

MANITOBA POSSIBLE INC.

Consolidated Financial Statements
For the year ended March 31, 2024

MANITOBA POSSIBLE INC.

Consolidated Financial Statements For the year ended March 31, 2024

Contents

Independent Auditor's Report	2
Consolidated Financial Statements	
Consolidated Statement of Financial Position	4
Consolidated Statement of Changes in Net Assets	5
Consolidated Statement of Operations	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8



Tel.: 204 956 7200
Fax.: 833 888 1678
www.bdo.ca

BDO Canada LLP
201 Portage Avenue - 26th Floor
Winnipeg MB R3B 3K6 Canada

Independent Auditor's Report

To the Board of Directors of Manitoba Possible Inc.

Opinion

We have audited the consolidated financial statements of Manitoba Possible Inc. and its controlled entities ("the Group"), which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statement of changes in net assets, the consolidated statement of operations and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024, and its results of its consolidated operations and its consolidated 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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 25 to the consolidated financial statements, which explains that certain comparative information presented for the year ended March 31, 2023 has been restated. The consolidated financial statements for the year ended March 31, 2023 prior to the adjustments that were applied to restate certain comparative information explained in Note 25 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on June 6, 2023. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Organization to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

BDO Canada LLP

Chartered Professional Accountants

Winnipeg, Manitoba
June 5, 2024


MANITOBA POSSIBLE INC. Consolidated Statement of Financial Position


As at March 31	2024	2023
		(Restated Note 26)
Assets		
Current Assets		
Cash and bank	\$ 1,807,111	\$ 1,587,769
Accounts and grants receivable	1,178,719	1,200,623
Inventory (Note 3)	469,272	413,710
Prepaid expenses	115,667	105,117
	3,570,769	3,307,219
Investments (Note 4)	11,487,162	10,652,482
Equity interest in Mobile Vision Care Clinic Inc. (Note 5)	183,910	165,802
Capital assets (Note 6)	714,475	879,576
	\$ 15,956,316	\$ 15,005,079

Liabilities and Net Assets

Current Liabilities		
Accounts payable and accrued liabilities (Note 7)	\$ 1,828,310	\$ 1,530,221
Accrued benefit liability (Note 8)	77,556	71,520
Loan payable (Note 10)	236,125	325,720
Deferred contributions		
Core and other funding (Note 11)	1,177,419	1,182,522
Inventory (Note 12)	509,583	433,420
Specified commitments (Note 13)	1,119,709	561,437
Obligation under capital leases (Note 14)	51,545	48,826
	5,000,247	4,153,666
Obligation under capital leases (Note 14)	32,717	63,845
Deferred contributions related to capital assets (Note 15)	242,988	215,109
	5,275,952	4,432,620
Net Assets		
Unrestricted	7,128,339	6,945,458
Invested in capital assets	151,100	226,076
Internally restricted (Note 16)	200,000	200,000
Externally restricted (Note 17)	2,895,904	2,895,904
Endowed (Note 18)	305,021	305,021
	10,680,364	10,572,459
	\$ 15,956,316	\$ 15,005,079

Approved on behalf of the Board of Directors:


 _____ Director


 _____ Director

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

MANITOBA POSSIBLE INC.
Consolidated Statement of Changes Net Assets

For the year ended March 31, 2024

	Unrestricted	Net Assets Invested in Capital Assets	Internally Restricted (Note 16)	Externally Restricted (Note 17)	Endowed (Note 18)	2024 Total	2023 Total
Balance , beginning of year, as previously reported	\$ 6,657,650	\$ 226,076	\$ -	\$ -	\$ 3,688,733	\$ 10,572,459	\$ 11,148,971
Correction in net assets (Note 25)	287,808	-	200,000	2,895,904	(3,383,712)	-	-
Balance , beginning of year, restated	6,945,458	226,076	200,000	2,895,904	305,021	10,572,459	11,148,971
Excess (deficiency) of revenue over expenses for the year	574,911	(207,461)	-	-	-	367,450	(319,394)
Pension plans remeasurement loss (Note 8)	(259,545)	-	-	-	-	(259,545)	(257,118)
Interfund transfers							
Capital lease payments	(42,890)	42,890	-	-	-	-	-
Loan payments	(89,595)	89,595	-	-	-	-	-
Balance , end of year	\$ 7,128,339	\$ 151,100	\$ 200,000	\$ 2,895,904	\$ 305,021	\$ 10,680,364	\$ 10,572,459

