

HOMEGROWN CONSERVATION SINCE 1986



2023 Financial Report





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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Manitoba Habitat Conservancy:

Opinion

We have audited the accompanying financial statements of Manitoba Habitat Conservancy (the "Organization"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in net assets and cash flows for the period then ended, and the notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Manitoba Habitat Conservancy as at December 31, 2023, and the results of its operations and its cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization 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.

Emphasis of Matter - Restated Comparative Information

We draw attention to Note 19 to the financial statements, which explain that certain comparative information presented for the year ended December 31, 2022, has been restated. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Manitoba Habitat Conservancy's annual report.

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

The annual report is expected to be made available to us after the date of the auditor's 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.

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 accounting standards for not-for-profit organizations 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 these 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 Organization'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 organization'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 Organization 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.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

We 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.

Winnipeg, Manitoba
June 12, 2024

Fort Group

CHARTERED PROFESSIONAL
ACCOUNTANTS INC.

Manitoba Habitat Conservancy
Statement Of Financial Position

DECEMBER 31, 2023

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	\$24,028,080	\$6,164,350
Account Receivable (Note 3)	14,633,986	9,564,841
Prepaid Expenses	129,726	140,087
Inventory	21,957	21,957
	38,813,749	15,891,235
SHELTERBELT PROJECT FUNDS (NOTE 4)	2,876,957	4,728,076
GRANT FUNDS HELD IN TRUST (NOTE 5)	11,638,527	23,204,873
TANGIBLE CAPITAL ASSETS (NOTE 6)	40,019,821	35,863,846
PREPAID LAND USE RIGHTS (NOTE 7)	1,601,069	1,376,801
	\$94,950,123	\$81,064,831
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Account Payable & Accrued Liabilities (Note 8)	2,429,902	2,681,685
Grants Payable (Note 5)	16,767,491	14,336,521
	19,197,393	17,018,206
DEFERRED CONTRIBUTIONS - OPERATING (NOTE 9)	14,995,975	10,295,783
DEFERRED CONTRIBUTIONS - FUTURE CAPITAL (NOTE 9)	3,410,357	3,227,332
DEFERRED CONTRIBUTIONS - ADMINISTRATION (NOTE 11, 19)	722,059	469,181
DEFERRED CONTRIBUTIONS AVAILABLE FOR GRANTING (NOTE 5)	13,001,318	11,402,876
	51,327,102	\$41,944,197
COMMITMENTS (NOTE 11)		
NET ASSETS		
Unrestricted	1,723,277	1,284,797
Internally Restricted (Note 14)	1,879,923	1,502,810
Invested in Tangible Capital Assets	40,019,821	35,863,846
	43,623,021	38,651,453
TOTAL LIABILITIES & NET ASSETS	\$ 94,950,123	\$81,064,831

Approved on behalf of the board:

Chair: PAU

Secretary-Treasurer: [Signature]

Manitoba Habitat Conservancy
Statement Of Operations

YEAR ENDED DECEMBER 31, 2023

	2023	2022
REVENUE		
Conservation Trusts	\$11,414,326	\$11,269,599
Grants	4,824,523	2,726,427
Mitigation	152,125	103,017
Land use	73,930	91,890
Other	214,455	215,337
The Agency Fund	893,943	873,363
	\$17,573,302	\$15,279,633
EXPENSES		
Conservation Trusts (Schedule 1)	10,395,422	10,208,870
Conservation Program (Schedule 1)	2,873,489	1,229,386
Administrative Expenses (Schedule 1)	3,502,653	3,425,507
	\$ 16,771,564	\$14,863,763
EXCESS OF REVENUE OVER EXPENSES	\$801,738	\$415,870

