140	59,576	-	59,576
Excess (deficiency) of revenue over expenses	\$ (19,771)	\$ 1,157	\$ (18,614)	\$ (35,553)	\$ 972	\$ (34,581)

See accompanying notes to financial statements

The Cooperative Promotion Board

Statement of Changes in Fund Balances

Year ended March 31, 2014, with comparative figures for 2013

	General Account 2014	Commercial Fishing Account 2014	Total 2014	General Account 2013	Commercial Fishing Account 2013	Total 2013
Fund balances, beginning of year						
Contributed capital	\$ 128,800	\$ -	\$ 128,800	\$ 128,800	\$ -	\$ 128,800
General account	97,260	-	97,260	132,813	-	132,813
Commercial Fishing account	-	75,685	75,685	-	74,713	74,713
	<u>226,060</u>	<u>75,685</u>	<u>301,745</u>	<u>261,613</u>	<u>74,713</u>	<u>336,326</u>
Excess (deficiency) of revenue over expenses	(19,771)	1,157	(18,614)	(35,553)	972	(34,581)
Fund balances, end of year	<u>\$ 206,289</u>	<u>\$ 76,842</u>	<u>\$ 283,131</u>	<u>\$ 226,060</u>	<u>\$ 75,685</u>	<u>\$ 301,745</u>

See accompanying notes to financial statements

The Cooperative Promotion Board

Statement of Cash Flows

Year ended March 31, 2014, with comparative figures for 2013

	General Account 2014	Commercial Fishing Account 2014	Total 2014	General Account 2013	Commercial Fishing Account 2013	Total 2013
Excess (deficiency) of revenue over expenses	\$ (19,771)	\$ 1,157	\$ (18,614)	\$ (35,553)	\$ 972	\$ (34,581)
Operating activities:						
Changes in the following:						
Accounts receivable	141	2	143	1,138	(199)	939
Prepaid expenses	(115)	-	(115)	(20)	-	(20)
Net increase/(decrease) in deferred revenue	(16,000)	-	(16,000)	43,300	-	43,300
	(35,745)	1,159	(34,586)	8,865	773	9,638
Financing activities:						
Purchase of investments	(64,400)	-	(64,400)	(178,800)	(41,724)	(220,524)
Proceeds from matured investments	114,400	-	114,400	218,800	-	218,800
Dividends	-	(8)	(8)	-	(8)	(8)
	50,000	(8)	49,992	40,000	(41,732)	(1,732)
Net increase/(decrease) in cash	14,255	1,151	15,406	48,865	(40,959)	7,906
Cash, beginning of year	88,908	33,199	122,107	40,043	74,158	114,201
Cash, end of year	\$ 103,163	\$ 34,350	\$ 137,513	\$ 88,908	\$ 33,199	\$ 122,107
Supplementary cash flow information:						
Interest received	\$ 4,389	\$ 1,151	\$ 5,540	\$ 5,565	\$ 765	\$ 6,330

See accompanying notes to financial statements

The Cooperative Promotion Board

Notes to Financial Statements

Year ended March 31, 2014

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, 2014

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, of which there are none at March 31, 2014.

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 (2013 - nil).

f) Use of estimates

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 \$102,232 (2013 - \$37,550) held in a high yielding savings account at Assiniboine Credit Union at a fixed rate of 1.40% effective March 31, 2014. Interest is paid monthly.

Commercial Fishing account

The cash balance for the Commercial Fishing Account is held in a high yield savings account at Assiniboine Credit Union at a fixed rate of 0.75% effective March 31, 2014. Interest is paid monthly.

The Cooperative Promotion Board

Notes to Financial Statements

Year ended March 31, 2014

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

	2014	2013
General Account		
1.95% GIC - term January 11, 2013 to January 10, 2014	\$ -	\$ 64,400
1.95% GIC - term January 11, 2013 to January 10, 2014	-	50,000
2.15% GIC - term January 11, 2013 to January 10, 2015	64,400	-
	64,400	114,400
Commercial Fishing Account		
2.15% GIC - term January 11, 2013 to January 10, 2015	41,724	-
	\$ 106,124	\$ 114,400

Long-term investments

	2014	2013
General Account		
2.15% GIC - term January 11, 2013 to January 10, 2015	\$ -	\$ 64,400
2.50% GIC - term January 10, 2014 to January 9, 2017	64,400	-
	64,400	64,400
Commercial Fishing Account		
ACU - surplus shares	571	563
2.15% GIC - term January 11, 2013 to January 10, 2015	-	41,724
	571	42,287
	\$ 64,971	\$ 106,687

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. As of March 31, 2014, the CPB has incurred costs of \$16,000 associated with this initiative, and plan on completing the campaign in 2014/15.

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, 2014 was \$76,842 (2013 - \$75,685).

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 2014 is estimated at \$14,376 (2013 - \$13,780) with another \$5,745 (2013 - \$5,816) 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, 2014

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, 2013 to March 31, 2014, the Cooperative Promotion Board paid board members an aggregate of \$1,506 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:

	2014	2013
Cash (note 3)	\$ 137,513	\$ 122,107
Accounts receivable	1,315	1,458
Investments (note 4)	171,095	221,087
	\$ 309,923	\$ 344,652

As at March 31, 2014, \$1,315 (2013 - \$1,458) 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, 2014

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 of 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, 2014, the CPB has approved grants in the amount of \$6,000, 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. CPB has an additional outstanding commitment in the amount of \$16,000, for the promotional campaign, this commitment is expected to be completed during 2014/15.

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.

13. Comparative figures

Certain comparative figures in the financial statements have been restated to conform with the presentation of the current year.

The Cooperative Promotion Board

Schedule of Grants

Year ended March 31, 2014, with comparative figures for 2013

Schedule 1

	2014	2013
General Account		
Albert Street Autonomous Zone	\$ 3,500	\$ -
Canadian CED Network	2,500	3,000
Canadian Worker Co-op Federation	1,809	-
Centre for the Study of Cooperatives	-	5,000
Compo-Stages Manitoba Services Co-op	2,850	-
Co-op Housing Development Group Inc.	-	2,000
Co-op Management Student, University of Winnipeg	-	1,000
CoopZone Developers' Network Co-operative	2,000	-
Cooperative d'energie De Salaberry	-	3,000
Cooperative d'energie St. Claude	-	3,000
Cooperative Housing Federation of Canada	-	5,800
Economic Development Council for Manitoba Bilingual Municipalities	3,500	-
Manitoba Cooperative Association Inc.	1,000	1,000
Mondragon Worker Co-op	1,510	-
Organic Planet Worker Co-op	-	499
Par IT	280	1,920
Peg City Car Co-op	-	3,500
Roseisle Community Grocery Co-op	-	594
Rural Roots Food Cooperative	1,000	-
Seniors for Seniors Co-op	-	2,086
South Osborne Community Cooperative	-	1,500
Urban Eatin' Gardeners Worker Co-op	-	2,025
Total of Grants	\$ 19,949	\$ 35,924