FINANCIAL STATEMENTS

2019/20

MANITOBA
HABITAT
HERITAGE
CORPORATION

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RESPONSIBILITY FOR FINANCIAL REPORTING

The management of the Manitoba Habitat Heritage Corporation is responsible for the integrity, objectivity and reliability of the financial statements, accompanying notes and other financial information in the annual report.

Management maintains internal control systems to ensure that transactions are accurately recorded in accordance with established policies and procedures. In management's opinion, the financial statements have been properly prepared and out of necessity, include some amounts based upon management's best estimate and judgments up to September 18, 2020.

The responsibility of the Auditor General and staff is to express an independent opinion on whether the financial statements are fairly presented in accordance with Canadian public sector accounting standards. The independent auditor's report outlines the scope of the auditor's examination and provides the audit opinion.

Chief Executive Officer

Business Manager

September 18, 2020

Auditor General
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors of the Manitoba Habitat Heritage Corporation

Opinion

We have audited the financial statements of The Manitoba Habitat Heritage Corporation (the Corporation), which comprise the statement of financial position as at March 31, 2020, and the statement of operations and changes in fund balance and statement of cash flows for the year then ended, and notes to the 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 the Corporation as at March 31, 2020, and the results of its operations, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

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 Corporation 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 these financial statements in accordance with PSAS, 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 Corporation'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 Corporation'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 Corporation 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.

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.

Office of the Auditor General
September 18, 2020
Winnipeg, Manitoba

Auditor General
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors of the Manitoba Habitat Heritage Corporation

Opinion

We have audited the schedule of compensation of the Manitoba Habitat Heritage Corporation (the Corporation) for the year ended March 31, 2020. ("the schedule")

In our opinion, the financial information in the schedule of the Corporation for the year ended March 31, 2020 is prepared, in all material respects, in accordance with Section 2 of *The Public Sector Compensation Disclosure Act*.

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 Schedule* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the schedule 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 - Basis of Accounting

We draw attention to the schedule, which describes the basis of accounting. The schedule is prepared to assist the Corporation to meet the requirements of Section 2 of *The Public Sector Compensation Disclosure Act*. As a result, the schedule may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Schedule

Management is responsible for the preparation of this schedule in accordance with Section 2 of *The Public Sector Compensation Disclosure Act* and for such internal control as management determines is necessary to enable the preparation of the schedule that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the schedule is 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 this financial information.

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 schedule, 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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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.

Office of the Auditor General

Office of the Auditor General
Winnipeg, Manitoba
September 18, 2020

STATEMENT OF FINANCIAL POSITION

As at March 31, 2020
(with comparative figures for 2019)

	2020	2019
ASSETS		
Current Assets		
Cash and bank	$1,034,141	$913,741
Accounts receivable		
Government of Canada	1,033,585	1,068,774
Province of Manitoba	-	100,000
U.S. Governments	1,698,244	328,583
Non-government Organizations	199,000	354,102
The Winnipeg Foundation (Note 3)	-	600,000
Other	1,250,051	390,687
Prepaid expenses	73,839	90,383
	5,288,860	3,846,270
Grant Fund held in Trust (Note 3)	9,864,018	4,425,598
Prepaid land use rights	728,418	733,974
Capital Assets (Note 4)	30,381,138	28,858,542
TOTAL ASSETS	**$46,262,434**	**$37,864,384**
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$1,235,210	$1,106,451
Grants payable (Note 3)	2,313,963	500,000
	3,550,173	1,606,451
Deferred contributions related to operations (Note 5)	2,177,719	1,518,579
Deferred contributions related to future capital asset acquisitions (Note 6)	666,729	254,105
Deferred contributions available for granting (Note 3)	7,584,603	3,925,598
	13,979,224	7,304,733
Commitments and contingencies (Notes 9 and 10)		
FUND BALANCES		
Invested in Capital Assets	30,381,138	28,858,542
Unrestricted	976,952	943,993
Internally Restricted (Note 11)	973,021	878,110
Externally Restricted	(47,901)	(120,994)
	32,283,210	30,559,651
TOTAL LIABILITIES AND FUND BALANCES	**$46,262,434**	**$37,864,384**