Manitoba Habitat Conservancy
Statement Of Changes In Net Assets

YEAR ENDED DECEMBER 31, 2023

	Unrestricted	Internally Restricted	Externally Restricted	Invested in Tangible Capital Assets	Total 2023	Total 2022
NET ASSETS, AS PREVIOUSLY REPORTED	\$1,302,314	\$1,502,810	\$ 451,664	\$ 35,863,846	\$ 39,120,634	\$36,066,204
Prior period correction of error (Notes 11, 19)	(17,517)	-	(451,664)	-	(469,181)	(289,611)
NET ASSETS, AS RESTATED	1,284,797	1,502,810	-	35,863,846	38,651,453	35,776,593
Excess (Deficiency) of revenue over expense	815,593	-	-	(13,855)	801,738	415,870
Contributions for acquisition of land and land use rights	-	-	-	2,253,050	2,253,050	2,036,990
Donated land and land use rights	-	-	-	1,916,780	1,916,780	431,200
Rescinded land use rights	-	-	-	-	-	(9,200)-
Interfund transfer (Note 15)	(377,113)	377,113	-	-	-	-
NET ASSETS, END OF YEAR	\$ 1,723,277	\$1,879,923	-	\$40,019,821	\$43,623,021	\$ 38,651,453

Manitoba Habitat Conservancy
Statement Of Cash Flows

YEAR ENDED DECEMBER 31, 2023

	2023	2022
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$801,738	\$ 415,870
Add back (deduct) non-cash item(s):		
Amortization of tangible capital assets	13,855	18,604
Amortization of deferred capital contributions	(213,226)	(181,331)
Contributions of aquisition of land and land use rights	2,253,050	-
	\$2,855,417	\$ 253,143
Change in non-cash working capital:		
Accounts receivable	(5,069,145)	(2,489,646)
Inventory	-	(20,402)
Prepaid expenses	10,361	(53,937)
Shelterbelt Project Funds	1,851,119	(182,565)
Grant funds held in trust	11,566,346	(2,592,699)
Prepaid land use rights	(224,268)	(303,509)
Accounts payable and accrued liabilities	(251,783)	866,682
Grants payable	2,430,970	4,608,941
Deferred contributions- operating	5,016,411	1,417,417
Deferred contributions - future capital	(1,419,969)	(1,253,065)
Deferred contributions - administration	252,878	179,570
Deferred contributions available for granting	1,598,443	327,305
	\$18,616,780	\$757,235
INVESTING AND FINANCING ACTIVITIES		
Contributions for purchase of tangible capital assets	1,500,000	2,569,128
Purchase of tangible capital assets	(2,253,050)	-
	\$(753,050)	2,569,128
CHANGE IN CASH	17,863,730	3,326,363
CASH, BEGINNING OF YEAR	6,164,350	2,837,987
CASH, END OF YEAR	\$ 24,028,080	\$6,164,350

Manitoba Habitat Conservancy
Notes To Financial Statements

YEAR ENDED DECEMBER 31, 2023

1. Nature Of Organization

Manitoba Habitat Conservancy, previously known as The Manitoba Habitat Heritage Corporation, (hereinafter called "the Organization"), was established in 1986 as a Crown Corporation under The Manitoba Habitat Heritage Act. The Act establishing the Organization was repealed on February 1, 2021, and the entity has been restructured as a non-profit without share capital. The purpose of the Organization is the conservation, restoration and enhancement of Manitoba fish and wildlife habitat and the associated fish and wildlife populations.

The Organization is a registered charitable organization under the Income Tax Act (Canada) and is therefore exempt from income taxes.

2. Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

An underlying assumption of the preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations is that the entity will continue for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of operations.

The financial statements include the following significant accounting policies:

(a) Tangible Capital Assets

Purchased capital assets are recorded at cost and donated capital assets are recorded at fair market value at the date the asset is donated. Amortization is provided using the straight-line method at rates intended to amortize the cost of the assets over their estimated useful lives.

Computer hardware	5 years
Computer software	3 years
Equipment	10 years
Furniture and fixtures	5 years

(b) Revenue Recognition

contributions, including grant and mitigation revenue, are recognized as revenue in the period in which the related expenses are incurred. Unrestricted contributions, including other revenue, are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Conservation Trust revenue is recognized when the related expenses have been incurred. Land use revenue is amortized into revenue over the life of the agreement and equal to the corresponding prepaid land rights use amortization expense.

