
MANITOBA OPPORTUNITIES FUND

Annual Report

March 31, 2022





**DEPUTY PREMIER
MINISTER OF ECONOMIC DEVELOPMENT,
INVESTMENT AND TRADE**

Room 358
Legislative Building
Winnipeg, Manitoba R3C 0V8
CANADA

Her Honour The Honourable Janice C. Filmon, C.M., O.M.
Lieutenant Governor of Manitoba
Room 235 Legislative Building
Winnipeg MB R3C 0V8

Your Honour:

I am pleased to present the Annual Report for the Manitoba Opportunities Fund Limited for the fiscal year ending March 31, 2022.

Respectfully submitted,

A handwritten signature in black ink that reads "Cliff Cullen".

Cliff Cullen
Deputy Premier
Minister of Economic Development, Investment and Trade



Economic Development, Investment and Trade
Office of the Deputy Minister
Room 352
Legislative Building
Winnipeg MB R3C 0V8

Honourable Cliff Cullen
Minister of Economic Development, Investment and Trade
Room 358 Legislative Building
Winnipeg MB R3C 0V8

Dear Minister Cullen:

It is our pleasure to submit the Annual Report of the Manitoba Opportunities Fund Limited for the fiscal year ended March 31, 2022 as required by Section 67 of The Financial Administration Act.

Respectfully submitted,

Kathryn Gerrard
Deputy Minister of Economic Development, Investment and Trade

Financial Statements of

**MANITOBA OPPORTUNITIES
FUND LTD.**

Year ended March 31, 2022

MANITOBA OPPORTUNITIES FUND LTD.

Financial Statements
Table of Contents

Year ended March 31, 2022

	Page
Management's Responsibility for Financial Reporting	1
Independent Auditors' Report.....	2
Financial Statements	
Statement of Financial Position	3
Statement of Operations and Accumulated Surplus.....	4
Statement of Changes in Net Financial Assets	5
Statement of Cash Flows	6
Notes to Financial Statements.....	7

MANAGEMENT REPORT

Management's Responsibility for Financial Reporting

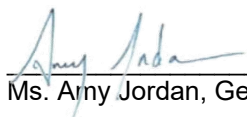
The accompanying financial statements of Manitoba Opportunities Fund Ltd. are the responsibility of the management and have been prepared in accordance with Canadian public sector accounting standards. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgment regarding all necessary estimates and all other data available to June 29, 2022.

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

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

On behalf of Management,

Manitoba Opportunities Fund Ltd.



Ms. Amy Jordan, General Manager

June 29, 2022



KPMG LLP
1900 - 360 Main Street
Winnipeg MB
R3C 3Z3

Telephone (204) 957-1770
Fax (204) 957-0808
www.kpmg.ca

Page 2

INDEPENDENT AUDITORS' REPORT

To the Shareholder of Manitoba Opportunities Fund Ltd.

Opinion

We have audited the financial statements of Manitoba Opportunities Fund Ltd. (the "Entity"), which comprise the statement of financial position as at March 31, 2022, the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2022, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.



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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

June 29, 2022

MANITOBA OPPORTUNITIES FUND LTD.

Statement of Financial Position

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Financial Assets		
Cash equivalents (note 3)	\$ 211,372	\$ 16,711,798
Portfolio investments (note 4)	964,021	1,430,204
Accrued interest receivable	40	247
	<u>\$ 1,175,433</u>	<u>\$ 18,142,249</u>

Liabilities

Accounts payable and accrued liabilities	\$ 5,714	\$ 10,152
Government transfers payable (note 5)	-	16,500,000
Borrowings (note 6)	475,596	953,224
	<u>481,310</u>	<u>17,463,376</u>
Net financial assets	<u>\$ 694,123</u>	<u>\$ 678,873</u>

Non-Financial Assets

Deferred charges	\$ 3,119	\$ 7,906
Accumulated surplus	<u>\$ 697,242</u>	<u>\$ 686,779</u>

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

On behalf of the Board:


 _____ Director


 _____ Director

MANITOBA OPPORTUNITIES FUND LTD.

Statement of Operations and Accumulated Surplus

Year ended March 31, 2022, with comparative information for 2021

	Budget	2022	2021
Investment income	\$ 150,000	\$ 20,466	\$ 70,049
Expenses:			
Amortization of deferred charges	30,000	4,787	21,822
Program administration	5,000	5,216	4,500
	35,000	10,003	26,322
Transfers to the Department of Economic Development and Jobs (note 5)	115,000	–	16,500,000
Annual surplus (deficit)	–	10,463	(16,456,273)
Accumulated surplus, beginning of year		686,779	17,143,052
Accumulated surplus, end of year		\$ 697,242	\$ 686,779

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

MANITOBA OPPORTUNITIES FUND LTD.