Approved on behalf of the Board:

Director _____;

Director _____

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

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

For the year ended March 31, 2020
(with comparative figures for 2019)

	North American Waterfowl Management Plan	Watershed Districts	Wetland Restoration Program
REVENUE			
Government of Canada	$412,280	$ -	$49,626
Province of Manitoba	651,652	-	-
Highways Mitigation Fund, Province of Manitoba	850	-	-
U.S. Governments	533,759	-	-
Wildlife Habitat Canada	80,000	-	-
Manitoba Cattle Producers Association	161,420	-	-
ALUS Canada	-	-	-
The Winnipeg Foundation	-	-	-
Watershed Districts	-	3,820	-
Donations	2,799	-	-
Interest income	15,773	-	-
Land use revenue	76,559	-	-
Mitigation for property damages	36,573	-	-
Other	-	-	-
Management Fees	64,173	-	-
	2,035,838	3,820	49,626
EXPENSES			
Loss on disposal of capital assets	-	-	-
Amortization of capital assets	-	-	-
Service delivery - Schedule 1 (NAWMP)	1,837,485	-	-
- Schedule 2 (WD)	-	820	-
- Schedule 3 (WRP)	-	-	123,109
- Schedule 4 (WLI)	-	-	-
- Schedule 5 (CT)	-	-	-
- Schedule 6 (GT)	-	-	-
	1,837,485	820	123,109
Excess (deficiency) of revenue over expenses	198,353	3,000	(73,483)
FUND BALANCES			
Fund balances, beginning of year	1,699,035	6,265	95,083
Investment in capital assets	-	-	-
Donated land and land use rights	-	-	-
Interfund transfers (Note 8)	-	-	-
TOTAL FUND BALANCES	**$1,897,388**	**$9,265**	**$21,600**

Wetland Inventory Program	Conservation Trust (Note 3)	Grow Trust (Note 3)	Capital Assets	2020	2019
$ -	$ -	$ -	$ -	$461,906	$819,410
-	-	-	-	651,652	738,051
-	-	-	-	850	850
-	-	-	-	533,759	367,443
-	-	-	-	80,000	80,000
-	-	-	-	161,420	228,045
-	-	-	-	-	12,000
-	2,111,313	1,430,123	-	3,541,436	772,780
-	-	-	-	3,820	4,320
-	1,200	-	-	3,999	3,871
-	-	-	-	15,773	10,276
-	-	-	-	76,559	66,747
-	-	-	-	36,573	31,466
-	-	-	-	-	10,000
-	-	-	-	64,173	20,006
-	2,112,513	1,430,123	-	5,631,920	3,165,265
-	-	-	-	-	1,069
-	-	-	27,300	27,300	36,223
-	-	-	-	1,837,485	1,903,449
-	-	-	-	820	(1,945)
-	-	-	-	123,109	336,266
-	-	-	-	-	103,280
-	2,033,390	-	-	2,033,390	737,208
-	-	1,436,153	-	1,436,153	61,067
-	2,028,771	1,435,272	27,300	5,458,257	3,176,617
-	79,123	(6,030)	(27,300)	173,663	(11,352)
21,720	(120,994)	-	28,858,542	30,559,651	29,034,663
-	-	-	1,470,096	1,470,096	746,540
-	-	-	79,800	79,800	789,800
-	-	-	-	-	-
$21,720	**$(41,871)**	**$(6,030)**	**$30,381,138**	**$32,283,210**	**$30,559,651**

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

STATEMENT OF CASH FLOWS

For the year ended March 31, 2020
(with comparative figures for 2019)

