
**MANITOBA
DEVELOPMENT
CORPORATION**

Annual Report

March 31, 2024



**Minister of Economic Development, Investment,
Trade and Natural Resources**

Legislative Building, Winnipeg, Manitoba R3C 0V8 CANADA

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

Your Honour:

I am pleased to present the Annual Report for the Manitoba Development Corporation for the fiscal year ending March 31, 2024.

Respectfully submitted,

A handwritten signature in blue ink that reads "Jamie Moses".

Jamie Moses
Minister of Economic Development, Investment, Trade and Natural Resources

Manitoba



**Economic Development, Investment, Trade and
Natural Resources**

Manitoba Development Corporation
1040 – 259 Portage Avenue
Winnipeg MB R3B 3P4

Honourable Jamie Moses
Minister of Economic Development, Investment, Trade
and Natural Resources
Room 358 Legislative Building
Winnipeg MB R3C 0V8

Dear Minister Moses:

It is my pleasure to submit the Annual Report of the Manitoba Development Corporation for the fiscal year ended March 31, 2024 as required by Section 8 of The Manitoba Development Corporation Act.

Respectfully submitted,

A handwritten signature in cursive script that reads 'Michelle Wallace'.

Michelle Wallace
Chair of the Board
Manitoba Development Corporation

MANITOBA DEVELOPMENT CORPORATION
CORPORATE REPORT
for the fiscal year ending March 31, 2024

CORPORATE PROFILE

Minister Responsible: The Honourable Jamie Moses

Board of Directors:

- Assistant Deputy Minister of Workforce Development and Training, Manitoba Economic Development, Investment, Trade and Natural Resources (Chair) – Michelle Wallace
- Assistant Deputy Minister of Immigration, Manitoba Labour and Immigration – Karmel Chartrand
- Assistant Deputy Minister of Finance, Manitoba Finance – Clayton Bittner
- Assistant Deputy Minister of Finance and Administration, Manitoba Economic Development, Investment, Trade and Natural Resources – Melissa Ballantyne
- Director of Economic Programs and Manitoba Development Corporation General Manager – Amy Jordan

Head office:

1040-259 Portage Avenue
Winnipeg, Manitoba R3B 3P4
Telephone: 204-945-7721

PROFILE

The Manitoba Development Corporation (MDC) administers programs, provides loans, guarantees and investments under The Manitoba Development Corporation Act. The objectives of the MDC are to provide financial services and financial instruments on behalf of the Province of Manitoba to assist with economic development initiatives. There are two active divisions administered by the MDC: Business Support, and the Business Investor Stream of the Manitoba Provincial Nominee Program (MPNP).

Business Support administers the Manitoba Industrial Opportunities Program (MIOP) as well as Other Loans and Loan Guarantees, and the Third-Party Investment Funds Program. MPNP includes the funds associated with Manitoba's business stream for international entrepreneurs who wish to establish a business in Manitoba.

The MDC requires Provincial Government approval to provide loans, guarantees, or equity investments and must comply with all Provincial directives.

BUSINESS SUPPORT:

MIOP provided financial support to assist businesses expanding their operations in Manitoba. The financial support is in the form of repayable, secured loans with repayment terms that can be

somewhat flexible for businesses that undertake significant investment in fixed assets and/or create new jobs. The loans were usually in excess of \$500,000. Loan interest rates are charged at the Crown rate or at the Crown rate plus a premium. Loans and loan guarantees are provided in support of the Province's economic development objectives. All loans and loan guarantees received Treasury Board approval and an Order in Council authorizing the loan or guarantee.

Program Performance and Trends:

MIOP Loans, Other Loans and Loan Guarantees

From March 31, 2000 to March 31, 2016, MIOP approved 53 business expansion loans totaling \$276 million, which were projected to leverage \$640 million in additional capital, for a total Manitoba investment of \$916 million, supporting approximately 11,297 Manitoba jobs.

On March 31, 2024, the program had four active loans to four companies totaling \$14.2 million under management, with 690 Manitoba full-time equivalent jobs required per the loan agreements and 676 Manitoba full-time equivalent jobs maintained.

As of March 31, 2024, four MIOP loans remained on the MDC's accounts, with an additional one loan resolved during the fiscal year:

MIOP Loan Program	Outstanding Balance at March 31, 2024
Glacier LP	\$ 232,600.76
HD-Petroleum	\$ 1,830,598.94
Magellan Aerospace Loan #2	\$ 180,000.00
Sightline Innovation	\$ -
Winnipeg Airport Authority	\$ 11,270,214.40
Subtotal	\$ 13,513,414.10
Accrued and capitalized interest	\$ 641,827.87
TOTAL	\$ 14,155,241.97

As of March 31, 2024, two Other Loans remained on the MDC's accounts, with a Loan Guarantee resolved during the fiscal year:

	March 31, 2024
OTHER LOANS AND LOAN GUARANTEES	Balance
LOAN: City of Winnipeg - Canadian Museum of Human Rights	\$ 1,967,015
LOAN: NFI Group Inc	\$ 50,000,000
LOAN GUARANTEE: Friends of Upper Fort Garry	0
TOTAL	\$ 51,967,015

Third-Party Investment Funds Program

This program supports the provision of capital to Manitoba companies by way of partnering with institutional investors in private sector funds.