Statement of Changes in Net Financial Assets

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Annual surplus (deficit)	\$ 10,463	\$ (16,456,273)
Deferred charges:		
Amortization of deferred charges	4,787	21,822
Increase (decrease) in net financial assets	15,250	(16,434,451)
Net financial assets, beginning of year	678,873	17,113,324
Net financial assets, end of year	\$ 694,123	\$ 678,873

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

MANITOBA OPPORTUNITIES FUND LTD.

Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ 10,463	\$ (16,456,273)
Amortization of deferred charges	4,787	21,822
Increase in present value of portfolio investments	(11,445)	(29,828)
Changes in:		
Accrued interest receivable	207	47,933
Accounts payable and accrued liabilities	(4,438)	(144)
Government transfers payable	(16,500,000)	16,500,000
Net cash provided by operating activities	(16,500,426)	83,510
Investing activities:		
Redemption of portfolio investments	477,628	1,856,952
Financing activities:		
Repayment of borrowings	(477,628)	(1,856,952)
Increase (decrease) in cash equivalents	(16,500,426)	83,510
Cash equivalents, beginning of year	16,711,798	16,628,288
Cash equivalents, end of year	\$ 211,372	\$ 16,711,798

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

MANITOBA OPPORTUNITIES FUND LTD.

Notes to Financial Statements

Year ended March 31, 2022

1. Nature of operations and economic dependence:

Manitoba Opportunities Fund Ltd. (the "organization") was incorporated under the laws of Manitoba on April 3, 2003. The organization was formed due to the requirements of the Fund Agreement between the Minister of Citizenship and Immigration and the Manitoba Fund dated October 21, 2003 to function as an "approved fund" under the Federal Immigrant Investor Program (FIIP). In addition, the organization administers the Manitoba Innovation Growth Side Car Fund on behalf of the Province of Manitoba. The Minister of Finance holds the one class A common share issued as a designated representative of Her Majesty the Queen in Right of the Province of Manitoba with a value of nil. The organization considers itself to be an Other Government Organization as defined by the Chartered Professional Accountants of the Canada Public Sector Accounting Handbook.

As an approved fund under the FIIP, the objective is to hold and invest the provincial allocation of immigrants' investments made through the Federal Department of Immigration, Refugees and Citizenship Canada (IRCC) Immigrant Investor Program. The FIIP sought to attract experienced persons and capital to Canada. Prior to December 1, 2010 investors had to demonstrate business experience, a minimum net worth of CDN \$800,000 and make an investment of CDN \$400,000. In 2010, IRCC made changes to the FIIP. Effective December 1, 2010, applicants were required to meet a minimum personal net worth requirement of \$1.6 million, and make an investment deposit of \$800,000. The funds invested are distributed among participating provinces. After five years, the organization returns the provincial allocation, without interest, to IRCC who then returns the funds to the individual investors who have become Permanent Residents of Canada. However, prior to the approval and issuance of a Permanent Resident's Visa, an investor may be refused or withdraw from the program and IRCC will request that the organization repay the provincial allocation of the individual investment at such time.

Manitoba, as a participating province, through the organization invests the provincial allocation funds for a period of five years. The purpose of the interest income generated on the funds is to create jobs and help the Manitoba economy grow.

In February 2014, IRCC announced the phase out of the Federal Immigrant Investor Program. The FIIP is no longer open to new applications, but IRCC continues to process previously submitted applications and provincial allocations continue. The organization will continue to invest any allocations in accordance with program requirements. Once IRCC stops allocating to provinces, there will be a five-year repayment period during which the organization will continue to operate.

The organization is economically dependent on the Province of Manitoba as the Province of Manitoba is liable for the borrowings payable to the Federal Government.

MANITOBA OPPORTUNITIES FUND LTD.

Notes to Financial Statements (continued)

Year ended March 31, 2022

2. Significant accounting policies:

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

(a) Revenue recognition:

Interest revenue on temporary investments is recorded on an accrual basis. Investment income on portfolio investments is determined by the difference in the present value of the term note and the cost of the term note.