	2020	2019
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	$173,663	$(11,352)
Items not affecting cash		
Amortization of capital assets	27,300	36,223
Loss on disposal of capital assets	-	1,069
Net change in non-cash working capital	(695,359)	(408,413)
Net cash used in operating activities	(494,396)	(382,473)
CAPITAL ACTIVITIES		
Purchase of capital assets net of disposals	-	(2,052)
Net change in accounts receivable for acquisition of land rights	232,867	(213,284)
Capital assets (Note 4)	1,470,096	746,540
Acquisition of land rights with restricted grants	(1,470,096)	(817,050)
Net change in accounts payable for acquisition of land rights	(30,695)	147,267
Increase in deferred contributions related to capital assets	412,624	10,000
Received donation of land and land rights	79,800	789,800
Acquisition of donated land and land rights	(79,800)	(789,800)
Net cash used in capital activities	614,796	(128,579)
INVESTING AND FINANCING ACTIVITIES	-	-
Net increase (decrease) in cash and bank	120,400	(511,052)
Cash and bank, beginning of year	913,741	1,424,793
Cash and bank, end of year	1,034,141	$913,741
Supplementary Information		
Interest received	$15,773	$10,276

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

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2020

1. Nature of Organization

The Manitoba Habitat Heritage Corporation (hereinafter called "the Corporation") was established in 1986 as a Crown Corporation under The Manitoba Habitat Heritage Act. The objectives of the Corporation are the conservation, restoration and enhancement of Manitoba fish and wildlife habitat and the associated fish and wildlife populations. Donations to the Corporation are tax deductible by the donor pursuant to *The Income Tax Act*, as gifts to Her Majesty. The Corporation is involved in the following initiatives:

a) The North American Waterfowl Management Plan (NAWMP)

Under Order-in-Council 634/89, the Corporation is authorized to be the Provincial agency responsible for coordinating the delivery of the North American Waterfowl Management Plan in Manitoba.

b) The Watershed Districts Program (WD)

Like the Corporation, watershed districts (WDs) in Manitoba have been established by provincial legislation, recent legislation have converted previously defined conservation districts to watershed districts. Both the Corporation and WDs report to the Manitoba Minister of Agriculture and Resource Development and the respective mandates have significant overlap. Since 1994, the Corporation and watershed districts across Manitoba have developed joint projects, especially in areas where watershed management objectives can be achieved through habitat conservation and restoration. In the last eight years, the Corporation has put more emphasis on joint programming with WDs. Currently, the Corporation has nine bilateral agreements with six WDs to establish habitat projects of joint interest.

A management fee is charged by the Corporation for services provided by NAWMP to this program.

c) Wetland Restoration Program (WRP)

In 2008/09, Manitoba Water Stewardship created the Wetland Restoration Incentive Program to sequester carbon to help the Province meet its carbon reduction commitments under the Kyoto Agreement. Core funding was provided by Manitoba's Budgeting for Outcomes. In 2013/14 funding changed from the Province to Environment Canada's Lake Winnipeg Basin Stewardship Fund (LWBSF) and the word "Incentive" was also dropped from the name. This program is a partnership with the Corporation and Ducks Unlimited Canada as delivery agents. The Corporation administers all funds on behalf of the agents.

d) Wetland Inventory Project (WLI)

In 2012/13, Manitoba Sustainable Development provided funds to the Corporation to set-up the Wetland Inventory Project. The project was focused on the mapping of Assiniboine River Basin wetlands in Southern Manitoba. This ongoing work was utilizing remotely sensed data and geographic information system analyses to classify wetland types and size. The program provided the Province and the Corporation information to help manage Manitoba's wetland resources. However, the funding for this program has ended.

1. Nature of Organization (continued)

e) Conservation, Grow and Wetlands Grow Trusts (CT, GT and WGT)

The Province of Manitoba established the Conservation Trust and Grow Trust in 2018/19 and the Wetlands Grow Trust in 2019/20 with The Winnipeg Foundation and the Corporation as a means for perpetual financial support towards private conservation effort in Manitoba. All funds will be managed and held by The Winnipeg Foundation with the Corporation being the designated administrating agency. All three Trust Programs are further described in Note 3.

2. Significant Accounting Policies

a) Basis of Accounting

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards for government not-for-profit organizations (GNFPO).

b) Revenue Recognition

The Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Restricted contributions relating to land and land use rights, which are not amortized, are accounted for as increases in the Capital Assets Fund balance when the capital asset is purchased. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Management fees are recognized as revenue in the year the service is provided.

c) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market are reported at fair value, with any unrealized gains and losses reported in the statement of remeasurement gains and losses, if applicable. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost. No remeasurement gains/losses were reported in the year (2019 – nil).