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

MANITOBA POSSIBLE INC. Consolidated Statement of Operations

For the year ended March 31	2024	2023
		(Restated Note 26)
Revenue		
Grants - Core funding		
Province of Manitoba		
Families (Note 19)	\$ 4,506,105	\$ 4,075,619
Economic Development, Investment and Trade (Note 19)	2,523,413	2,409,419
Winnipeg Regional Health Authority	1,805,307	1,536,624
United Way of Winnipeg	1,102,438	1,076,469
	9,937,263	9,098,131
Campaigns and fundraising	708,170	871,227
Investment income (Note 19)	1,045,223	306,808
Contributions related to capital assets (Note 15)	67,571	67,341
Contributions related to specified commitments (Note 13)	2,337,865	1,359,610
Other revenue	2,644,312	2,762,075
	16,740,404	14,465,192
Expenses		
Salaries and benefits	10,664,665	10,256,097
Professional services	2,154,604	1,123,895
Other	1,283,315	1,092,570
Rent	894,634	832,542
Office, utilities and equipment	393,114	413,114
Communications	343,179	349,778
Travel and transportation	281,527	301,021
Amortization	275,032	267,900
	16,290,070	14,636,917
Excess (deficiency) of revenue over expenses before discontinued operations	450,334	(171,725)
Net loss from discontinued operations (Note 22)	(82,884)	(147,669)
Excess (deficiency) of revenue over expenses for the year	\$ 367,450	\$ (319,394)

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

MANITOBA POSSIBLE INC. Consolidated Statement of Cash Flows

For the year ended March 31	2024	2023
		(Restated Note 26)
Cash provided by (applied to):		
Operating Activities		
Excess (deficiency) of revenue over expenses	\$ 367,450	\$ (319,394)
Adjustment for items not affecting cash		
Amortization	275,032	267,900
Contributions related to capital assets	(67,571)	(67,341)
Investment income reinvested, net	(227,667)	-
Unrealized (gain) loss on investments	(607,013)	314,897
Share in earnings in Mobile Vision Care Clinic Inc.	(18,108)	(18,358)
Pension plans remeasurement loss	(259,545)	(257,118)
	(537,422)	(79,414)
Change in non-cash working capital balances		
Accounts and grant receivable	21,904	(653,829)
Inventory	(55,562)	(25,461)
Prepaid expenses	(10,550)	(24,842)
Accounts payable and accrued liabilities	298,089	115,954
Accrued benefit liability	6,036	52,079
Deferred contributions		
Core and other funding	(5,103)	547,279
Inventory	76,163	59,716
Specified commitments	558,272	(240,657)
	351,827	(249,175)
Investing Activities		
Purchase of capital assets	(95,450)	(132,843)
Net change in investments	-	667,085
	(95,450)	534,242
Financing Activities		
Repayment of loans payable	(89,595)	(93,330)
Repayment of capital leases	(42,890)	(31,676)
Contributions related to capital assets	95,450	128,358
	(37,035)	3,352
Net Increase in cash and bank during the year	219,342	288,419
Cash and bank, beginning of year	1,587,769	1,299,350
Cash and bank, end of year	\$ 1,807,111	\$ 1,587,769

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

MANITOBA POSSIBLE INC.

Notes to Consolidated Financial Statements

For the year ended March 31, 2024

1. Nature of Operations

Manitoba Possible Inc. is an organization that supports and fosters a diverse and cohesive community for persons with disabilities.