(b) Government transfers:

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

(c) Contributed services:

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

(d) Deferred charges:

Deferred charges, which reflect the handling fee to be paid to the Government of Canada upon repayment of funds, are amortized over the five year term the related deposits are held.

(e) Cash equivalents:

Cash equivalents include term deposits with the Province of Manitoba with maturities of up to three months.

(f) Portfolio investments:

Portfolio investments consist of provincial bonds, term notes with the Province of Manitoba and equity investments.

MANITOBA OPPORTUNITIES FUND LTD.

Notes to Financial Statements (continued)

Year ended March 31, 2022

2. Significant accounting policies (continued):

The organization's investments in provincial bonds are recorded at amortized cost. Discounts and premiums arising on the purchase of these bonds are amortized over the term of the bond to maturity. The term notes are recorded at cost which represents the discounted value of the term notes. Over time, the value of the term notes increases equal to the effective interest rates on the term notes. The increase in the present value of term notes during the year is recorded as an increase in the portfolio investments and as investment income.

The organization's equity investments relate to share capital and are recorded at cost.

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

(g) Financial instruments:

Financial instruments are recorded at fair value or exchange amount on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. The organization has not elected to carry any such group of financial instruments at fair value.

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

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

(h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant items subject to estimates include the carrying value of portfolio investments. Actual results could differ from those estimates.

MANITOBA OPPORTUNITIES FUND LTD.

Notes to Financial Statements (continued)

Year ended March 31, 2022

3. Cash equivalents:

Cash equivalents consist of 30 to 90 day term deposits held by the Province of Manitoba.

4. Portfolio investments:

Portfolio investments are comprised of the following:

	2022	2021
Term notes	\$ 464,020	\$ 930,203
Equity investments	500,001	500,001
	\$ 964,021	\$ 1,430,204

Term notes are made up of five-year zero-coupon term notes which the organization purchases from the Province of Manitoba to correspond with provincial allocations received. The maturity dates range monthly from May 2022 to May 2024 (April 2021 to May 2024). The effective interest rates range from nil to 2.07 percent (2021 - nil to 2.07 percent) payable at the end of the five-year term.

Equity investments managed for the Province of Manitoba under the Manitoba Innovation Growth Side Car Fund consist of the following:

	2022	2021
Cubresa Inc.	\$ 1	\$ 1
Librestream Technologies Ltd.	500,000	500,000
	\$ 500,001	\$ 500,001

5. Government transfers payable:

Government transfers payable is comprised of the following transfers, as approved by Treasury Board:

	2022	2021
Department of Economic Development and Jobs	\$ –	\$ 16,500,000

MANITOBA OPPORTUNITIES FUND LTD.

Notes to Financial Statements (continued)

Year ended March 31, 2022

6. Borrowings:

The borrowings represent the provincial allocation of immigrants' investments repayable to the Federal Government five years after the Federal Government has distributed these funds to Manitoba Opportunities Fund Ltd. A handling fee is deducted prior to the funds being advanced to Manitoba Opportunities Fund Ltd.

2023	\$	405,516
2024		70,080
	\$	475,596

7. Financial risks and concentration of risk:

(i) Credit risk:

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments that potentially subject the organization to credit risk consist principally of cash equivalents and portfolio investments.

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

	2022	2021
Cash equivalents	\$ 211,372	\$ 16,711,798
Portfolio investments	964,021	1,430,204
	\$ 1,175,393	\$ 18,142,002

The organization is not exposed to significant credit risk as the term deposits and term notes are primarily held by the Minister of Finance.

(ii) Interest rate risk:

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

MANITOBA OPPORTUNITIES FUND LTD.

Notes to Financial Statements (continued)

Year ended March 31, 2022

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

(iii) Liquidity risk:

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

The organization manages liquidity risk by maintaining adequate cash and cash equivalent balances and matching its purchasing of five-year zero-coupon bonds with the allocation of immigrants' investments and the related borrowings.

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

KPMG LLP
Suite 1900 – 360 Main Street
Winnipeg R3C 3Z3

June 29, 2022

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as “financial statements”) of Manitoba Opportunities Fund Ltd. (“the Entity”) as at and for the year ended March 31, 2022.

General:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in **Attachment I** to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Responsibilities:

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated April 26, 2021, including for:
 - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
 - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements (“relevant information”), such as financial records, documentation and other matters, including:
 - the names of all related parties and information regarding all relationships and transactions with related parties;
 - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in such summaries.
 - c) providing you with unrestricted access to such relevant information.
 - d) providing you with complete responses to all enquiries made by you during the engagement.
 - e) providing you with additional information that you may request from us for the purpose of the engagement.
 - f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.