From its inception in 1996 to March 31, 2024, the Third-Party Investment Funds Program advanced \$23.6 million in six limited partnerships. The sole remaining Third-Party Investment

Funds Program equity investment, net of repayments, as of March 31, 2024 is for CentreStone Ventures Limited Partnership which is in the process of winding down in the upcoming fiscal year.

In the 2022/23 fiscal year, Manitoba Opportunities Fund Ltd. (MOF) transferred investments held in the MOF's Manitoba Innovation Growth Sidecar Fund to the MDC for nominal consideration. These investments have no financial impact on the MDC's portfolio.

	2024	2023
CentreStone Ventures Limited Partnership	\$ 3,408,522	\$ 3,408,522
Manitoba Innovation Growth Sidecar Fund:		
Cubresa Inc.	-	-
Librestream Technologies Inc.	-	-
	3,408,522	3,408,522
Provision for decline in value of investments	(3,408,522)	(3,408,522)
	\$ -	\$ -

From its inception in 1996 to March 31, 2024, in aggregate, the limited partnerships in the Third-Party Investment Funds Program have invested approximately \$174.3 million into 78 business entities, of which 67 were Manitoba companies.

MANITOBA PROVINCIAL NOMINEE PROGRAM (MPNP)

The Province of Manitoba and Government of Canada share responsibilities regarding businesspeople immigrating to Canada through MPNP. The MPNP allows Manitoba to recruit and nominate qualified businesspeople from around the world who have the intent and ability to move to Manitoba and establish or purchase a business or become partners in an existing business. The Province of Manitoba is committed to help new immigrants settle successfully, identify business opportunities and establish businesses or farms in the province.

Program Performance and Trends:

In November 2017, the MPNP announced changes to its Entrepreneur Pathway (EP) under the Business Investor Stream. The EP allows Manitoba to recruit and nominate qualified business investors and entrepreneurs who have the intent and ability to start or purchase businesses in Manitoba within the first 24 months of arrival in Canada on a temporary work permit. Applicants no longer submit a deposit of \$100,000. Instead, applicants sign a Business Performance Agreement, which details the obligations candidates must fulfill to be nominated for permanent residence in Canada. Once those conditions are met, candidates receive a nomination that allows them to apply for permanent resident status to Immigration, Refugees and Citizenship Canada. The new criteria and process was launched in May 2018.

The MPNP has been successful in recruiting 150 farm business immigrants who have invested over \$155 million in Manitoba. This represents only the initial investment and does not account for additional investments made after the farm business is started. The Farm Investor Pathway remains a Direct Nomination immigration model. The Direct Nomination model requires an approved applicant to sign a deposit agreement and submit a \$75,000 cash deposit prior to receiving nomination. Once the deposit and deposit agreement have been received, the applicant

is nominated and can apply for Permanent Residence. Upon establishing the farm business, the applicant can apply to the MPNP for a deposit refund.

The MPNP office monitors initial business investments by business immigrants under the program. In the 2023/24 fiscal year, the program measured 21 initial business investments totaling \$10.8 million by applicants that created or maintained 49 jobs. Since its inception in 2001, 1,138 business investments have been made in excess of \$393.8 million.

Financial Statements of

**MANITOBA DEVELOPMENT
CORPORATION**

Year ended March 31, 2024

MANITOBA DEVELOPMENT CORPORATION

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MANAGEMENT REPORT

Management's Responsibility for Financial Reporting

The accompanying financial statements of Manitoba Development Corporation are the responsibility of the management and have been prepared in accordance with Canadian public sector accounting standards. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgment regarding all necessary estimates and all other data available to June 24, 2024.

Management maintains internal controls to properly safeguard the assets and to provide reasonable assurance that the books and records from which the financial statements are derived accurately reflect all transactions and that established policies and procedures are followed.