The Organization is incorporated under The Corporations Act of Manitoba as a not-for-profit organization without share capital and is exempt from income taxes under Section 149 (l) of the Income Tax Act, Canada.

2. Summary of Significant Accounting Policies

a) Basis of Presentation

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

b) Basis of Consolidation

The entities consolidated into these financial statements include those entities which the Organization controls which are Manitoba Possible Services Inc., Manitoba Possible Ventures Inc. and Manitoba Possible Foundation Inc. (herein collectively referred to as the the "Organization").

Manitoba Possible Inc. has the right to appoint Directors to the Board of Directors of each Manitoba Possible Foundation Inc., Manitoba Possible Ventures Inc. and Manitoba Possible Services., and the entities are under common management. As a result, Manitoba Possible Inc. controls each entity.

Manitoba Possible Foundation Inc. is a provincial organization supporting fundraising activities for charitable organizations that provide services and/or support to persons in Manitoba with disabilities. The entity is incorporated under The Corporations Act of Manitoba as a not-for-profit organization without share capital and is a registered charity under the Income Tax Act, Canada.

Manitoba Possible Ventures Inc. is a provincial organization operating programs for Manitobans with disabilities. The entity is incorporated under The Corporations Act of Manitoba as a not-for-profit organization without share capital and is exempt from income taxes under Section 149(l) of the Income Tax Act, Canada. Manitoba Possible Services Inc. has provided a corporate guarantee over the authorized line of credit of \$250,000 of Manitoba Possible Ventures Inc.

MANITOBA POSSIBLE INC.

Notes to Consolidated Financial Statements

For the year ended March 31, 2024

2. Summary of Significant Accounting Policies (continued)

b) Basis of Consolidation (continued)

Manitoba Possible Services Inc. is a provincial organization operating programs for Manitobans with disabilities. The entity is incorporated under The Corporations Act of Manitoba as a not-for-profit organization without share capital and is a registered charity under the Income Tax Act, Canada. Manitoba Possible Inc. has provided a corporate guarantee over the authorized line of credit of \$250,000 of Manitoba Possible Services Inc.

All intercompany transactions and balances have been eliminated on consolidation.

c) Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Unrestricted contributions which include donations and grants are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Endowment contributions are recognized as direct increases in net assets when received or receivable. Contributions restricted for the acquisition of capital assets with a limited life are recognized as revenue over the estimated useful life of the underlying asset acquired.

Fundraising revenue is recognized as revenue in the year the event occurs. Fees for services are recognized as revenue when services are rendered.

Unrestricted investment income is recognized as revenue when earned. Externally restricted investment income is recognized as revenue in the year in which the related expenses are incurred.

Services revenue included in other revenue are recognized as revenue once services have been performed.

Other revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

MANITOBA POSSIBLE INC.

Notes to Consolidated Financial Statements

For the year ended March 31, 2024

2. Summary of Significant Accounting Policies (continued)

d) Capital Assets

Purchased capital assets are recorded at historical cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are amortized on a straight-line basis over the following estimated useful lives:

Computer equipment	4 years
Leasehold improvements	5 years
Vehicles and equipment	5 years

When a capital asset no longer contributes to an organization's ability to provide goods and services, or the future economic benefits or service potential of the capital asset is less than its carrying value, the excess of its net carrying amount over its fair value or replacement cost is recognized as an expense in the Consolidated Statement of Operations. Any unamortized deferred contribution amount related to the capital asset is recognized in revenue in the Consolidated Statement of Operations, provided that all restrictions have been complied with.

e) Inventory

Inventory of finished goods is valued at the lower of average cost, on a first-in, first-out basis, and replacement cost.

f) Contributed Services

Volunteers contributed 2,200 hours (2023 - 1,833 hours) to assist the Organization in carrying out its service delivery activities which does not include the many hours volunteered by the Board of Directors. No amount has been reflected in the consolidated financial statements for contributed services as the amount cannot be reasonably estimated.

g) Employee Future Benefits

The Organization has a defined benefit pension plans for its employees. The Organization recognizes the amount of the accrued obligation, net of the fair value of plan assets in the Consolidated Statement of Financial Position. Current service and finance costs are expensed during the year. Remeasurements and other items which represent the total of the difference between actual and expected return on plan assets, actuarial gains and losses, and past service costs, are recognized directly in the Consolidated Statement of Changes in Net Assets as a separately identified line item.