2. Significant Accounting Policies (continued)

d) Capital Assets

The Capital Assets Fund reports the Corporation's capital assets and related amortization expenses.

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 of capital assets is recorded on a straight-line basis over the estimated useful lives of the capital assets at the rates indicated below.

Computer hardware	- 20%
Computer software	- 33%
Equipment	- 10%
Furniture and fixtures	- 10%

e) Use of Estimates

In preparing the Corporation's financial statements, management is required 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 reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2020

3. Funds Available to the Conservation, Grow and Wetlands Grow Trust Programs

The Province of Manitoba made contributions to The Winnipeg Foundation to establish three perpetual endowment funds: the Conservation Trust, the Grow Trust and the Wetlands Grow Trust. The Trusts were initiated by three tripartite agreements between the Corporation, the Province of Manitoba and The Winnipeg Foundation. In 2019 the Corporation began administration and delivery of the Conservation Trust and Grow Trust programs. The Administration and delivery of the Wetlands Grow Trust will commence in 2020/21.

The purpose of each Trust is achieved through a granting program, administered by the Corporation. Income earned on each of the Trust funds is calculated in accordance with The Winnipeg Foundation's Spending Policy and is held by The Winnipeg Foundation in the Grant Fund. The Grant Fund is 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 Corporation. Under the agreements, in addition to establishing the required administrative and oversight functions associated with the granting programs, the Corporation has specific financial and program reporting responsibilities to both the Province of Manitoba and The Winnipeg Foundation. In 2020, thirty-five grants were awarded from the Conservation Trust (2019 - five). The Shelterbelt project was underway from the Grow Trust (2019 - no grants) and no Wetlands Grow Trust grants were awarded to date. Funding for each program agreement is as follows:

The changes in the Grant Fund held at The Winnipeg Foundations for each program agreement is as follows:

	CT	GT	WGT	2020	2019
Balance, beginning of year	$ 2,625,598	$ 1,800,000	$ -	$ 4,425,598	$ -
Add: Funding received	4,151,922	2,564,600	-	6,716,522	5,000,000
Investment income received	87,846	68,853	-	156,699	25,598
Less: Funding transferred to the Corporation	(1,040,508)	(394,293)	-	(1,434,801)	(600,000)
Balance, end of year	$ 5,824,858	$ 4,039,160	$ -	$ 9,864,018	$ 4,425,598

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

	CT	GT	WGT	2020	2019
Available for granting, beginning of year	$ 2,125,598	$ 1,800,000	$ -	$ 3,925,598	$ -
Add: Funds made available for granting	4,151,922	2,564,600	-	6,716,522	4,400,000
Investment income received	87,846	68,853	-	156,699	25,598
Less: Grants awarded	(1,717,020)	(1,156,823)	-	(2,873,843)	(500,000)
Operating expenses	(194,293)	(146,080)	-	(340,373)	-
Available for granting, end of year	$ 4,454,053	$ 3,130,550	$ -	$ 7,584,603	$ 3,925,598

The changes in grants payable for each program agreement is as follows:

	CT	GT	WGT	2020	2019
Grants payable, beginning of year	$ 500,000	$ -	$ -	$500,000	$ -
Add: Grants awarded	1,717,020	1,156,823	-	2,873,843	500,000
Less: Grants disbursed	(967,208)	(92,672)	-	(1,059,880)	-
Grants payable, end of year	$ 1,249,812	$ 1,064,151	$ -	$ 2,313,963	$ 500,000

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

	CT	GT	WGT	2020	2019
Grants awarded	$ 1,717,020	$ 1,156,823	$ -	$ 2,873,843	$ 500,000
Operating revenue	394,293	273,300	-	667,593	272,780
Total	$ 2,111,313	$ 1,430,123	$ -	$ 3,541,436	$ 772,780

