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# CHAIR'S MESSAGE

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As Chair and on behalf of the Board of Directors, it is my pleasure to present Efficiency Manitoba's Annual Report for the 2019/20 fiscal year.

My colleagues and I have had the pleasure of serving on Efficiency Manitoba's board since the organization's inception. With the leadership and expertise of CEO Colleen Kuruluk and the team she has assembled, we are proud of how far the organization has come in such a short amount of time.

Over the 2019/20 fiscal year, Efficiency Manitoba's efforts were focused on engaging with the Energy Efficiency Advisory Group, which includes diverse representation from a variety of customer segments (including residential, commercial, agricultural, industrial, income qualified, and Indigenous) to be served by Efficiency Manitoba's offers. Efficiency Manitoba put extensive effort into preparing a comprehensive three-year plan (2020–23) which will result in streamlined operations, greater energy savings than ever seen in Manitoba, and significantly lower overall costs. The 2020–23 Efficiency Plan was subsequently reviewed by the Public Utilities Board (PUB) during an extensive and rigorous regulatory process. Ministerial approval received on March 31, 2020 aligned with plans to see Efficiency Manitoba officially commence in accordance with legislation on April 1, 2020.

The efforts of Efficiency Manitoba's team to achieve these crucial milestones were monumental. It is due to their dedication and passion that we conclude this fiscal year with an organization ready to begin delivering on its important mandate.

The 2020–23 Efficiency Plan establishes a strong path forward for environmental sustainability in our province. As a board, we are committed to supporting the organization in achieving articulated government priorities and enabling Efficiency Manitoba to positively contribute to the fiscal health of Manitoba and its citizens.

The offers and initiatives included in the plan have been designed to ensure positive outcomes for Manitobans. Homeowners and renters will enjoy lower energy bills, leaving them with more money and purchasing power. The private sector will realize enhanced business opportunities, which will help stimulate the Manitoba economy. Our mandate and the importance of our work is highlighted as we and our neighbours contend with the impacts of the COVID-19 pandemic.

Our focus is putting this impressive plan into action.

I'd like to thank our dedicated board for their commitment and support through this instrumental year, as well as Efficiency Manitoba's staff for their dedication to the success of this Crown corporation. My board colleagues and I look forward to our ongoing service and seeing this new organization flourish as Manitoba's trusted one-stop shop for energy efficiency, providing significant benefits to Manitobans in the process.

**Jeannette Montufar, P.Eng.**

Board Chair

# CEO'S MESSAGE

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The vision of a stand-alone company dedicated to energy efficiency in Manitoba is being realized. As I reflect on the past 12 months, I'm immensely proud of how far we've come in building Efficiency Manitoba and beginning our work to provide enhanced energy-saving opportunities for Manitobans.

We have built a strong foundation throughout the course of this year. Shortly after I arrived at Efficiency Manitoba in January 2019, we began work on our very first three-year plan for energy efficiency for Manitobans. The 2020-23 Efficiency Plan was subsequently filed with the Public Utilities Board in October 2019. In accordance with the Efficiency Manitoba Act and Regulation, the plan was reviewed through an in-depth regulatory process. We were able to demonstrate that our plan puts us on a strong trajectory to achieve long-term mandated electric energy and natural gas savings targets in a cost-effective and innovative manner.

Our plan was approved by the Minister responsible for Conservation and Climate on March 31, 2020, enabling our legislated official commencement on April 1, 2020. This is wonderful news not only for us as an organization, but for Manitoba families and businesses. Reaching this milestone enables us to become a fully operational organization that will provide for significant energy savings and greenhouse gas emission reductions in the province.

The process of operationalizing Efficiency Manitoba has required extraordinary efforts by many dedicated people. I would like to thank our Energy Efficiency Advisory Group for their expertise and contributions to the development of Efficiency Manitoba's 2020-23 Efficiency Plan. This group helped us ensure the voices and needs of all Manitobans were heard and reflected in our plan. We look forward to our ongoing engagement with this group as our focus turns to implementing our approved plan.