The cost of pensions earned by employees is determined using the most recently completed funding going concern valuation. The assumptions used concern a number of future conditions, including investment returns, salary changes, withdrawals and mortality rates. The fair value of assets is used for disclosure and calculation of pension cost, effective on the measurement date which is March 31 of each year. Contributions to defined benefit plans are expensed when due.

MANITOBA POSSIBLE INC.

Notes to Consolidated Financial Statements

For the year ended March 31, 2024

2. Summary of Significant Accounting Policies (continued)

h) Investments

The Organization accounts for its investment in a profit-oriented enterprise using the equity method of accounting since the Organization has significant influence over the profit-oriented enterprise.

i) Financial Instruments

Arm's length financial instruments are recorded at fair value at initial recognition. Related party financial instruments quoted in an active market or those with observable inputs significant to the determination of fair value or derivative contracts are recorded at fair value at initial recognition. All other related party financial instruments are recorded at cost at initial recognition.

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

j) Leases

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to the ownership of property is classified as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of the lease. Assets recorded under capital leases are amortized on a straight-line basis over the term of the lease, which is the estimated useful life of the assets.

MANITOBA POSSIBLE INC.

Notes to Consolidated Financial Statements

For the year ended March 31, 2024

2. Summary of Significant Accounting Policies (continued)

k) Use of Estimates

Financial statements prepared in conformity with Canadian accounting standards for not-for-profit organizations require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Consolidated Statement of Financial Position, and the reported amounts of revenue and expenses during the reporting period. Significant estimates include the estimated useful lives of capital assets and employee future benefits. Actual results could differ from management's best estimates as additional information becomes available in the future.

3. Inventory

	2024	2023
Wheelchairs	\$ 24,405	\$ 15,400
Wheelchair parts and batteries	444,867	398,310
	\$ 469,272	\$ 413,710

During the year, inventory of \$301,523 (2023 - \$262,546) was recognized as an expense and included in others in the Consolidated Statement of Operations.

4. Investments

The investment portfolio includes the following assets and concentrations:

	2024		2023	
	%	Fair Value	%	Fair Value
Pooled Funds				
Canadian equities	22.54	\$ 2,589,499	22.70	\$ 2,418,113
Canadian bonds	27.52	3,160,743	22.40	2,386,156
International equities	29.95	3,440,321	30.20	3,217,050
Mortgages	10.00	1,149,191	14.90	1,587,220
Real estate	9.99	1,147,408	9.80	1,043,943
	100.00	\$ 11,487,162	100.00	\$ 10,652,482

MANITOBA POSSIBLE INC. Notes to Consolidated Financial Statements

For the year ended March 31, 2024

5. Equity Interest in Mobile Vision Care Clinic Inc.

	2024	2023
Balance, beginning of year	\$ 165,802	\$ 147,444
Share of net income for the year at 28.04% for the year ended March 31, 2024	18,108	18,358
Balance, end of year	\$ 183,910	\$ 165,802

The Organization holds 28.04% interest (2023 - 28.04%) in Mobile Vision Care Clinic Inc.