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2020

4. Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2020	Net Book Value 2019
Land and land use rights	$ 30,303,304	$ -	$ 30,303,304	$ 28,753,408
Computer hardware	141,111	117,732	23,379	38,458
Computer software	86,882	86,882	-	-
Equipment	134,037	92,539	41,498	51,234
Furniture and fixtures	32,873	19,916	12,957	15,442
Total capital assets	$ 30,698,207	$ 317,069	$ 30,381,138	$ 28,858,542

Purchases of capital assets in the year are as follows:

	2020	2019
Land and land use rights	$ 1,549,896	$ 1,606,850
Computer hardware	-	832
Equipment	-	1,220
	$ 1,549,896	$ 1,608,902

The sources of funding for land and land use rights are as follows:

	2020	2019
Environment Canada	$ 432,150	$ 371,291
U.S. Fish & Wildlife / Delta Waterfowl Foundation	1,031,546	375,249
Manitoba Habitat Heritage Corporation	-	70,510
Manitoba Watershed Districts	6,400	-
Donations	79,800	789,800
	$ 1,549,896	$ 1,606,850

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2020

5. Deferred Contributions Related to Operations

Deferred contributions reported in the respective funds relate to restricted funding received that is related to expenses of future periods. Changes in the deferred contributions balance reported in the respective funds are as follows:

	NAWMP	WD	WRP	CT	GT	2020	2019
Balance, beginning of year	$ 1,010,607	$ 12,558	$ 168,194	$ 200,000	$ 127,220	$ 1,518,579	$ 732,746
Less: Revenue recognized in the year	(99,034)	-	(20,925)	(200,000)	(127,220)	(447,179)	(354,666)
Add: Revenue received related to the following year	1,071,339	(820)	35,800	-	-	1,106,319	1,140,499
Balance, end of year	$ 1,982,912	$ 11,738	$ 183,069	$ -	$ -	$ 2,177,719	$ 1,518,579

The North American Waterfowl Management Plan (NAWMP)

At March 31, 2020, the Corporation had $352,265 from Manitoba Infrastructure and Transportation for future mitigation for Highway 10 and Highway 6 construction, $7,245 from CoCo Paving, $922,441 from Manitoba Hydro and $28,000 from ALUS Canada. In addition, $155,847 was deferred from U.S. Fish and Wildlife Service revenues, $49,169 from Environment Canada revenues, $362,419 from Manitoba Beef Producers revenues, and $103,651 from Manitoba Agriculture and Resource Development revenues for the amortization of conservation contracts, as well as $1,875 from Manitoba Watershed Districts Association for future rent. At March 31, 2019, the Corporation had $386,970 from Manitoba Infrastructure and Transportation for future mitigation for Highway 10 and Highway 6 construction, $7,245 from CoCo Paving, $35,742 from Manitoba Hydro and $28,000 from ALUS Canada. In addition, $28,234 was deferred from U.S. Fish and Wildlife Service revenues, $57,399 from Environment Canada revenues, $348,839 from Manitoba Beef Producers revenues, and $116,303 from Manitoba Agriculture and Resource Development revenues for the amortization of conservation contracts, as well as $1,875 from Manitoba Watershed Districts Association for future rent.

The Watershed Districts Program (WD)

At March 31, 2020, the Whitemud Watershed District had $5,180 and East Interlake Watershed District had $6,558 remaining for riparian conservation and enhancement activities. At March 31, 2019, the Whitemud Watershed District had $5,180 and East Interlake Watershed District had $7,378 for riparian conservation and enhancement activities.

Wetland Restoration Program (WRP)

At March 31, 2020, the deferred contributions balance of $183,069 was received from the Environment Canada for the amortization of conservation contracts. At March 31, 2019, the deferred contributions balance of $168,194 was received from Environment Canada for the amortization of conservation contracts.

Conservation Trust (CT)

At March 31, 2020, there was no deferred contributions balance. At March 31, 2019, the deferred contributions balance of $200,000 was received from The Winnipeg Foundation for the start-up expenses of The Conservation Trust.