As we have moved along in our journey to take full responsibility for energy efficiency in Manitoba, we have benefited from a cooperative and supportive transition from Manitoba Hydro. Our Board of Directors has continually provided expertise and support, which we greatly value and appreciate. We have truly worked as a team with a shared purpose to realize the benefits of energy efficiency for Manitobans and our economy. This purpose cannot be understated as we look to actively participate in economic recovery efforts with Manitoba's post-pandemic reopening activities.

As we head into the 2020/21 fiscal year, we're excited to bring our plan for enhanced energy savings opportunities to Manitobans. Whether you're an Indigenous customer, a homeowner, a renter, a farmer, a business owner, or a municipality, we're here to help you save energy, money, and the environment. We look forward to rolling out new programs and offers over the years ahead. A new future for energy efficiency in Manitoba has arrived.

**Colleen Kuruluk**

Chief Executive Officer

# OUR MANDATE

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**Efficiency Manitoba is a newly created Crown corporation committed to achieving significant annual energy savings targets by offering cost-effective programs and services to Manitobans.**

**Efficiency Manitoba will enable energy efficiency improvements and help Manitobans reduce their utility bills, save energy, and reduce greenhouse gases.**

Education, outreach, and training programs, along with financial incentives to make implementing energy conservation more affordable for Manitobans, will contribute to Efficiency Manitoba reaching its goals. Efficiency Manitoba will work closely with the public, the business sector, non-government organizations,

Indigenous communities and groups, Manitoba Hydro/Centra Gas, and others to implement effective energy efficiency programs. Efficiency Manitoba will enable a leaner, more streamlined approach to energy efficiency program delivery — meeting legislated savings targets while optimizing value for money.



Implement and support demand-side management\* initiatives to meet the savings targets and achieve resulting reductions in greenhouse gas emissions in Manitoba;

**\*Demand-side management:** a reduction in energy consumption achieved through implementation of efficiency measures, codes, or standards

Mitigate the impact of rate increases and delay the point at which capital investments in major new generation and transmission projects will be required by Manitoba Hydro to serve the needs of Manitobans;



Achieve additional reductions in the consumption of electrical energy or natural gas — including resulting reductions in the demand for electrical power — if the reductions can be achieved in a cost-effective manner;

Promote and encourage the involvement of the private sector and other non-governmental entities in the delivery of demand-side management initiatives.







# EFFICIENCY MANITOBA BOARD

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**Back row, left to right:**

Jack Wilson, George Orle, Bryan Purdy, Edna Nabess,  
Ray Redfern.

**Front row, left to right:**

Somia Sadiq, Jeannette Montufar (Chair),  
Kelly de Groot (Vice Chair).



# VISION, MISSION, GUIDING PRINCIPLES & STRATEGIC GOALS

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## Vision

We serve as a catalyst for an energy efficient Manitoba. We are valued by Manitobans for our leadership in energy efficiency and for the partnerships we create.

## Mission

Efficiency Manitoba reduces energy consumption using innovative approaches that respect the environment and lead to economic benefits for Manitobans.

## Strategic goals

- Achieving excellence in our programs and services
- Building and sustaining meaningful partnerships with a customer focus
- Creating a solid foundation to build a successful organization
- Transforming attitudes towards energy efficiency

## Guiding principles

**We believe our employees are key to our success;**

therefore, we will foster a work culture of positive engagement, creativity, and diversity.

**We believe in equity and access;**

therefore, we will provide programs and services that benefit all Manitobans.

**We believe in investing in Manitoba;**

therefore, we will prioritize collaborating with and providing opportunities to local experts creating a stronger economic benefit for our province.

**We believe in keeping things simple;**

therefore, we take a straightforward approach to communication and keep business processes easy to understand and implement.

**We believe in sustainable practices;**

therefore, we will source suppliers and service providers that follow environmentally sound practices.

**We believe in transparency;**

therefore, we are open and accountable.

# MINISTERIAL PRIORITIES

## FOR EFFICIENCY MANITOBA

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A framework letter issued by the Minister of Crown Services to the Chair of the Efficiency Manitoba Board of Directors on April 24, 2019 has guided the work of Efficiency Manitoba during the 2019/20 fiscal year. The following provides a status update as Efficiency Manitoba moves into the 2020/21 fiscal year.