The responsibility of the external audit is to express an independent opinion on whether the financial statements of Manitoba Development Corporation are fairly presented in accordance with Canadian public sector accounting standards. The Independent Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

On behalf of Management,

Manitoba Development Corporation

Ms. Amy Jordan, General Manager

June 24, 2024



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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Manitoba Development Corporation

Opinion

We have audited the financial statements of Manitoba Development Corporation (the "Entity"), which comprise the statement of financial position as at March 31, 2024, the statements of operations and accumulated surplus, changes 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 (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, 2024, and its results of operations, its changes in net financial assets 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 auditor's 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

June 24, 2024

MANITOBA DEVELOPMENT CORPORATION

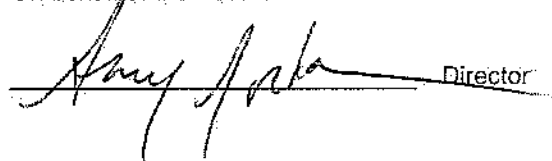
Statement of Financial Position

March 31, 2024, with comparative information for 2023

	PNP-B	Business support	MTI	2024 Total	2023 Total
Assets					
Cash and cash equivalents	\$ 110,325,884	\$ 5,743,346	\$ 467,418	\$ 116,536,648	\$ 12,022,312
Accounts receivable (note 3)	513,029	25,225	2,481	540,735	2,450,733
Other receivable (note 10)	—	—	—	—	626,925
Loans receivable (note 4)	—	54,825,561	—	54,825,561	62,631,754
Portfolio investments (note 5)	—	—	539,087	539,087	95,166,468
Restricted funds (note 8)	7,107,305	—	—	7,107,305	10,508,105
	\$ 117,946,218	\$ 60,594,132	\$ 1,008,986	\$ 179,549,336	\$ 183,406,297
Liabilities and Surplus					
Liabilities:					
Accounts payable and accrued liabilities	\$ 8,392	\$ 49,690	\$ 3,879	\$ 61,961	\$ 43,548
Deferred revenue (note 6)	—	13,946	—	13,946	13,946
Operating advance payable (note 7)	—	—	500,000	500,000	500,000
Provision for loan guarantees (note 10)	—	—	—	—	626,925
Funds provided by the Province of Manitoba	—	54,767,537	—	54,767,537	62,631,754
Deposits payable (note 8)	7,107,305	—	—	7,107,305	10,508,105
	7,115,697	54,831,173	503,879	62,450,749	74,324,278
Accumulated surplus (note 9)	110,830,521	5,762,959	505,107	117,098,587	109,082,019
Contingencies (note 10)					
Commitments (note 11)					
	\$ 117,946,218	\$ 60,594,132	\$ 1,008,986	\$ 179,549,336	\$ 183,406,297

The accompanying notes form an integral part of these financial statements.

On behalf of the Board:

 Director

 Director

MANITOBA DEVELOPMENT CORPORATION

Statement of Operations and Accumulated Surplus

Year ended March 31, 2024, with comparative information for 2023

	Budget	2024	2023
Income:			
Income from portfolio investments	\$ 12,500	\$ 1,729,314	\$ 2,400,178
Interest income	3,235,186	11,600,126	3,394,317
Deposit retentions (note 8)	3,151,000	2,850,765	10,577,854
Application processing fees (note 8)	225,000	37,508	47,590
Loan application and amendment fees	–	75,000	250,000
Recovery (reimbursement) of Business Support expenses from (to) the Province of Manitoba:			
Provision for (reversal of) doubtful loans receivable	–	(331,871)	1,484,743
Provision for (reversal of) loan guarantees (note 10)	–	(626,925)	(104,500)
	<u>6,623,686</u>	<u>15,333,917</u>	<u>18,050,182</u>
Expenses:			
Program administration	85,000	92,304	29,713
Loan restructuring expense (note 4)	–	4,479,607	–
Payment of Business Support interest on loans receivable to the Province of Manitoba	937,568	7,556,916	2,313,684
Provision for (reversal of) doubtful loans receivable	–	(331,871)	1,484,743
Provision for (reversal of) loan guarantees (note 10)	–	(626,925)	(104,500)
Program costs	–	626,925	104,500
	<u>1,022,568</u>	<u>11,796,956</u>	<u>3,828,140</u>
Transfer from the Department of Economic Development, Investment, Trade and Natural Resources (note 4)	–	4,479,607	–
Annual surplus	5,601,118	8,016,568	14,222,042
Accumulated surplus, beginning of year		109,082,019	94,859,977
Accumulated surplus, end of year		<u>\$ 117,098,587</u>	<u>\$ 109,082,019</u>

The accompanying notes form an integral part of these financial statements.

MANITOBA DEVELOPMENT CORPORATION

Statement of Changes in Net Financial Assets

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Annual surplus	\$ 8,016,568	\$ 14,222,042
Net financial assets, beginning of year	109,082,019	94,859,977
Net financial assets, end of year	\$ 117,098,587	\$ 109,082,019

The accompanying notes form an integral part of these financial statements.