Grow Trust (GT)

At March 31, 2020, there was no deferred contributions balance. At March 31, 2019, the deferred contributions balance of $127,220 was received from The Winnipeg Foundation for operating expenses of the Grow Trust.

6. Deferred Contributions Related to Future Capital Asset Acquisitions

Deferred contributions reported in the Capital Assets Fund related to future capital asset acquisitions represent restricted contributions received with which land and land use rights will be purchased in future years. When the land and land use rights are purchased, the related restricted contributions will be transferred from deferred contributions related to future capital asset acquisitions to the Capital Assets Fund balance.

Changes in the deferred contributions balance in the Capital Assets Fund are as follows:

	NAWMP	WD	WRP	CT	GT	2020	2019
Balance, beginning of year	$ 98,130	$ 155,975	$ -	$ -	$ -	$ 254,105	$ 244,105
Add: Contributions received	(9,673)	-	-	-	-	(9,673)	-
Add: Amounts transferred from Operations Fund	422,297	-	-	-	-	422,297	10,000
Balance, end of year	$ 510,754	$ 155,975	$ -	$ -	$ -	$ 666,729	$ 254,105

The balance of $666,729 is restricted to signed conservation agreements (land use rights) with landowners, and staff time to complete the projects.

The deferred contributions at March 31, 2020 consist of $68,287 from Manitoba Hydro, $10,000 from the Souris River Watershed District, $980 from Whitemud Watershed District, $110,715 from East Interlake Watershed District, $13,000 from Redboine Watershed District, $11,240 from Wildlife Habitat Canada, $62,074 from Illinois Duck Stamp Program, $20,980 from Assiniboine West Watershed District, $300 from Pembina Valley Watershed District, and 369,153 from U.S. Fish and Wildlife Service. The deferred contributions at March 31, 2019 consist of $9,673 from the R.M. of Riverside, $68,287 from Manitoba Hydro, $10,000 from the Souris River Watershed District, $980 from Whitemud Watershed District, $110,715 from East Interlake Watershed District, $13,000 from Redboine Watershed District, $11,240 from Wildlife Habitat Canada, $8,930 from Illinois Duck Stamp Program, $20,980 from Assiniboine West Watershed District, and $300 from Pembina Valley Watershed District.

7. Group Registered Pension Plan (RPP) Employee Benefits

Under the terms of the Corporation's RPP program, employee contributions to RPP's are matched by the Corporation on a current basis. As a result, the Corporation has no future pension benefit liability to employees, the plan is accounted for as a defined contribution plan. The amount paid by the Corporation in 2020 were $39,512 (2019 $40,879). All funds contributed to the RPP are paid to and administered by Manulife Financial.

8. Interfund Transfers

In 2020 there were no interfund transfers. In 2019, a total of $76,216 was transferred from NAWMP Operating Fund to the Capital Asset Fund.

9. Commitments

The Corporation has leases for six offices, one vehicle and office equipment. The minimum annual lease payments for the next five fiscal years are as follows:

2021	$109,192
2022	$114,972
2023	$110,803
2024	$108,000
2025	$112,748

10. Contingencies

Legal Claims

A statement of claim by the Corporation is ongoing and a statement of defense has been filed. A second statement of claim was filed by the Corporation. It is management's opinion that damages for which the Corporation may become responsible, if any, will be covered by the Corporation's internally restricted fund balances (Note 11) and will therefore, not have a material effect on the Corporation's financial position or results of operations. As at the date of approval of the financial statements, the amount and likelihood of the loss cannot be reliably determined.

Employment Termination Notice Requirement

Under the terms of the Corporation's employment agreements with its full-time employees, the Corporation has an obligation to provide paid notice of contract termination based on years of service. If the Corporation had ceased operations at March 31, 2020, it would have been required to pay $490,361 (2019 - $463,802) in obligations to its employees, funded by unrestricted fund balances.

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

In 2011, the Corporation established an internally restricted fund, funded by non-government revenues, 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. Funds of this nature are a common practice within environmental non-government organizations, such as the Nature Conservancy of Canada and Ducks Unlimited Canada, which have considerable habitat assets protected in perpetuity. The industry standard set by the Canadian Land Trust Alliance is to set aside 15% of total historical asset acquisition costs for this purpose, which would be estimated to be $4,545,495 at March 31, 2019 (2018 - $4,313,011) for the Corporation.