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### **ESTABLISH A LEANER, MORE STREAMLINED ORGANIZATION**

Detailed organizational planning was a key consideration during the 2019/20 fiscal year and will continue throughout 2020/21. Efficiency Manitoba staffing levels, inclusive of all activities within the 2020-23 Efficiency Plan, represents a 30% reduction from historical Manitoba Hydro delivery of demand-side management initiatives.



## **SUBMIT A PLAN TO MEET SAVINGS TARGETS WHILE OPTIMIZING VALUE FOR MONEY**

Efficiency Manitoba reached a major milestone on October 25, 2019 by submitting its 2020-23 Efficiency Plan to the Public Utilities Board for review. The plan demonstrates that Efficiency Manitoba will be able to successfully achieve mandated energy savings of 1.5% of electric load and 0.75% of natural gas load annually. In addition, the plan demonstrates the portfolio of electric and natural gas programs are cost effective and return value to Manitobans through incentives and bill savings, while providing additional environmental and social benefits.

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## **WORK WITH THE PUBLIC UTILITIES BOARD TO STREAMLINE PROCESSES**

Efficiency Manitoba recognized the role of the legislated public review process for its first three-year efficiency plan. While fully participating in the thorough regulatory process, Efficiency Manitoba worked extensively to ensure the process was productive and efficient.

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## **FIND WAYS TO OBTAIN BETTER OUTCOMES WITH LOWER COSTS**

The mandated savings targets that Efficiency Manitoba must achieve are materially higher than previous energy savings in Manitoba. These targets must be realized in a manner that both reduces costs and provides better outcomes to Manitobans. The 2020-23 Efficiency Plan achieves additional electricity savings of 30% and natural gas savings of 42% when compared to Manitoba Hydro's 2015/16 DSM plan, with a budgetary decrease of 10%.



# 2020-23 EFFICIENCY PLAN

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Efficiency Manitoba has a mandate to develop and support energy efficiency initiatives that will reduce provincial consumption of electricity by 1.5% and natural gas by 0.75% annually.

As a result of this mandate, Efficiency Manitoba filed its 2020-23 Efficiency Plan with the Public Utilities Board on October 25, 2019. This plan contains details about programs and initiatives that will cost effectively contribute to meeting Manitobans' needs for energy while helping reduce the impact of energy rate increases.

The 2020-23 Efficiency Plan was extensively reviewed through a formal regulatory process spanning over three months. Efficiency Manitoba answered over 950 information requests submitted by independent experts and registered interveners. A public oral hearing ran from January 6 to 28, 2020, where Efficiency Manitoba heard from intervenors, experts, and members of the public.

After the hearing, the PUB provided a report and recommendations to the Minister responsible for Conservation and Climate. Ministerial approval was received on March 31, 2020.



# ACHIEVING TARGETS



**1.5%**

Reduce Manitoba's electricity consumption by 1.5% annually



**0.75%**

Reduce Manitoba's natural gas consumption by 0.75% annually

## HELPING MANITOBBANS SAVE

The cumulative electric energy savings achieved in the 2020-23 Efficiency Plan will help Manitobans save money and the environment. Energy savings also reduce the province's growing energy needs and delay expensive investments in new hydroelectric generation, transmission, and distribution infrastructure.



### **\$18 MILLION ON ENERGY BILLS**

Over the next three years, Manitobans will save \$18 million annually on their energy bills.



### **ENERGY TO POWER OVER 76,000 HOMES**

Electric energy savings achieved through this plan will power over 76,000 homes for one year.



### **14 MILLION TREES**

Natural gas savings achieved through this plan will reduce greenhouse gas emissions by over 140,000 tonnes of CO<sub>2</sub>e. That's the same as preserving over 14 million trees.

# PROVIDING EXCEPTIONAL CUSTOMER SERVICE

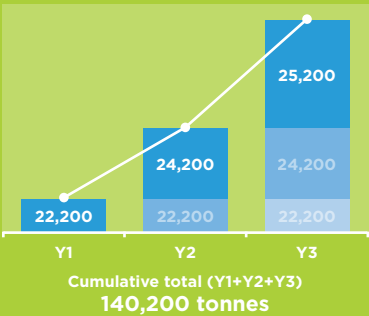
No two Manitobans are alike. From homeowners to small businesses to Indigenous customers to industry, everyone uses energy differently. That's why Efficiency Manitoba has put forward a diverse set of rebates and initiatives that are tailored to Manitobans. The programs, offers, and initiatives included in the 2020-23 Efficiency Plan were designed by knowledgeable staff and are inclusive and easy to access.