MANITOBA DEVELOPMENT CORPORATION

Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by:		
Operating activities:		
Annual surplus	\$ 8,016,568	\$ 14,222,042
Adjustments for:		
Provision for (reversal of) doubtful loans receivable	(331,871)	1,484,743
Provision for (reversal of) loan guarantees	(626,925)	(104,500)
Loan restructuring expense (note 4)	4,479,607	–
Deposit retentions	(2,850,765)	(10,577,854)
Transfer from the Department of Economic Development, Investment, Trade and Natural Resources (note 4)	(4,479,607)	–
Recovery of business support expenses to the Province of Manitoba	958,796	(1,380,243)
Change in non-cash operating working capital:		
Restricted funds	3,400,800	12,653,029
Accounts receivable	1,909,998	(2,391,570)
Loan interest receivable	(394,208)	(1,154,558)
Accounts payable and accrued liabilities	18,413	(393,110)
Deferred revenue	–	–
Net change in deposits payable	(550,035)	(2,075,175)
Net cash provided by operating activities	9,550,771	10,282,804
Investing activities:		
Loans receivable principal repayments	4,052,665	5,809,725
Loans receivable advanced	–	(50,000,000)
Purchase of portfolio investments	(539,087)	(95,166,468)
Redemption of portfolio investments	95,166,468	504,958
Net cash provided by (used in) investing activities	98,680,046	(138,851,785)
Financing activities:		
Funds received from (paid to) the Province of Manitoba for Business Support	(3,716,481)	45,344,833
Increase in cash and cash equivalents	104,514,336	(83,224,148)
Cash and cash equivalents, beginning of year	12,022,312	95,246,460
Cash and cash equivalents, end of year	\$ 116,536,648	\$ 12,022,312
Cash and cash equivalents consist of the following:		
Cash	\$ 14,689,854	\$ 12,022,312
Cash equivalents	101,846,794	–
	\$ 116,536,648	\$ 12,022,312
Supplementary information:		
Cash paid for interest	\$ 7,178,767	\$ 1,126,963
Cash received for interest	15,239,438	3,402,926

The accompanying notes form an integral part of these financial statements.

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements

Year ended March 31, 2024

1. Nature of operations and economic dependence:

The Manitoba Development Corporation (the "Corporation") provides loans, guarantees and investments under the *Manitoba Development Corporation Act*. The objectives of the Corporation are to provide financial services and financial instruments on behalf of the Province of Manitoba to assist with economic development initiatives. There are three divisions administered by the Corporation: Business Support, the Business Investor Stream of the Provincial Nominee Program (PNP-B) and Manitoba Trade and Investment (MTI). Business Support administers the Manitoba Industrial Opportunities Program (MIOP), the Third-Party Investment Funds Program ("Investment Program") and other financial assistance ("Other Loans"). The PNP-B is a program for international entrepreneurs who wish to immigrate and establish a business in Manitoba. MTI delivers targeted programs and services to Manitoba small and medium sized enterprises to promote Manitoba as a destination for foreign direct investment.

The Province provides all financing for these initiatives and ultimately bears all costs, including any exposure for the financial assets due to interest rate fluctuations, changes to their fair value or credit risk relating to the realization of these assets. Losses are the responsibility of the Province and are charged directly against advances received from the Province.

The Corporation considers its capital to comprise its accumulated surplus (including share capital, restricted surplus and unrestricted surplus). There have been no changes to what the Corporation considers to be its capital since the previous period.

As a government enterprise, the Corporation's operations are reliant on revenues generated annually. The Corporation has accumulated retained earnings over its history, which is included in accumulated surplus in the statement of financial position. A portion of these funds is retained as working capital (current assets less current liabilities) which may be required from time to time due to timing delays in receiving its primary funding.

The Province of Manitoba has directed that the balance of restricted accumulated surplus for the year to be equal to three years' operating expenses of the PNP-B (based on the most recent year's actual expenses) plus 25 percent of the previous year's PNP-B deposit retentions. This is a reserve which is not available for distribution to the Province. Any excess beyond that amount, once it has been released by the Province, would then be transferred to unrestricted accumulated surplus. For the year ended March 31, 2024, the Corporation has complied with these restrictions.

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

2. Significant accounting policies:

The Corporation's financial statements have been prepared by management in accordance with Canadian public sector accounting standards as defined by the Chartered Professional Accountants of Canada.

(a) Revenue recognition:

Income from deposit retentions is recognized when depositors fail to meet their agreement terms thereby forfeiting their deposits. Income from application processing fees is recognized as applications are processed. Interest income from portfolio investments and loans receivable is recognized on an accrual basis in the fiscal period in which it is earned.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, balances with banks and short-term deposits with the Province of Manitoba and banks with maturities of three months or less.

