ORGANIZATION AND STAFF DEVELOPMENT - AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY

Financial Statements

For the year ended March 31, 2006

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Contents

Management's Responsibility for Financial Reporting

The accompanying financial statements are the responsibility of the management of **Organization and Staff Development** and have been prepared in accordance with Canadian generally accepted accounting principles. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data available to May 17, 2006.

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 Auditor General is to express an independent opinion on whether the financial statements of Organization and Staff Development are fairly represented in accordance with Canadian generally accepted accounting principles. The Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

On behalf of Management,

Organization and Staff Development

Edna Dickson, Director
May 17, 2006

Auditors' Report

To the Auditor General
Province of Manitoba

We have audited the balance sheet of **Organization and Staff Development - An Agency of the Special Operating Agencies Financing Authority** as at March 31, 2006 and the statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2006 and the results of its operations and the changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Winnipeg, Manitoba
May 17, 2006

ORGANIZATION AND STAFF DEVELOPMENT - AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
Balance Sheet

March 31	2006	2005
	(000's)	
Assets		
Current Assets		
Cash and bank (Note 3)	**$ 283**	$ 288
Short-term investments - Province of Manitoba	**350**	377
Accounts receivable	**69**	79
Inventories	**5**	5
Prepaid expenses	**-**	2
	707	751
Receivable from Province of Manitoba (Note 4)	**39**	39
Capital assets (Note 5)	**9**	8
	$ 755	$ 798
Liabilities and Equity		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 219**	$ 369
Severance liability (Note 6)	**75**	68
	294	437
Equity		
Retained earnings	**461**	361
	$ 755	$ 798

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

ORGANIZATION AND STAFF DEVELOPMENT - AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
Statement of Operations and Retained Earnings

For the year ended March 31

(000's)

	2006 Actual	2005 Actual	Variance	Budget	Variance
Revenue					
Training and consulting	**$ 1,553**	$ 1,474	$ 79	$ 1,270	$ 283
Interest	**12**	8	4	8	4
	1,565	1,482	83	1,278	287
Expenses					
Professional fees	**543**	543	-	420	123
Salaries and benefits	**463**	471	(8)	471	(8)
Books and course materials	**122**	95	27	90	32
Accommodations	**87**	79	8	49	38
Food and beverages	**89**	67	22	64	25
Travel	**34**	21	13	15	19
Desk top management	**24**	28	(4)	30	(6)
Communications	**17**	26	(9)	21	(4)
Occupancy costs	**17**	16	1	17	-
Office supplies	**24**	15	9	22	2
Professional development	**8**	12	(4)	13	(5)
Marketing	**15**	10	5	28	(13)
Rentals	**11**	8	3	12	(1)
Other	**3**	5	(2)	6	(3)
Amortization	**2**	3	(1)	2	-
Bad debt	**-**	-	-	1	(1)
Great Plains Support	**6**	-	6	-	6
	1,465	1,399	66	1,261	204
Net income for the year	**100**	83	17	17	83
Retained earnings beginning of year	**361**	278			
Retained earnings, end of year	**$ 461**	$ 361			

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

ORGANIZATION AND STAFF DEVELOPMENT - AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY

Statement of Cash Flows

For the year ended March 31	2006	2005
	(000's)	
Cash Flows from Operating Activities		
Net income for the year	$ 100	$ 83
Adjustment for		
Amortization of capital assets	2	3
	102	86
Changes in non-cash working capital balances		
Accounts receivable	10	(19)
Inventories	-	6
Prepaid expenses	2	(2)
Accounts payable and accrued liabilities	(150)	167
Severance liability	7	6
	(131)	158
	(29)	244
Cash Flows from Investing Activities		
Purchase of capital assets	(3)	-
Increase (decrease) in cash and cash equivalents	(32)	244
Cash and cash equivalents, beginning of year	665	421
Cash and cash equivalents, end of year	$ 633	$ 665
Represented by		
Cash and bank	$ 283	$ 288
Short-term investments	350	377
	$ 633	$ 665

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

1. Nature of Organization

Effective April 1, 1994, Organization and Staff Development of the Civil Service Commission was designated by regulation as a Special Operating Agency under The Special Operating Agencies Financing Authority Act and operates under a charter approved by the Lieutenant Governor in Council. Its mandate is to provide consulting and training services to support the implementation of the government's human resource policies and priorities**.**

The Agency is financed through the Special Operating Agencies Financing Authority. The Financing Authority has the mandate to hold and acquire assets required for and resulting from Agency operations. It finances the Agency through repayable loans and working capital advances. This financial framework enables the Agency to operate in a business-like manner according to public policy expectations.