Restricted contributions relating to land and land use rights, which are not amortized, are accounted for as a direct increase to those invested in tangible capital assets when the land and land use rights are purchased. Management fees relating to the administration of the trusts are recognized as revenue in the period the service is provided.

Manitoba Habitat Conservancy
Notes To Financial Statements

YEAR ENDED DECEMBER 31, 2023

2. Significant Accounting Policies (Continued)

(c) Financial Instruments

Financial instruments held by the Organization include cash, shelterbelt project funds, accounts receivable, grant funds held in trust, accounts payable and accrued liabilities, and grants payable. The Organization initially measures its financial instruments at fair value when the asset or liability is first recognized. The Organization subsequently measures all financial assets and liabilities at amortized cost.

(d) Accounting Estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Estimates include amounts payable for services not billed yet at the time these financial statements were approved and the useful life of tangible capital assets. Actual results may differ from estimates.

(e) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the year-end exchange rate. Revenue and expenses are translated using the average monthly rate. Foreign exchange gains and losses are recorded in the statement of operations.

(f) Contributed Services

The work of the Organization is dependent on the voluntary services of many board members. Because of the difficulty in compiling these hours, contributed services are not recognized in these financial statements.

(g) Donated Land and Land Use Rights

Donated land and land use rights are recorded in the financial statements at their fair market value which is determined by a third-party appraisal. Donated land and land use rights are recorded as a direct increase to net assets as the land and land use rights are not amortized as they have an unlimited useful life.

(h) Inventory

Inventory consists of signage. Inventories are carried at the lower of cost and net realizable value, cost being determined on a first-in, first-out basis. During the year \$nil (2022 - \$nil) was recognized in the statement of operations.

3. Accounts Receivable

	2023	2022
Government of Canada	\$ 10,790,535	\$6,245,298
U.S. Governments	1,952,206	1,677,552
Non-Government Organizations	550,712	595,994
Fish and Wildlife Enhancement Fund	839,277	711,000
Other	501,256	334,997
	\$ 14,633,986	\$9,564,841

Manitoba Habitat Conservancy

Notes To Financial Statements

YEAR ENDED DECEMBER 31, 2023

4. Shelterbelt Project

In 2019, the Organization began the administration and delivery of the Shelterbelt program. The Shelterbelt program was previously included as part of the GROW Trust but was transferred out as a separate program during the prior fiscal year. The purpose of the Shelterbelt program is to supply, install, and maintain trees, shrubs, and mulch to create roadside eco-buffers with the intention of mitigating the frequent blowing snow conditions on the Trans Canada Highway.

	2023	2022
Balance, beginning of year	\$4,728,076	\$4,545,511
Investment income received	39,477	18,707
Project expenses	(1,890,596)	(203,262)
Repayment to The Winnipeg Foundation	-	(1,730,572)
Funds transferred to the Trusts	-	2,097,692
Balance, end of year	\$2,876,957	\$4,728,076

5. Grant Funds Held In Trust

In 2019, the Organization began administration and delivery of the Conservation Trust (CT) and GROW Trust (GT) programs (the "Trust"). The Trusts were initiated by two tripartite agreements between the Organization, the Province of Manitoba and The Winnipeg Foundation. The Province of Manitoba made contributions to The Winnipeg Foundation to establish two perpetual endowment funds: the Conservation Trust and the GROW Trust. In 2020, another tripartite agreement was signed between the same parties to establish the Wetlands GROW Trust (WGT) endowment.

The purpose of each Trust is achieved through a granting program administered by the Organization. Income earned on the Trust funds is calculated in accordance with The Winnipeg Foundation's spending policy and is held by The Winnipeg Foundation. The Trusts are used to fund grants to eligible third parties committed to deliver environmental conservation activities consistent with the Trusts' purposes, and program administration expenses incurred by the Organization. Under the agreement, and in addition to establishing the required administrative and oversight functions associated with the Trusts, the Organization has specific financial and program reporting responsibilities to both the Province of Manitoba and The Winnipeg Foundation. As of December 2023, 20 grants were awarded from the Conservation Trust (2022 - 20), 11 grants were awarded from the GROW Trust (2022 - 13) and 7 grants were awarded from the Wetlands GROW Trust (2022 - 8).