(c) Financial instruments:

Financial instruments are recorded at fair value or exchange amount on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported 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. The Corporation has not elected to carry any such group of financial instruments at fair value.

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.

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.

(d) Loans receivable under Business Support:

The Corporation maintains an allowance for loan impairment, which reduces the carrying value of loans receivable to their estimated realizable amounts. Estimated realizable amounts are determined with reference to the Corporation's historical loss experience on similar loans and estimates and assumptions regarding current market conditions, customer analysis and historical payment trends.

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

2. Significant accounting policies (continued):

(d) Loans receivable under Business Support (continued):

Interest on loans is recorded as income on an accrual basis except for loans considered impaired. When a loan is classified as impaired, accrual of interest on the loan ceases.

Provisions are established for individual loans for which the estimated realizable amount is less than the carrying value. The amount of initial impairment and any subsequent changes are recorded through the provision for doubtful loans receivable as an adjustment of the provision.

(e) Portfolio investments:

Portfolio investments consist of term deposits and equity investments. The Corporation's investments in term deposits are recorded at cost.

The Corporation's equity investments related to share capital investments are recorded at cost and are accounted for using the cost method of accounting.

When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss in the provision for decline in value of investments.

(f) Restricted funds:

Restricted funds are deposits held under the PNP-B (note 8) and consist of balances with banks and term deposits with maturities of three months or less held with the Province of Manitoba. Term deposits are recorded at cost.

(g) Deferred revenue:

Deferred revenue represents funds received for specific projects for which expenditures will be incurred in future periods as well as fees received in advance of event days for specific trade projects.

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

2. Significant accounting policies (continued):

(h) Government transfers:

Government transfers are recognized as expenses in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(i) Guarantees:

The Corporation in the normal course of business, may provide a guarantee to honor repayment of debt or loans of an organization.

Guarantees by Corporation are made through specific agreements to repay promissory notes, banks loans, lines of credit, mortgages and other securities. The provision for losses on guaranteed loans is determined by a review of individual guarantees. A provision for losses on these guarantees is recorded when it is likely that a loss will occur. The amount of the loss provision represents management's best estimate of probable claims against the guarantees.

(j) Contributed services:

During the year, the Province of Manitoba provided office space and other administrative services to the Corporation at no cost. Because of the difficulty of estimating the fair value of such expenses, no contributed services are recognized in the financial statements.

(k) Use of estimates:

The preparation of financial statements 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 revenues and expenses during the period. Significant items subject to estimates and assumptions include the carrying amount of loans receivable and portfolio investments and provisions for losses on loan guarantees. Actual results could differ from those estimates.

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

3. Accounts receivable:

	2024	2023
Accrued interest:		
PNP-B	\$ 513,028	\$ 2,424,249
Business support	25,225	24,002
Accounts receivable	2,482	2,482
	<u>\$ 540,735</u>	<u>\$ 2,450,733</u>

4. Loans receivable managed for the Province of Manitoba:

	2024	2023
Business support:		
Manitoba Industrial Opportunities Program - repayable	\$ 14,155,242	\$ 20,812,511
Other loans receivable	49,156,572	53,177,616
	<u>63,311,814</u>	<u>73,990,127</u>
Provision for doubtful loans receivable	(8,486,253)	(11,358,373)
	<u>\$ 54,825,561</u>	<u>\$ 62,631,754</u>

The Manitoba Industrial Opportunities Program (MIOP) provides repayable, secured loans for businesses that undertake significant investment in fixed assets and/or create jobs.

Loan principal is due as follows:

	2024
2025	\$ 1,325,449
2026	2,263,448
2027	672,849
2028	672,849
Subsequent to 2028	8,578,819
Accrued and capitalized interest	641,828
	<u>14,155,242</u>
Provision for doubtful loans receivable	(3,486,253)
	<u>\$ 10,668,989</u>

Capitalized interest at March 31, 2024 is \$575,720 (2023 - \$1,158,035). During the year ended March 31, 2024, \$407,422 (2023 - nil) was reversed and \$132,826 (2023 - nil) was written-off. \$99,663 of the capitalized interest is due in fiscal 2025 and \$476,057 is due in fiscal 2026.

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

4. Loans receivable managed for the Province of Manitoba (continued):

Interest rates charged for MIOP loans are fixed in reference to the Corporation's cost of borrowing from the Province of Manitoba at the time of the first disbursement of the loan proceeds to the debtor. In some cases, per the terms of individual loan agreements, interest rates may be adjusted during the term of the loan based on the Corporation's cost of borrowing from the Province of Manitoba at a date(s) specified in the loan agreement. In certain cases, the Corporation, under the direction of the Province, may charge interest rates which are less than its cost of borrowing to encourage investment and job creation in Manitoba, but this has not happened since 2003. In other cases, the Corporation charges rates in excess of its cost of borrowing to reflect risk conditions.