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

	2020	2019
Balance, beginning of year	$ 878,110	$ 948,525
Add: Non-government operating revenue	128,904	108,489
Add: Donations	2,800	3,871
Less: Approved costs during the year	(36,793)	(182,775)
Balance, end of year	$ 973,021	$ 878,110

12. Trust Assets and Liabilities for Critical Wildlife Habitat Program

The Corporation provides support to the Wildlife and Ecosystem Protection Branch of Manitoba Agriculture and Resource Development for the Critical Wildlife Habitat Program (CWHP).

The Corporation holds title, in trust, 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 Corporation to the CWHP for these services. Disbursements, from the funds held in trust, are made at the direction of the Wildlife and Ecosystem Protection Branch. These amounts are not presented in the statement of financial position of the Corporation.

Trust assets held by the Corporation on behalf of this program as at March 31 are as follows:

	2020	2019
Current Assets	$ 731,542	$ 333,033
Land Portfolio	241,214	241,214
Balance, end of year	$ 972,756	$ 574,247

The Corporation charged a management fee for services provided to CWHP of $64,173 for the year ended March 31, 2020 (2019 - $20,006).

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2020

13. Economic Dependence and Future Corporate Restructuring

The Corporation is economically dependent on the Province of Manitoba to provide the majority of its operational funding.

In its 2020 budget delivered in March 2020, the Province of Manitoba announced that it is working to transition the Manitoba Habitat Heritage Corporation from a crown agency to a charitable non-profit corporation at arm's length from government so that it can more effectively achieve its mission. Restructuring would take effect once legislation is passed and royal assent is achieved. The estimated effective date of restructuring is anticipated to be April 1, 2021.

As part of the transition, the Province of Manitoba has committed an irrevocable gift in the amount of $15,000,000 on March 31, 2020 to endow the *Manitoba Habitat Heritage Corporation Fund*, and to be administered by The Winnipeg Foundation. The Province of Manitoba intends that the *Manitoba Habitat Heritage Corporation Fund* shall, once the fund is established and the Corporation has transitioned to a charitable non-profit corporation status, replace the current annual operating grant provided to the Corporation by the Province of Manitoba. Until such time, available income from the Fund, that can support grant making activity, shall be used to fund projects that are eligible for funding from the Grow Trust (Note 3).

14. Uncertainty Related to the COVID-19 Pandemic

Since March 17, 2020, the Corporation has worked hard to keep its staff and the public safe from the COVID-19 virus by following on going government orders and current social distances protocols. The Corporation transitioned staff to a "work from home" environment and continue to limit office access. Despite the challenges the pandemic brings management continues to monitor the situation and works closely with government, the board of directors, staff and clients to keep everyone safe and healthy while keeping the operations going.

15. Financial Instrument Risk Management

General Objectives, Policies, and Processes

The Board of Directors has overall responsibility for the determination of the Corporation's financial instrument risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Corporation's Chief Executive Officer and Business Manager. The Board of Directors receives regular reports from the Corporation's Chief Executive Officer and Business Manager and through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The Corporation's financial instruments are exposed to certain financial risks, including credit risk and liquidity risk.

There have been no significant changes from the previous year in the exposure to risk, policies or procedures used to manage financial instrument risks.

Credit Risk

The Corporation is exposed to credit risk through the possibility of non-collection of its accounts receivable and cash and bank. The majority of the Corporation's receivables are from government entities which minimizes the risk of non-collection. The Corporation also makes sure it meets all the eligibility criteria for the amounts to ensure they will collect the amounts outstanding. With respect to credit risk, the Board of Directors receives details of accounts receivable and monitors them regularly. The Corporation hold its cash and bank with one financial institution. The Corporation's maximum exposure to the credit risk is limited to the amount presented on the face of the statement of financial position for accounts receivable and non-guaranteed portion of cash and bank.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation has a planning and budgeting process in place to help determine the funds required to support the Corporation's normal operating requirements on an ongoing basis. The Corporation ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its cash balances.