The changes in the grant funds held at The Winnipeg Foundation for each Trust are as follows:

	CT	GT	WGT	2023	2022
Balance, beginning of year	\$11,033,869	\$4,302,024	\$7,868,980	\$23,204,873	\$20,612,175
Add: Funding received	5,016,495	2,441,493	2,602,393	10,060,381	10,442,514
Investment income received	114,630	36,864	88,066	239,560	108,661
Funding transferred to the Shelterbelt	-	-	-	-	(2,097,692)
Funding transferred to the Organization	(10,765,034)	(5,636,827)	(5,464,426)	(21,866,287)	(5,860,785)
Balance, end of year	\$5,399,960	\$1,143,554	\$5,095,013	\$11,638,527	\$23,204,873

Manitoba Habitat Conservancy
Notes To Financial Statements

YEAR ENDED DECEMBER 31, 2023

5. Grant Funds Held In Trust (Continued)

The changes in deferred contributions available for granting for each Trust is as follows:

	CT	GT	WGT	2023	2022
Available for granting, beginning of year	\$5,332,273	\$3,206,290	\$2,864,313	\$11,402,876	\$11,075,571
Funds made available for granting	5,016,495	2,441,493	2,602,393	10,060,381	10,442,514
Grant disbursement refunded	709,566	920,255	74,102	1,703,923	10,000
Investment income received	114,631	36,863	88,066	239,560	108,661
Uncaptured grant disbursement refunded for 2022	(10,000)	-	-	(10,000)	-
Grant awarded	(2,826,374)	(5,251,173)	(2,317,875)	(10,395,422)	(10,223,870)
Available for granting, end of year	\$8,336,591	\$ 1,353,728	\$ 3,310,999	\$13,001,318	\$11,402,876

The changes in grants payable for each Trust is as follows:

	CT	GT	WGT	2023	2022
Grants payable, beginning of year	\$ 3,866,195	\$6,788,606	\$3,681,720	\$14,336,521	\$9,727,579
Grants awarded	2,826,374	5,251,173	2,317,875	10,395,422	10,233,870
Grants disbursed	(2,926,829)	(2,998,204)	(335,496)	(6,260,529)	(5,609,928)
Grants refunded	(709,566)	(920,255)	(74,102)	(1,703,923)	(15,000)
Grants payable, end of year	\$3,056,174	\$ 8,121,320	\$5,589,997	\$ 16,767,491	\$14,336,521

The Winnipeg Foundation revenue recognized for the year consists of the following:

	CT	GT	WGT	2023	2022
Grants awarded	\$2,826,374	\$5,251,173	\$2,317,875	\$10,395,422	\$ 10,233,870
Add: MHHC administration fee	509,452	254,726	254,726	1,018,904	1,035,729
Total	\$3,335,826	\$5,505,899	\$2,572,601	\$11,414,326	\$ 11,269,599

6. Tangible Capital Assets

	2023		2022	
	COST	ACCUMULATED AMORTIZATION	COST	ACCUMULATED AMORTIZATION
Land and land use rights	\$39,978,618	-	\$35,808,788	-
Computer hardware	141,111	141,111	141,111	140,025
Computer software	29,332	29,332	86,882	86,882
Equipment	169,028	132,701	169,028	121,875
Furniture and fixtures	32,873	27,997	32,873	26,054
	40,350,962	331,141	36,238,682	374,836
Net Book Value	\$40,019,821		\$35,863,846	

During the year, amortization of tangible capital assets expensed in the Statement of Operations was \$13,855 (2022 - \$18,604). The Organization disposed of computer software equipment in the amount of \$57,550 which was fully amortized in the year.

Manitoba Habitat Conservancy
Notes To Financial Statements

YEAR ENDED DECEMBER 31, 2023

7. Prepaid Land Use Rights

Prepaid land use rights are term agreements made with landowners to promote awareness, stewardship and retention of habitat. The amounts paid are amortized over the life of the agreements.