During the year ended March 31, 2024, a MIOP loan with a face value of \$2,000,000 that was fully provided for at March 31, 2023 was written off by the Corporation.

Interest rates charged on loans are as follows:

	2024	2023
Greater than nil, less than 5%	\$ 1,830,599	\$ 6,460,012
5% or greater, less than 6%	11,682,815	13,106,068
Accrued and capitalized interest	641,828	1,246,431
	14,155,242	20,812,511
Provision for doubtful loans receivable	(3,486,253)	(6,358,373)
	\$ 10,668,989	\$ 14,454,138

When possible, the Corporation obtains various forms of security on the MIOP loans with priority ranking subject to any prior existing charges.

At March 31, 2024, other loans receivable include non-interest bearing loans in the amount of \$49,156,572 including accrued interest of \$1,669,164 (2023 - non-interest bearing loans in the amount of \$1,967,015 and interest bearing loans in the amount of \$50,000,000) and maturities ranging from no fixed terms of repayment to April 30, 2026 (2023 - ranging from no fixed terms of repayment to March 31, 2024). At March 31, 2024, the provision for doubtful loans receivable for these loans is \$5,000,000 (2023 - \$5,000,000).

During the year ended March 31, 2024, the interest bearing loan was restructured to a non-interest bearing loan. As a result of this concession, the loan was measured at its present value using a discount rate of 4.80 percent. The difference between the face value of the loan of \$50,000,000 and its present value of \$45,520,393 was recognized as a grant and \$4,479,607 was expensed in the statement of operations and accumulated surplus. The loan discount will be amortized to revenue over the term of the loan to April 30, 2026.

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

4. Loans receivable managed for the Province of Manitoba (continued):

\$4,479,607 was transferred by the Department of Economic Development, Investment, Trade and Natural Resources to the Province of Manitoba on behalf of the Corporation to repay the amount of the grant and is a non-cash transaction in the statement of cash flows. As a result, the Corporation is no longer required to pay interest to the Province of Manitoba related to these funds provided and is required to repay the face value of \$50,000,000 on maturity on April 30, 2026.

5. Portfolio investments:

Portfolio investments are comprised of the following:

	2024	2023
Term deposits	\$ 539,087	\$ 95,166,468

The term deposits, which are included in MTI bear interest at 4.75 percent (2023 - 4.01 percent) and mature March 2025 (2023 - August 2023 to March 2024). Fair values approximate cost. Interest earned on term deposits for the year ended March 31, 2024 totaled \$23,828 (2023 - \$2,224,350).

Equity investments managed for the Province of Manitoba included in Business Support consist of the following:

	2024	2023
CentreStone Ventures Limited Partnership	\$ 3,408,522	\$ 3,408,522
Manitoba Innovation Growth Sidecar Fund:		
Cubresa Inc.	—	—
Librestream Technologies Inc.	—	—
	3,408,522	3,408,522
Provision for decline in value of investments	(3,408,522)	(3,408,522)
	\$ —	\$ —

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

6. Deferred revenue:

	2024	2023
Business Support		
Manitoba Hydro funding (shallow unconventional shale gas project)	4,241	4,241
Other unearned project receipts	9,705	9,705
Deferred revenue	\$ 13,946	\$ 13,946

7. Operating advance payable:

The Corporation has a \$500,000 (2023 - \$500,000) non-interest-bearing working capital advance from the Province of Manitoba for MTI. The advance is payable on demand.

8. Restricted funds and deposits payable:

As at March 31, 2024 restricted funds held under the PNP-B and invested with a Schedule I chartered bank and the Province of Manitoba were as follows:

	2024	2023
Cash and cash equivalents with a chartered bank	\$ 2,346,749	\$ 2,896,784
Amounts invested with the Minister of Finance	4,760,556	7,611,321
	\$ 7,107,305	\$ 10,508,105

As at March 31, deposits payable under the PNP-B were as follows:

	2024	2023
Deposits payable	\$ 7,107,305	\$ 10,508,105

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

8. Restricted funds and deposits payable (continued):

The Corporation, the Department of Economic Development, Investment, Trade and Natural Resources and the Department of Labour and Immigration operate a program known as the Business Investor Stream of the Provincial Nominee Program (formerly the Provincial Nominee Program for Business) (PNP-B). The PNP-B offers individuals who wish to immigrate to Manitoba to establish and operate a business, the opportunity to obtain a provincial Nomination Certificate. During the 2003 fiscal year, the Corporation began entering into agreements with qualified individuals whereby the immigrants committed to invest specified amounts to establish approved businesses in Manitoba within a specified period of time after landing in Canada.