6. Capital Assets

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 428,088	\$ 360,875	\$ 402,160	\$ 325,338
Leasehold improvements	1,604,685	1,252,261	1,600,042	1,067,396
Vehicles and equipment	527,007	316,432	423,831	266,435
Equipment under capital lease	198,207	113,944	183,726	71,014
	\$ 2,757,987	\$ 2,043,512	\$ 2,609,759	\$ 1,730,183
Net book value		\$ 714,475		\$ 879,576

7. Accounts Payable and Accrued Liabilities

	2024	2023
Trade accounts payable	\$ 611,081	\$ 584,193
Salaries and benefits payable	1,195,340	911,551
Government remittances payable	21,889	34,477
	\$ 1,828,310	\$ 1,530,221

MANITOBA POSSIBLE INC. Notes to Consolidated Financial Statements

For the year ended March 31, 2024

8. Employee Future Benefits

The Organization has defined benefit pension plans for its employees. The pension plans provide pension benefits on length of service and final year's earnings.

Information about the Organization's pension plans at March 31 is as follows:

	<u>2024</u>	<u>2023</u>
Plan assets at fair value	\$ 24,350,853	\$ 22,995,275
Accrued benefit obligations	(19,848,579)	(20,248,489)
Excess of pension plan assets over accrued benefit obligations	4,502,274	2,746,786
Valuation allowance	(4,579,830)	(2,818,306)
Accrued benefit liability	\$ (77,556)	\$ (71,520)

The Organization measures its defined pension benefit obligations and the fair value of plan assets for accounting purposes at March 31 of each year. The most recent actuarial valuations of the pension plans for funding purposes was completed at December 31, 2023 and the next required valuation will be as at December 31, 2026.

Pension plan assets are managed by the plan administrator. Market and credit risk on pension plan assets are managed by the pension plan administrator by following the pension plans' approved investment policy. Pension plan assets consist primarily of pooled fixed income and equity securities and are presented at their fair value with changes as follows for the years ended March 31:

	<u>2024</u>	<u>2023</u>
Plan assets, beginning of year	\$ 22,995,275	\$ 23,622,339
Gain (loss) on plan assets	1,788,247	(286,070)
Contributions by employers	434,100	498,193
Contributions by employees	521,351	409,769
Benefits paid	(1,388,120)	(1,248,956)
Plan assets, end of year	\$ 24,350,853	\$ 22,995,275

MANITOBA POSSIBLE INC.
Notes to Consolidated Financial Statements

For the year ended March 31, 2024

8. Employee Future Benefits (continued)

Changes in accrued benefit obligations are as follows for the years ended March 31:

	<u>2024</u>	<u>2023</u>
Accrued benefit obligations, beginning of year	\$ 20,248,489	\$ 19,859,555
Current service cost	264,445	284,792
Interest cost	961,803	943,329
Benefits paid	(1,388,120)	(1,248,956)
Employee contributions	434,100	409,769
Actuarial (gain) loss	(672,138)	-
Accrued benefit obligations, end of year	<u>\$ 19,848,579</u>	<u>\$ 20,248,489</u>

The components of defined benefit costs recognized in the Consolidated Statement of Operations as salaries and benefits expenses are as follows for the years ended March 31:

	<u>2024</u>	<u>2023</u>
Current service cost	\$ 264,445	\$ 284,792
Interest cost	3,397	8,362
	<u>\$ 267,842</u>	<u>\$ 293,154</u>

The components of pension plans remeasurement loss recognized in the Consolidated Statement of Changes in Net Assets are as follows for the years ended March 31:

	<u>2024</u>	<u>2023</u>
Actuarial gain (loss) on assets	(1,501,979)	1,221,037
Change in valuation allowance	1,761,524	(963,919)
	<u>\$ 259,545</u>	<u>\$ 257,118</u>

The total defined pension plans cost are as follows for the year ended March 31:

	<u>2024</u>	<u>2023</u>
Recognized in the Consolidated Statement of operations	\$ 267,842	\$ 293,154
Recognized in the Consolidated Statement of Changes in Net Assets	259,545	257,118
Net plan expense	<u>\$ 527,387</u>	<u>\$ 550,272</u>

MANITOBA POSSIBLE INC. Notes to Consolidated Financial Statements

For the year ended March 31, 2024

9. Credit Facility

The Organization has available line of credit for up to \$1,000,000 (2023 - \$1,000,000) of which \$280,731 (2023 - \$188,418) had been drawn at March 31, 2024. The line of credit bears interest at the bank's prime rate plus 1% with effective rate of 8.20% at March 31 2024 and is secured by a general security agreement.