- g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
- h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.

Internal control over financial reporting:

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

Fraud & non-compliance with laws and regulations:

- 3) We have disclosed to you:
 - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - b) all information in relation to fraud or suspected fraud that we are aware of that involves:
 - management;
 - employees who have significant roles in internal control over financial reporting; or
 - otherswhere such fraud or suspected fraud could have a material effect on the financial statements.
 - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.
 - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements.
 - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Subsequent events:

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

Related parties:

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

Estimates:

- 8) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.
-

Going concern:

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- 10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

Non-SEC registrants or non-reporting issuers:

- 11) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).
- 12) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

General standards of financial statement presentation:

- 13) Our assessment that the Entity will continue as a going concern has taken into account all available information about the future, which is at least, but not limited to, twelve months from the balance sheet date.
- 14) We have no knowledge of any significant matters that may have arisen that would require a restatement of the comparative information.

Accounting policies:

- 15) The accounting policies selected and applied are appropriate for the Entity's business and consistent with accounting policies used in the Entity's industry.

Accounting changes:

- 16) There have been no changes in accounting policies that have not been disclosed to you and appropriately reflected in the financial statement.

Comparative Figures/Financial statements:

- 17) We have no knowledge of any significant matters that may have arisen that would require a restatement of the comparative figures/financial statements.

Measurement Uncertainty:

- 18) There are no material measurement uncertainties that require disclosure in the financial statements, either in nature or extent that are not appropriately disclosed in the financial statements.

Receivables:

- 19) We have reduced the carrying value of receivables and loans receivable to recognize any impairment loss.
- 20) Receivables and loans receivables reported in the financial statements represent valid claims against customers and other debtors for sales or other charges or loans arising on or before the date of the statement of financial position.

Provisions:

- 21) Provision, when material, has been made for losses to be sustained as a result of other than temporary declines in the fair value of portfolio investments.

Revenues:

- 22) All revenue transactions entered into by the Entity are final and there are no side agreements (contractual or otherwise).

Employee Future Benefits:

- 23) There are no arrangements (contractual or otherwise) by which programs have been established to provide employee future benefits.

Financial Instruments and Guarantees

- 24) Guarantees, whether written or oral, under which the Entity is contingently liable, including guarantee contracts and indemnification agreements, have been recorded in accordance with the relevant financial reporting framework.
- 25) The following information about financial instruments has been properly disclosed in the financial statements:
 - a) the exposures to risk and how they arise (for each significant risk arising from financial instruments and separately for derivatives)
 - b) any change in risk exposures from the previous period (for each significant risk arising from financial instruments and separately for derivatives)
 - c) concentrations of risk (for each type of risk arising from financial instruments)
 - d) extent, nature, and terms of financial instruments (including free-standing derivatives), both recognized and unrecognized.

Assets and Liabilities – General:

- 26) We have no knowledge of material unrecorded assets or liabilities or contingent assets or liabilities (such as claims related to patent infringements, unfulfilled contracts, etc., whose values depend on fulfillment of conditions regarded as uncertain or receivables sold or discounted, endorsements or guarantees, additional taxes for prior years, repurchase agreements, sales subject to renegotiation or price re-determination, etc.) that have not been disclosed to you.
- 27) We have no knowledge of shortages that have been discovered and not disclosed to you (such as shortages in cash, negotiable instruments, etc.).
- 28) We have no knowledge of arrangements with financial institutions involving restrictions on cash balances and lines of credit or similar arrangements not disclosed to you.

- 29) We have no knowledge of agreements to repurchase assets previously sold, including sales with recourse, that have not been disclosed to you.
- 30) We have no knowledge of side agreements (contractual or otherwise) with any parties that have not been disclosed to you.
- 31) We have no knowledge of losses to be sustained as a result of purchase commitments for inventory or other assets at quantities in excess of normal requirements or at prices in excess of prevailing market prices.

Other

- 32) The information regarding the budget to actual information presented in the financial statements has been prepared and presented in accordance with PS 1201. We have included all the budget information that is available with respect to the items presented in the financial statements.

Yours very truly,



Ms. Amy Jordan, General Manager



Mr. Adam Munia, Secretary Treasurer

cc: Board of Directors

Attachment I – Definitions

Materiality

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances, and are affected by perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

Fraud & error

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.