As evidence of their commitment, upon approval immigrants were required to deposit \$100,000 (or \$75,000 under the Farm Strategic Recruitment Initiative) with the Corporation prior to receiving the Nomination Certificate. These deposits are held by the Corporation and are refundable to the immigrants based on the satisfaction of the conditions set out in the deposit agreements. The final decision as to admission to Canada for Permanent Residence is made by the Government of Canada. In the event that a nominee is not granted a Permanent Resident visa by the Government of Canada, the Corporation refunds the deposit. The Corporation invests the deposits, retains all interest income earned on the deposits and, should immigrants fail to satisfy the conditions of the agreements, the Corporation also has the right, under the agreements, to retain the deposits.

In 2014, a number of changes were introduced to the PNP-B. The deposit for the PNP-B was raised to \$100,000 from \$75,000. The Young Farmer Program was replaced by a Farm Strategic Recruitment Initiative (FSRI) which is a special rural economic initiative under the auspices of the PNP-B.

Approved immigrants under the FSRI are required to deposit \$75,000 with the Corporation. Under both the PNP-B and the FSRI, a non-refundable application processing fee of \$2,500 was introduced. Total application processing fees collected during the year were \$37,508 (2023 - \$47,590).

In November 2017, further changes were introduced to the PNP-B. Application processing fees will continue to be collected; however, they will not be administered by the Corporation. Also, the PNP-B now has two pathways:

- The Entrepreneur Pathway, for applicants seeking to open a business in Manitoba; and
- The Farm Investor Pathway, for those intending to operate a farm operation in rural Manitoba.

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

8. Restricted funds and deposits payable (continued):

After November 2017, new business investors under the Entrepreneur Pathway are not required to submit a deposit or enter into an agreement with the Corporation. As of March 31, 2024, the PNP-B continues to process a backlog of applications submitted prior to November 2017; however, once this backlog is cleared, there will be no further application fees received and deposits will only be received from individuals under the Farm Investor Pathway (which replaced the FSRI).

During the year ended March 31, 2024, there was a reversal of nil of amounts previously retained (2023 - nil), this reversal is as a result of immigrant subsequently satisfying the conditions of the agreement.

9. Accumulated surplus:

Accumulated surplus is made up of the following:

	2024			2023		
	PNP-B	Business support	MTI			
Unrestricted surplus	\$ 110,081,165	\$ 5,761,959	\$ 505,107	\$ 116,348,231	\$ 106,411,142	
Restricted surplus	749,356	–	–	749,356	2,669,877	
Share capital	–	1,000	–	1,000	1,000	
	<u>\$ 110,830,521</u>	<u>\$ 5,762,959</u>	<u>\$ 505,107</u>	<u>\$ 117,098,587</u>	<u>\$ 109,082,019</u>	

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

10. Contingencies:

The Corporation has guaranteed the repayment of debt, bank loans and lines of credit held by others. Debt guaranteed by Corporation is guaranteed, as to principal and interest, until the debt is matured or redeemed.

At March 31, 2023, the Corporation had guaranteed the loans held by 2 other entities. The authorized limits of the loan guarantees ranged from \$2,000,000 to \$25,000,000. During the year ended March 31, 2024, the principal amount of the debt related to the guarantees was repaid.

The principal amount of the debt related to the outstanding guarantees is as follows:

	2024	2023
Loan guarantees	\$ -	\$ 1,626,925

At March 31, 2024, a reversal of future losses on guarantees in the amount of \$626,925 (2023 - reversal of provision for future losses in the amount of \$104,500) has been recognized in the statement of financial position and the statement of operations and accumulated surplus along with a recovery from the Province of Manitoba.

11. Commitments:

Commitments and undisbursed balances of approved loans and equity investments:

	2024	2023
Manitoba Industrial Opportunities Program	\$ 3,475,000	\$ 3,475,000
CentreStone Ventures Limited Partnership	1,381,525	1,381,525
	\$ 4,856,525	\$ 4,856,525

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

12. Related party transactions:

The Corporation is related in terms of common ownership to all Province of Manitoba created departments, agencies and crown corporations. The Corporation enters into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

13. Financial risks and concentration of risk:

(i) 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 that potentially subject the Corporation to credit risk consist principally of cash and cash equivalents, portfolio investments, accounts receivable, loans receivable and trust funds.

The maximum exposure of the Corporation to credit risk at March 31 is:

	2024	2023
Cash and cash equivalents	\$ 116,536,648	\$ 12,022,312
Accounts receivable	540,735	2,450,733
Other receivable	–	626,925
Loans receivable	54,825,561	62,631,754
Portfolio investments	539,087	95,166,468
Restricted funds	7,107,305	10,508,105
	\$ 179,549,336	\$ 183,406,297

Cash and cash equivalents and restricted funds: the Corporation is not exposed to significant credit risk as the cash and cash equivalents and restricted funds are primarily held by the Minister of Finance and with a Schedule 1 Canadian chartered bank.