10. Loan Payable

The Organization has a demand loan payable with an interest rate of 5.766% (2023 - 5.766%), monthly payments of \$8,836 and is due in September 2026. The loan is secured by a general security agreement. Scheduled principal repayments for the next three years are as follows for the year ended March 31:

2025	\$	95,110
2026		100,635
2027		40,380
	\$	236,125

11. Deferred Contributions Related to Core and Other Funding

	2024	2023
Balance, beginning of year	\$ 1,182,522	\$ 635,243
Add: Contributions received during the year	9,932,160	9,645,410
Less: Amounts recognized as revenue during the year	(9,937,263)	(9,098,131)
Balance, end of year	\$ 1,177,419	\$ 1,182,522

12. Deferred Contributions Related to Inventory

	2024	2023
Balance, beginning of year	\$ 433,420	\$ 373,704
Add: Contributions received during the year	101,917	84,444
Less: Amounts recognized as revenue during the year	(25,754)	(24,728)
Balance, end of year	\$ 509,583	\$ 433,420

MANITOBA POSSIBLE INC. Notes to Consolidated Financial Statements

For the year ended March 31, 2024

13. Deferred Contributions Related to Specified Commitments

	2024	2023
Balance, beginning of year	\$ 561,437	\$ 802,094
Add: Contributions received	2,896,137	1,118,953
Less: Amounts recognized as revenue	(2,337,865)	(1,359,610)
	\$ 1,119,709	\$ 561,437

14. Obligation under Capital Leases

The Organization has entered into capital leases for computer and other equipment with effective interest rate of 8% (2023 - 9%) and various expiry dates. Minimum lease payments are required, in aggregate, as follows for the years ending March 31:

	2024	2023
2025	\$ -	\$ 48,826
2026	51,545	46,384
2027	25,389	19,522
2028	14,692	11,583
	91,626	126,315
Total Minimum lease payments	(7,364)	(13,644)
Amount representing interest	84,262	112,671
Less: Current portion of obligation under capital leases	51,545	48,826
Non-current portion of obligation under capital leases	\$ 32,717	\$ 63,845

MANITOBA POSSIBLE INC. Notes to Consolidated Financial Statements

For the year ended March 31, 2024

15. Deferred Contributions Related to Capital Assets

	2024	2023
Balance, beginning of year	\$ 215,109	\$ 174,178
Add: Contributions received during the year	95,450	108,272
Less: Amounts recognized as revenue during the year	(67,571)	(67,341)
	\$ 242,988	\$ 215,109

16. Internally Restricted Net Assets

The Organization's Board of Directors restricted \$200,000 (2023 - \$200,000) from the proceeds of sale of recreation property. The Board of Directors has restricted investment income earned on these internally restricted net assets for funding leisure and recreation programs.

17. Externally Restricted Net Assets

The Organization has received contributions in prior years with the following restrictions imposed by the donor on the use of investment income earned from these net assets:

	2024	2023
Adult programs	\$ 557,059	\$ 557,059
Assistive technology	626,739	626,739
Children's programs	1,712,106	1,712,106
	\$ 2,895,904	\$ 2,895,904

18. Endowed Net Assets

The Organization has received contributions in prior years to be maintained permanently with the following restrictions imposed by the donor on the use of investment income earned from these net assets:

	2024	2023
Children's programs in Brandon and Minnedosa	\$ 100,000	\$ 100,000
Research activities	205,021	205,021
	\$ 305,021	\$ 305,021

MANITOBA POSSIBLE INC.
Notes to Consolidated Financial Statements

For the year ended March 31, 2024

19. Reconciliation of Province of Manitoba Funding

The following is a reconciliation of the cash receipts received from the Province of Manitoba Department of Families during the year to the amounts presented as revenue in the Consolidated Statement of Operations for the year ended March 31:

	2024	2023
Cash receipts during the year	\$ 4,556,875	\$ 4,556,875
Less: Portion included in deferred contributions core and other funding at year end	(50,770)	(481,256)
Amount recognized as revenue for the year	<u>\$ 4,506,105</u>	<u>\$ 4,075,619</u>

The following is a reconciliation of the cash receipts received from the Province of Manitoba Department of Economic Development, Investment and Trade during the year to the amounts presented as revenue in the Consolidated Statement of Operations for the year ended March 31:

	2024	2023
Cash receipts during the year	\$ 2,386,445	\$ 2,456,707
Add: Portion due included in accounts and grants receivable at year end	136,968	-
Less: Portion repayable at year end included in accounts payable and accrued liabilities at year end	-	(47,288)
Amount recognized as revenue for the year	<u>\$ 2,523,413</u>	<u>\$ 2,409,419</u>

MANITOBA POSSIBLE INC.
Notes to Consolidated Financial Statements

For the year ended March 31, 2024

20. Investment Income

	2024	2023
Realized	\$ 398,182	\$ 408,358
Unrealized gains (losses)	607,013	(314,897)
Investment management fees	(62,977)	(62,734)
	942,218	30,727
Total investment income earned, net		
Restricted investment income		
Less: Increase to deferred contributions for restricted investment income earned during the year	(304,944)	31,800
Add: Decrease to deferred contributions for restricted investment income recognized as revenue for the year	407,949	244,281
	407,949	244,281
Total investment income recognized for the year	\$ 1,045,223	\$ 306,808

21. Operating Lease Commitments

The Organization has entered into operating leases for its premises and equipment through 2030 with the following annual aggregate minimum lease payments for the years ending March 31:

2025	\$	530,755
2026		432,319
2027		23,640
2028		21,600
2029		21,600
2030		21,600

MANITOBA POSSIBLE INC. Notes to Consolidated Financial Statements

For the year ended March 31, 2024

22. Sale of Cleaning Business

The Organization sold its cleaning business known as "Polished Cleaning Services" (the "Business") effective May 19, 2023 for its carrying amount of \$2 which was the original purchase price when the business was acquired on November 21, 2021. The sale of the Business includes the business name, the Organization's interest in any and to any contracts relating to the the Business, a list of the Organization's clients, all processes and procedures of the Organization relating to the operation of the Business and all equipment. The purchaser also assumed the operating leases for equipment and related insurance costs on the date of sale until the end of the last expired lease in October 2023 with recoveries presented in the table below.

The results of operations of the Business including recoveries of assumed lease payments by the buyer are as follows:

	2024	2023
Revenue		
Services	\$ 207,145	\$ 901,709
Recoveries	24,582	3,507
	231,727	905,216
Expenses		
Salaries and benefits	218,755	829,485
Office and administration	95,856	223,400
	314,611	1,052,885
Deficiency of revenue over expenses for the year	\$ (82,884)	\$ (147,669)

23. Endowment Fund Held by The Winnipeg Foundation Agreement

The Organization has an agreement with The Winnipeg Foundation whereby donors may choose to contribute to the Manitoba Possible Services Inc. Fund (the "Fund") held and managed by The Winnipeg Foundation. The Winnipeg Foundation will preserve the capital contributed to the Fund and will distribute all income generated thereon to the Organization in perpetuity.

The Fund balance held and managed by The Winnipeg Foundation is not reflected in the Organization's financial statements. The fair value of the Fund was \$107,447 at March 31, 2024 (2023 - \$97,370).

MANITOBA POSSIBLE INC.