	2023		2022	
	COST	ACCUMULATED AMORTIZATION	COST	ACCUMULATED AMORTIZATION
Land and land use rights	\$,424,088	\$823,019	\$1,986,595	\$609,794
Net book value	\$ 1,601,069		\$1,376,801	

8. Accounts Payable And Accrued Liabilities

	2023	2022
Accounts Payable – Conservation Trust	\$ 775,117	\$651,899
Accounts Payable – Conservation Program	575,334	1,021,384
Accounts Payable – FWEF (Note 14)	805,578	741,357
Accrued Liabilities – Conservation Program	178,251	149,040
Accrued Liabilities – Conservation Trust	50,951	49,089
GST payable	44,671	68,916
	\$ 2,429,902	\$2,681,685

9. Deferred Contributions

Operating

Deferred contributions – Operating relate to restricted funding received that is related to expenses of future periods.

Changes in the deferred contributions – operating are as follows:

	NAWMP	SHELTERBELT	2023	2022
Balance, beginning of year	\$5,795,330	4,500,453	\$10,295,783	\$ 9,368,196
Revenue recognized in the year	(2,164,440)	(1,737,000)	(3,901,440)	(1,931,596)
Contributions received	8,878,375	-	8,878,375	3,330,306
Interest earned on funds	-	39,477	39,477	18,707
Transfers to deferred contributions – capital	(316,220)	-	(316,220)	(489,830)
Balance, end of period	\$12,193,045	\$2,802,930	\$ 14,995,975	\$10,295,783

Manitoba Habitat Conservancy
Notes To Financial Statements

YEAR ENDED DECEMBER 31, 2022

9. Deferred Contributions (Continued)

Future Capital

Deferred contributions – Capital relate to the future acquisition of land and land use rights.

Changes in the deferred contributions – capital are as follows:

	2023	2022
Balance, beginning of year	\$ 3,227,332	\$1,602,770
Contributions received	1,500,000	2,569,128
Transfers from deferred contributions – operating	316,220	489,830
Purchases	(1,419,969)	(1,253,065)
Amortization of deferred contributions	(213,226)	(181,331)
Balance, end of year	\$3,410,357	\$3,227,332

10. Group Registered Pension Plan (RPP) Employee Benefits

Under the terms of the Organization’s RPP program, employee contributions to RPP’s are matched by the Organization on a current basis. As a result, the Organization has no future pension benefit liability to employees. The plan is accounted for as a defined contribution plan. The amount paid by the Organization as of December 31, 2023, was \$21,277 (2022 – \$27,401). All funds contributed to the RPP are paid to and administered by Manulife Financial.

11. Deferred Contributions – Administration

Deferred contributions – administration, relates to restricted funding received from The Winnipeg Foundation to cover the costs incurred by the Organization on behalf of administering the Trusts.

Changes in the deferred contributions – administration are as follows:

	2023	2022
Balance, beginning of year	\$469,181	\$ 289,611
Contributions received	1,271,782	1,021,384
MHC administration fees	(1,018,904)	(1,035,729)
Balance, end of year	\$722,059	\$ 469,181

Manitoba Habitat Conservancy
Notes To Financial Statements

YEAR ENDED DECEMBER 31, 2023

12. Commitments

Leases

The Organization has operating leases for four offices, one vehicle and office equipment. The minimum annual lease payments for the next five fiscal years ending December 31 are as follows:

2024	\$ 138,306
2025	149,093
2026	101,843
2027	77,289
2028	80,270
Thereafter	447,979
	\$994,780

13. Contingencies

One statement of claim related to the violation of a conservation agreement was resolved in 2021, with a binding mitigation agreement being signed by all parties and the Pending Litigation Order being discharged from the Defendants' property. Under the mitigation agreement, restoration of the area is underway and was completed within the 2023 fiscal year. It is management's opinion that any future liability that may arise as a result of non-compliance with this agreement will not have a material effect on the Organization's financial position. As at the date of the financial statements, the likelihood of non-compliance and or delay of implementation cannot be reliably determined.