NORTH AMERICAN WATERFOWL MANAGEMENT PLAN

Schedule of Expenses for the year ended March 31, 2020
(with comparative figures for 2019)

SCHEDULE 1

	2020	2019
EXPENSES		
Habitat Activities		
Salaries and Benefits	$ 548,347	$ 497,353
Field Office Operations	111,066	79,873
Staff Support Costs	102,756	93,198
Habitat Development	71,527	145,029
Nest Basket Program	121,691	93,725
Land Securement	65,149	53,095
Mitigation	2,694	-
Mitigation Banks	-	4,200
Property Taxes	63,137	61,509
	1,086,367	1,027,982
Evaluation	98.990	106,883
Communications		
Program Delivery	48,983	44,540
Program Coordination		
Salaries and Benefits	304,214	504,709
Rent	42,116	27,203
Office	47,638	52,103
Staff Support	16,651	21,704
Board Remunerations	10,383	11,301
Professional Fees	94,028	55,947
Other	88,115	51,077
	603,145	724,044
TOTAL EXPENSES	**$1,837,485**	**$1,903,449**

WATERSHED DISTRICTS PROGRAM

Schedule of Expenses for the year ended March 31, 2020
(with comparative figures for 2019)

SCHEDULE 2

	2020	2019
EXPENSES		
Habitat Activities		
Land Securement	$ 820	$ 820
Program Coordination		
Other	-	(2,765)
TOTAL EXPENSES	**$ 820**	**$(1,945)**

WETLAND RESTORATION PROGRAM

Schedule of Expenses for the year ended March 31, 2020
(with comparative figures for 2019)

SCHEDULE 3

	2020	2019
EXPENSES		
Habitat Activities		
Salaries and Benefits	$ 58,327	$ 79,482
Field Office Operations	972	1,816
Staff Support Costs	11,010	14,299
Land Securement	20,926	15,971
Project Delivery		
MHHC	9,874	50,698
DUC	22,000	174,000
TOTAL EXPENSES	**$ 123,109**	**$ 336,266**

WETLAND INVENTORY PROGRAM

Schedule of Expenses for the year ended March 31, 2020
(with comparative figures for 2019)

SCHEDULE 4

	2020	2019
EXPENSES		
Habitat Activities		
Salaries and Benefits	$ -	$ 110
Field Office Operations	-	2,430
Staff Support Costs	-	740
Contractors	-	100.000
TOTAL EXPENSES	**$ -**	**$ 103,280**

CONSERVATION TRUST

Schedule of Expenses for the year ended March 31, 2020
(with comparative figures for 2019)

SCHEDULE 5

	2020	2019
EXPENSES		
Habitat Activities - Grants Awarded		
Watershed	$ 995,520	$ 100,000
Habitat and Wildlife	401,500	300,000
Connecting People to Nature	185,000	100,000
Innovation and Conservation	135,000	-
	1,717,020	500,000
Communications	4,659	-
Program Coordination		
Salaries and Benefits	198,237	137,240
Rent	21,058	11,627
Office	36,100	38,986
Staff Support	13,435	5,779
Board Remunerations	5,206	5,650
Professional Fees	35,748	34,948
Other	1,927	2,978
	311,711	237,208
TOTAL EXPENSES	**$2,033,390**	**$737,208**

GROW TRUST

Schedule of Expenses for the year ended March 31, 2020
(with comparative figures for 2019)

SCHEDULE 6

	2020	2019
EXPENSES		
Habitat Activities - Grants Awarded		
Shelterbelt	$ 1,156,823	$ -
Communications	7,847	-
Program Coordination		
Salaries and Benefits	165,022	15,249
Rent	21,058	11,626
Office Expenses	34,723	4,961
Staff Support	13,754	-
Board Remunerations	5,206	5,650
Professional Fees	29,794	20,873
Other	1,926	2,708
	271,483	61,067
TOTAL EXPENSES	**$1,436,153**	**$ 61,067**

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