Notes to Consolidated Financial Statements

For the year ended March 31, 2024

24. Financial Instrument Risk Management

The Organization is exposed to different types of risk in the normal course of operations including credit, liquidity and market risk. The Organization's objective in risk management is to optimize the risk return trade-off, within set limits, by applying integrated risk management and control strategies, policies and procedures throughout the Organization's activities. The Organization adheres to a Statement of Investments Policies and Procedures ("Investment Policy") that outlines the objectives, constraints, and parameters related to its investing activities. This Investment Policy prescribes limits around the quality and concentration of investments held by the Organization. Management regularly reviews the Organization's investments to ensure all activities adhere to the Investment Policy.

Credit Risk

Credit risk is the potential for financial loss should the counterparty in a transaction fail to meet its obligations. Financial instruments which potentially subject the Organization to credit risk consist of cash and bank, grants and accounts receivable, and investments.

The Organization is subject to concentration risk through cash and bank held in excess of the insured limits from time to time. The Organization is not exposed to significant credit risk from grants receivable since they are all due in accordance with funding agreements. The Organization has credit policies to address credit risk on accounts receivable, which may include analysis of the financial position of the debtor and review of credit limits. The Organization may also review credit history before establishing credit and reviews credit performance.

The Organization's investments in fixed income and commercial mortgages pooled funds are subject to credit risk. The maximum exposure to credit risk on these financial instruments is their carrying value. The Organization monitors its credit risk management policies regularly to evaluate their effectiveness.

Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet its obligations as they fall due. Financial instruments that potentially subject the Organization to liquidity risk consist of accounts payable, loan payable and obligation under capital leases. The Organization manages its working capital to ensure all its obligations can be met when they fall due. Liquidity risk is managed by investing the majority of the Organization's assets in investments that are traded in an active market and can be readily liquidated and aims to retain sufficient cash positions to maintain liquidity. The majority of the Organization's investments are considered readily realizable and liquid, therefore the Organization's liquidity risk is considered minimal. The Organization has access to an authorized line of credit.

MANITOBA POSSIBLE INC. Notes to Consolidated Financial Statements

For the year ended March 31, 2024

24. Financial Instrument Risk Management (continued)

Market Risk

Market risk is the potential for financial loss to the Organization from changes in the values of its financial instruments due to changes in interest rates and other price risk. The investments of the Organization are subject to normal market fluctuations and to the risk inherent in investment in capital markets.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument fluctuate because of changes in market interest rates. Interest rate risk arises when the Organization invests in interest-bearing financial instruments. Therefore, the Organization is exposed to interest rate risk on its fixed income pooled funds, and on the commercial mortgages pooled fund given that the commercial mortgages are secured by real estate. The objective of the Organization's Investment Policy is to manage its interest rate exposure.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk. The Organization is exposed to other price risk through its investments in equity pooled funds for which the value underlying listed shares fluctuates with the quoted market price and through its investment in commercial mortgages and real estate pooled funds. The objective of the Organization's investment policy is to manage other price risk by maintaining a portfolio which is diversified across geographic and industry sectors. The performance of the Organization's investments is monitored by measuring against benchmark consisting of relative weightings of various stock exchanges.

MANITOBA POSSIBLE INC.
Notes to Consolidated Financial Statements

For the year ended March 31, 2024

25. Correction of Prior Period Net Assets

During the year, the Organization management determined that certain contributions received in prior years and internally restricted net assets had been presented as endowment net assets when they did not meet the definition of an endowment under Canadian accounting standards for not-for-profit organizations. As a result, net assets presented in the prior years' financial statements were incorrectly classified on the Consolidated Statement of Financial Position.

Comparative amounts presented in these consolidated financial statements have been restated to correct for these errors as follows:

	As Previously Reported	Adjustment	Restated
Net assets at March 31, 2023			
Unrestricted	\$ 6,657,650	\$ 287,808	\$ 6,945,458
Internally restricted	-	200,000	200,000
Externally restricted	-	2,895,904	2,895,904
Endowed	3,688,733	(3,383,712)	305,021

26. Comparative Figures

Certain of the comparative figures have been reclassified in order to conform with the current year's consolidated financial statement presentation.