14. Fish and Wildlife Enhancement Fund

On April 1, 2021, the Organization established an agreement with The Government of Manitoba to manage the grant-making responsibility under the Fish and Wildlife Enhancement Fund (FWEF). The agreement will continue until March 31, 2026. The FWEF was originally established on March 1, 2014. In 2020, there was a contribution of \$20,000,000 provided to The Winnipeg Foundation where the funds still reside. The purpose of the FWEF is to support activities that enhance the sustainable use and management of legally harvestable fish and wildlife populations within Manitoba.

During the fiscal year, the Organization charged an administration fee of \$123,933 (2022 - \$122,500), which is recorded in other revenue on the statement of operations. As part of the agreement, the Organization acts as an intermediary of the FWEF by collecting funds from The Winnipeg Foundation and paying grants to recipients resulting in amounts recorded on the Organization's statement of financial position.

Manitoba Habitat Conservancy
Notes To Financial Statements

YEAR ENDED DECEMBER 31, 2023

15. Internally Restricted Fund Balances for Land Management and Legal Fund

In 2011, the Organization established an internally restricted fund, funded by non-government revenue, to fund future cash outlays for legal fees required to defend its land and land use rights interests, as well as future management costs associated with these lands and interests. The industry standard is to set aside 15% of historical asset acquisition costs for this purpose, which would be estimated to be \$5,876,327 at December 31, 2023 (2022 – \$5,372,698) for the Organization.

The changes in the internally restricted fund balances during the year are as follows:

	2023	2022
Balance, beginning of year	\$1,502,810	\$1,191,900
Interfund transfer from unrestricted net assets	377,113	310,910
Balance, end of year	\$1,879,923	\$1,502,810

16. Trust Assets And Liabilities For Critical Wildlife Habitat Program

The Organization provides support to the Wildlife Branch of Economic Development, Investment, Trade and Natural Resources for the Critical Wildlife Habitat Program (CWHP).

The Organization holds the title, to a portfolio of land and provides banking and financial services for CWHP funds held in trust. A management fee is allowed, under the agreement, to be charged by the Organization to the CWHP for these services. Disbursements from the funds held in trust are made at the direction of the Wildlife Branch. These amounts are not presented in the statement of financial position of the Organization.

Trust assets held by the Organization on behalf of this program as at period end are as follows:

	2023	2022
Current Assets	\$ 1,758,191	\$1,243,589
Land Portfolio	241,214	241,214
	\$ 1,999,405	\$1,484,803

The Organization charged \$48,381 of management fees for services for the year ended December 31, 2023 (2022 – \$63,185).

Manitoba Habitat Conservancy
Notes To Financial Statements

YEAR ENDED DECEMBER 31, 2023

17. Financial Risk Management

(a) Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they come due. Financial liabilities consist of accounts payable and accrued liabilities. Accounts payable and accrued liabilities are paid in the normal course of business and, except under certain exceptions, no later than one month.

The Organization's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due. At December 31, 2023, the Organization had a cash balance, including externally restricted cash, of \$24,028,080 (2022 - \$6,164,350) and current liabilities excluding grants payable of \$2,429,902 (2022 - \$2,681,685). Management continues to monitor and maintain adequate levels of working capital and expenditures to mitigate liquidity risk.

(b) Credit Risk

The Organization is exposed to credit risk through the possibility of non-collection of its accounts receivable. The majority of the Organization's receivables are from government entities, which minimizes the risks of non-collection. The Organization also makes sure it meets all the eligibility criteria for the amounts to ensure it will collect the outstanding amounts.

(c) Currency Risk

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. The functional currency of the Organization is the Canadian dollar. The Organization occasionally transacts in foreign currencies when certain revenues and expenses are denominated in those currencies, or to source certain purchases and services outside of Canada.

The Organization mitigates its currency risk exposure by having a bank account that is denominated in other currencies.

(d) Market Risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk of currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization is exposed to other price risk through its investments in the grant funds held in trust.

