

FINANCIAL STATEMENTS 2018/2019

INDEPENDENT AUDITORS' REPORT



To the Board of Directors of Efficiency Manitoba Inc.

OPINION

We have audited the financial statements of Efficiency Manitoba Inc. (the Entity), which comprise the statement of financial position as at March 31, 2019, the statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2019, and its results of 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 “**Auditors’ Responsibilities for the Audit of the Financial Statements**” section of our auditors’ report.

We are independent of the Entity 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.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE 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 Entity’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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity’s financial reporting process.

OTHER INFORMATION

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditors’ report thereon, included in a document likely to be entitled “Annual Report 2018-19”.

Our opinion on the financial statements does not cover the other information and we do not and 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, and remain alert for indications that the other information appears to be materially misstated.

The information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "Annual Report 2018-19" is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

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



Chartered Professional Accountants
Winnipeg, Canada
June 26, 2019

EFFICIENCY MANITOBA INC.

Statement of Financial Position

As at March 31, 2019

Financial assets:

Cash	\$	32,650
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Financial liabilities:

Accounts payable and accrued liabilities	18,159
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Deferred revenue	25,763
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43,922

Net debt

(11,272)

Non-financial assets:

Tangible capital assets (note 2)	9,219
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Prepaid expenses	2,053
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11,272

Accumulated surplus

\$ -

See accompanying notes to financial statements.

On behalf of the Board:

Original Document Signed

Original Document Signed



EFFICIENCY MANITOBA INC.

Statement of Operations and Accumulated Surplus

Year ended March 31, 2019

	Budget	2019
Revenue:		
Manitoba Hydro contributions	\$ 207,748	\$ 174,237
Expenses:		
Board remuneration and benefits	76,256	69,600
Board expenses	-	6,148
Salaries and benefits	62,500	57,402
Rent	18,000	16,111
Legal and consulting fees	30,000	16,080
Office and administration	19,864	6,595
Amortization	1,128	2,301
	207,748	174,237
Surplus for the year	-	-
Accumulated surplus, beginning of year	-	-
Accumulated surplus, end of year	\$ -	\$ -

See accompanying notes to financial statements.

**EFFICIENCY MANITOBA INC.**

Statement of Changes in Net Debt

Year ended March 31, 2019

Surplus for the year	\$ -
Acquisition of tangible capital assets	(11,520)
Amortization of tangible capital assets	2,301
Change in prepaid expenses	(2,053)
	(11,272)
Net debt, end of year	\$ (11,272)

See accompanying notes to financial statements.



EFFICIENCY MANITOBA INC.

Statement of Cash Flows

Year ended March 31, 2019

Cash provided by (used in):

Operating transactions:

Surplus for the year	\$	-
Amortization of tangible capital assets		2,301
Change in non-cash operating working capital:		
Prepaid expenses		(2,053)
Accounts payable and accrued liabilities		18,159
Deferred revenue		25,763
		<hr/> 44,170

Capital transactions:

Additions to tangible capital assets		(11,520)
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Increase in cash		<hr/> 32,650
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Cash, beginning of year		-
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Cash, end of year	\$	<hr/> 32,650
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See accompanying notes to financial statements.



EFFICIENCY MANITOBA INC.

Notes to Financial Statements

Year ended March 31, 2019

GENERAL:

The Efficiency Manitoba Act was proclaimed into effect on January 24, 2018. The Act established a Crown corporation without share capital, Efficiency Manitoba Inc. (the "Corporation"). The Board of Directors of the Corporation was appointed May 16, 2018 and therefore the Corporation was inactive in the period ended March 31, 2018. The mandate of Efficiency Manitoba Inc. is to:

- Implement and support demand-side management initiatives to meet savings targets and achieve any resulting reductions in greenhouse gas emissions in Manitoba;
- Achieve additional reductions in the consumption of electrical energy or natural gas if the reductions can be achieved in a cost-effective manner;
- Mitigate the impact of rate increases and delay the point at which capital investments in major new generation and transmission projects will be required to serve the needs of Manitobans; and
- Promote and encourage the involvement of the private sector and other non-governmental entities in the delivery of its demand-side management initiatives.

The Corporation is exempt from income taxes under *The Income Tax Act*.

In recognition of the benefits received by Manitoba Hydro from the efforts of the Corporation, Manitoba Hydro is responsible for funding operations of the Corporation pursuant to legislation. The Corporation is therefore economically dependent on Manitoba Hydro for continued operations.

1. SIGNIFICANT ACCOUNTING POLICIES:

These financial statements are prepared in accordance with Canadian public sector accounting standards. The significant accounting policies are summarized as follows:

(a) Revenue:

Contributions from Manitoba Hydro are recognized in the period in which the transactions or events occurred that gave rise to the revenue.

Investment income is recognized as revenue in the year in which the income was earned.

(b) Expenses:

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

EFFICIENCY MANITOBA INC.

Notes to Financial Statements

Year ended March 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(c) Financial instruments:

Derivative instruments and equity instruments that are quoted in an active market are reported, on initial recognition and subsequently, at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has not elected to carry these instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations.

Canadian public sector accounting standards require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

The Corporation has no financial instruments that are measured at fair value.



EFFICIENCY MANITOBA INC.

Notes to Financial Statements

Year ended March 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(d) Tangible capital assets:

Tangible capital assets are recorded at cost. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a tangible capital asset no longer contributes to the Corporation's ability to provide services, its carrying amount is written down to its residual value.

Tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Estimated useful lives
Computer	3 years
Furniture and fixtures	2 years

(e) Employee future benefits:

Pension payments are recognized as operating expenses as payments are made under provisions of *The Manitoba Civil Service Superannuation Act*. Retirement entitlement obligations, vested sick leave, severance and vacation entitlement benefits, if any, are accrued as employees earn the benefits.

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions 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 revenues and expenses during the year. Actual results could differ from those estimates.



EFFICIENCY MANITOBA INC.

Notes to Financial Statements

Year ended March 31, 2019

2. TANGIBLE CAPITAL ASSETS:

	Cost	Accumulated amortization	Net book value
Computer	\$ 6,951	\$ 1,159	\$ 5,792
Furniture and fixtures	4,569	1,142	3,427
	\$ 11,520	\$ 2,301	\$ 9,219

3. FINANCIAL RISKS:

Liquidity risk:

Liquidity risk is the risk that the Corporation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Corporation manages its liquidity risk by monitoring its operating requirements. The Corporation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

4. BUDGET:

Management has approved the 2018/19 operating budget which has been utilized in these financial statements. Commencing for the year ending March 31, 2020, budgets are approved by the Board of Directors of the Corporation.



*Available in accessible formats upon request.