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

13. Financial risks and concentration of risk (continued):

Accounts receivable, other receivable, loans receivable and portfolio investments: the Corporation establishes an allowance that represents its estimate of potentially uncollectible loans and recoverable portfolio investments. The provision for doubtful loans receivable is determined with reference to the Corporation's historical loss experience on similar loans and 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. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss in the provision for decline in value of estimates.

Management of credit risk is an integral part of the Corporation's activities with careful monitoring and appropriate remedial actions being taken.

Management has determined that the provision required for loans receivable as at March 31, 2024 is \$8,486,253 (2023 - \$11,358,373).

Management has determined that the provision required for portfolio investments as at March 31, 2024 is \$3,408,522 (2023 - \$3,408,522).

(ii) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to term deposits with the Minister of Finance and a Schedule I Canadian chartered bank. The term deposits are interest bearing with short terms to maturity. As the term deposits are normally held to maturity, changes in interest rates do not affect their value.

(iii) Liquidity risk:

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

The Corporation manages liquidity risk by maintaining adequate cash balances and by review from the Province of Manitoba to ensure adequate funding will be received to meet the obligations. Funds provided by the Province of Manitoba have a direct correlation to the loans receivable and equity investments as funds borrowed are used for these purposes.

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

13. Financial risks and concentration of risk (continued):

Funding is provided by the Province of Manitoba for the full amount of loans receivable and equity investments that are written off. Subsequently, the Corporation has minimal liquidity risk on its loans receivable and equity investments in respect of funds provided by the Province of Manitoba.

There have been no significant changes to the Corporation's exposure to financial risks, concentration of risk in how they arise nor how risks are managed since the previous period.

MANITOBA DEVELOPMENT CORPORATION

Schedule of Operations and Accumulated Surplus - PNP-B

Schedule A

Year ended March 31, 2024, with comparative information for 2023

	Budget	2024	2023
Income:			
Interest income from portfolio investments	\$ -	\$ 1,705,486	\$ 2,389,877
Interest income	2,102,500	3,608,451	814,789
Deposit retentions	3,151,000	2,850,765	10,577,854
Application processing fees	225,000	37,508	47,590
	5,478,500	8,202,210	13,830,110
Expenses:			
Program administration	66,000	12,222	8,471
Annual surplus	5,412,500	8,189,988	13,821,639
Accumulated surplus, beginning of year		102,640,533	88,818,894
Accumulated surplus, end of year		\$ 110,830,521	\$ 102,640,533

MANITOBA DEVELOPMENT CORPORATION

Schedule of Operations and Accumulated Surplus - Business Support

Schedule B

Year ended March 31, 2024, with comparative information for 2023

	Budget	2024	2023
Income:			
Interest income	\$ 1,132,686	\$ 7,991,675	\$ 2,579,528
Recovery (reimbursement) of Business Support expenses from (to) the Province of Manitoba:			
Provision for (reversal of) doubtful loans receivable	–	(331,871)	1,484,743
Provision for loan guarantees	–	(626,925)	(104,500)
Loan application and amendment fees	–	75,000	250,000
	1,132,686	7,107,879	4,209,771
Expenses:			
Program administration	16,000	75,905	17,711
Loan restructuring expense (note 4)	–	4,479,607	–
Payment of Business Support interest on loans receivable to the Province of Manitoba	937,568	7,556,916	2,313,684
Provision for (reversal of) doubtful loans receivable	–	(331,871)	1,484,743
Provision for loan guarantees	–	(626,925)	(104,500)
Program costs	–	626,925	104,500
	953,568	11,780,557	3,816,138
Transfer from the Department of Economic Development, Investment, Trade and Natural Resources (note 4)	–	4,479,607	–
Annual surplus (deficit)	179,118	(193,071)	393,633
Accumulated surplus, beginning of year		5,956,030	5,562,397
Accumulated surplus, end of year		\$ 5,762,959	\$ 5,956,030

MANITOBA DEVELOPMENT CORPORATION

Schedule of Operations and Accumulated Surplus - MTI

Schedule C

Year ended March 31, 2024, with comparative information for 2023

	Budget	2024	2023
Income:			
Income from portfolio investments	\$ 12,500	\$ 23,828	\$ 10,301
Expenses:			
Program administration	3,000	4,177	3,531
Annual surplus	9,500	19,651	6,770
Accumulated surplus, beginning of year		485,456	478,686
Accumulated surplus, end of year		\$ 505,107	\$ 485,456