Manitoba Habitat Conservancy
Notes To Financial Statements

YEAR ENDED DECEMBER 31, 2023

18. Externally Restricted Net Assets

	2023	2022 (Restated)
ASSETS		
Cash	\$20,109,687	\$3,620,520
Accounts Receivable	1,053,854	1,016,995
Prepaid Expense	87,225	69,375
Grant funds held in trust	11,638,527	23,204,873
Shelterbelt Project Funds	2,876,957	4,728,076
	35,766,250	32,639,839
LIABILITIES		
Accounts payable and accrued liabilities	1,423,303	1,444,583
Grant payable	16,767,491	14,336,521
Deferred contributions – operating	2,802,930	4,500,453
Deferred revenue – administration	722,059	469,181
Due to Program	1,049,149	486,225
Deferred contributions available for granting	13,001,318	11,402,876
	35,766,250	32,639,839
NET ASSETS		
	\$35,766,250	\$32,639,839

19. Prior Period Correction of Error

During the current year, management noted that prior years' management fees earned in excess of the actual costs incurred to administer the trusts should have been deferred. In addition to this, a portion of the surplus related to the externally restricted net assets was recorded in unrestricted net assets. As a result, a prior period correction of error has been made to these financial statements. The error resulted in net assets as at January 1, 2022, being overstated by \$289,611. The effect of this correction is as follows for the December 31, 2022, balances:

	As Previously Reported	Adjustment	Restated
LIABILITIES			
Current contributions – administration	-	\$ 469,181	\$ 469,181
STATEMENT OF OPERATIONS			
Conservation Trust	\$11,449,169	(179,570)	11,269,599
Excess of revenue over expenses	595,440	(179,570)	415,870
NET ASSETS			
Externally restricted	\$ 451,664	(451,664)	-
Unrestricted	1,302,314	(17,517)	1,284,797

Manitoba Habitat Conservancy
Notes To Financial Statements

YEAR ENDED DECEMBER 31, 2023

20. Comparative Figures

Certain of the comparative figures have been restated to reflect the financial statement presentation adopted for the current year.

Manitoba Habitat Conservancy
Schedule Of Expenses

YEAR ENDED DECEMBER 31, 2023

	2023	2022
CONSERVATION TRUSTS		
GROW - GT	\$5,251,173	\$5,272,034
GROW - WGT	2,826,374	2,100,000
GROW - CT	2,317,875	2,836,836
	\$10,395,422	\$10,208,870
CONSERVATION PROGRAM		
Habitat development	417,748	308,273
Shelterbelt project	1,674,742	294,373
Land securement	344,277	280,402
Field operations	112,905	121,634
Nest structures	47,668	111,060
Property taxes	82,886	73,723
Evaluation	193,263	39,921
	\$2,873,489	\$1,229,386
ADMINISTRATIVE EXPENSES		
Salaries and benefits	2,424,658	2,234,560
Professional fees	104,418	439,601
Office expenses	162,082	250,419
Rent	107,789	112,940
Staff supports	191,043	158,877
Communication	214,394	104,287
Other	274,887	96,923
Amortization	13,855	18,604
Board expenses	9,527	9,296
	\$3,502,653	\$3,425,507
	\$16,771,564	\$14,863,763

MHC Offices

Main Location

HEAD OFFICE

302 – 140 Bannatyne Ave
Winnipeg, MB R3B 3C5
204.784.4350
info@mbhabitat.ca

THE TRUSTS TEAM

302 – 140 Bannatyne Ave
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204.784.4350
granting@mbhabitat.ca

Field Offices

BOISSEVAIN

451 North Railway Street
Box 1197, Boissevain, MB
R0K 0E0
204.305.0276

BRANDON

930 Victoria Avenue East
Brandon, MB
R7A 2A4
204.724.0583

HAMIOTA

Box 16
Hamiota, MB
R0M 0T0
431.235.3058

MINNEDOSA

30 Main Street
Box 1044, Minnedosa, MB
R0J 1E0
204.573.4840

RESTON

402 4th Street
Box 189, Reston, MB
R0M 1X0
204.821.4943

ROSSER

302 – 140 Bannatyne Ave
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204.471.9663

SHOAL LAKE

306 Elm Street
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TREHERNE

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