A Management Agreement between the Financing Authority and the Minister responsible for the Civil Service Commission assigns responsibility to the Agency to manage and account for the Agency related assets and operations on behalf of the Financing Authority.

Organization and Staff Development continues to be part of the Civil Service Commission under the general direction of the Commissioner and ultimately the policy direction of the Minister responsible for The Civil Service Act.

Organization and Staff Development remains bound by relevant legislation and regulations. It is also bound by administrative policy except where specific exemptions have been provided for in its charter in order to meet business objectives.

Organization and Staff Development is economically dependant on the Province of Manitoba. Currently, the Agency derives most of its revenue from the Province of Manitoba and all of its capital financing requirements through the Financing Authority.

2. Significant Accounting Policies

Basis of Reporting

The financial statements of the Agency are presented in accordance with Canadian generally accepted accounting principles.

Revenue Recognition

Training and consulting revenue is recorded on an accrual basis by specific project.

Use of Estimates

In preparing the Agency'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 period. Actual results could differ from these estimates.

Financial Instruments

The Agency's financial instruments consist of cash, accounts receivable, investments and accounts payable. It is management's opinion that the Agency is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Inventories

Inventories are valued at the lower of cost and net realizable value.

Capital Assets

Rates of amortization applied to write off the cost of capital assets over their estimated life are as follows:

Office equipment	20% declining balance
Furniture and fixtures	20% declining balance
Computer equipment	20% straight line

In the year of acquisition, amortization is calculated at one half of the rate indicated above.

3. Working Capital

The Agency has an authorized line of working capital advances of $120 which was unused and available at March 31, 2006.

March 31, 2006 (000's)

4. Receivable from Province of Manitoba

The Province of Manitoba has accepted responsibility for the severance benefits accumulated by the Agency's employees to March 31, 1998. Accordingly, the opening severance pay liability balance as at April 1, 1998 calculated at $33 was completely offset by a receivable from the Province. The receivable from the Province was restated to $39 as a result of the actuarial valuation completed as at March 31, 2000.

The receivable from the Province, or portion thereof, for Organization and Staff Development, will be collected in the event there is a cash shortfall. However, this is only likely to happen on the dissolution of the Agency.

5. Capital Assets

	2006			2005		
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Office equipment	**$ 6**	**$ 2**	**$ 4**	$ 5	$ 2	$ 3
Furniture and fixtures	**10**	**9**	**1**	10	8	2
Computer equipment	**14**	**10**	**4**	12	9	3
	$ 30	**$ 21**	**$ 9**	$ 27	$ 19	$ 8

6. Severance Liability

Effective April 1, 1998, the Agency began recording accumulated severance pay benefits for its employees. The amount of severance pay obligations is based on actuarial calculations. The periodic actuarial valuations of these liabilities may determine that adjustments are needed to the actuarial calculations when actual experience is different from that expected and/or because of changes in actuarial assumptions used. The resulting actuarial gains or losses are amortized over the expected average remaining service life of the related employee group.

An actuarial report was completed for the severance pay liability as of March 31, 2005. The report provides a formula to update the liability on an annual basis. The Organization and Staff Development's actuarially determined net liability for accounting purposes as at March 31, 2006 was $75 (2005 - $68). Commencing in the 2006 fiscal year the actuarial gain of $15 is being amortized over the 15 year expected average remaining service life of the employee group.

March 31, 2006 (000's)

7. Related Party Transactions

The Agency is related in terms of common ownership to all Province of Manitoba created Departments, Agencies and Crown Corporations. The Agency enters into transactions with these entities in the normal course of business.

8. Pension Benefits

Employees of Organization and Staff Development are eligible for pension benefits in accordance with the provisions of the Civil Service Superannuation Act (CSSA), administered by the Civil Service Superannuation Board. The CSSA established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the Government, including Organization and Staff Development, through the Civil Service Superannuation Fund.

Effective March 31, 2001, pursuant to an agreement with the Province of Manitoba, the Agency transferred to the Province the pension liability for its employees. Commencing April 1, 2001, the Agency was required to pay to the Province an amount equal to its employees' current pension contributions. The amount paid for 2006 was $19 (2005 - $20). Under this agreement, the Agency has no further pension liability.

9. Public Sector Compensation

Pursuant to the disclosure required by The Public Sector Compensation Disclosure Act, no remuneration was paid to Advisory Board members. During the fiscal year ended March 31, 2006, the following employees received compensation of $50,000 or more.

	2006	2005
E. Dickson	**$ 78**	$ 70
J. Desrochers	**70**	66
S. Swan	**57**	52
K. Meekler	**-**	58