## TAILORED OFFERS FOR MANITOBA'S DIVERSE NEEDS

**Homes, communities,  
businesses, industry,  
Indigenous communities,  
and farms**

### PERSISTING CUMULATIVE GHG REDUCTIONS (TONNES OF CO<sub>2</sub>e)



Efficiency Manitoba will be a valuable resource for achieving greenhouse gas (GHG) emission reductions and will play a role delivering on commitments outlined in the province's Made-in-Manitoba Climate and Green Plan.

Executing the 2020-23 Efficiency Plan will provide persisting cumulative GHG emission reductions from natural gas energy savings of over 140,000 tonnes of CO<sub>2</sub>e.

# BENEFITTING THE MANITOBA ECONOMY

Efficiency Manitoba supports the Manitoba economy. Energy efficiency programs and offers will create opportunities for skilled trades, energy advocates, and communities. In fact, 87% of Efficiency Manitoba's annual budget will be returned to Manitobans in the form of customer incentives and through work with energy efficiency delivery partners. This promotes cleaner and more productive economic growth.

Efficiency Manitoba will work with thousands of contractors and suppliers, creating opportunities for economic growth.

Programs and offers will help fuel the local energy efficiency economy; contractors, suppliers, and communities will work with Efficiency Manitoba to deliver and install energy-efficient technologies.



## CONTRACTORS



COMMUNITIES

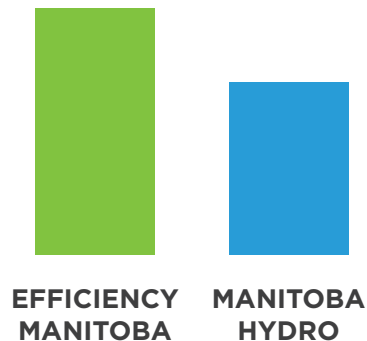
SUPPLIERS

Every \$1 spent on energy efficiency will provide \$3.21 in value to Manitoba electric customers.

Efficiency Manitoba will achieve over 30% more electric savings.

**\$1 → \$3.21**

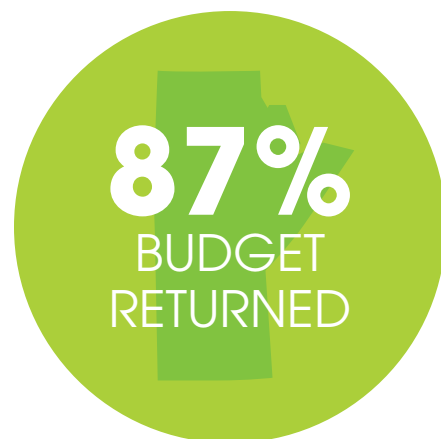
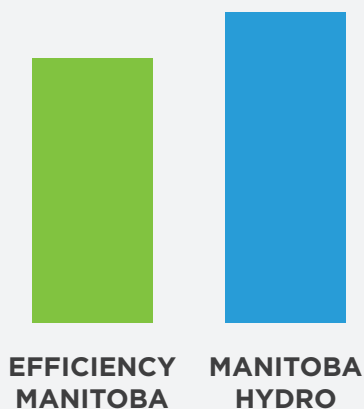
### 30% MORE ELECTRIC SAVINGS



Annual budgets will be 10% lower than Manitoba Hydro.

87% of the budget will go back to Manitobans and the private sector.

### 10% LESS BUDGET







# 2019/20 HIGHLIGHTS

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# ENGAGEMENT

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## **Efficiency Manitoba engaged with Manitobans throughout the development process of the 2020–23 Efficiency Plan.**

The engagement strategy included the formation of the Energy Efficiency Advisory Group (EEAG), the development of a stakeholder survey, and feedback through program implementation activities with private sector businesses (contractors, installers, service providers, and retailers) as well as customers.

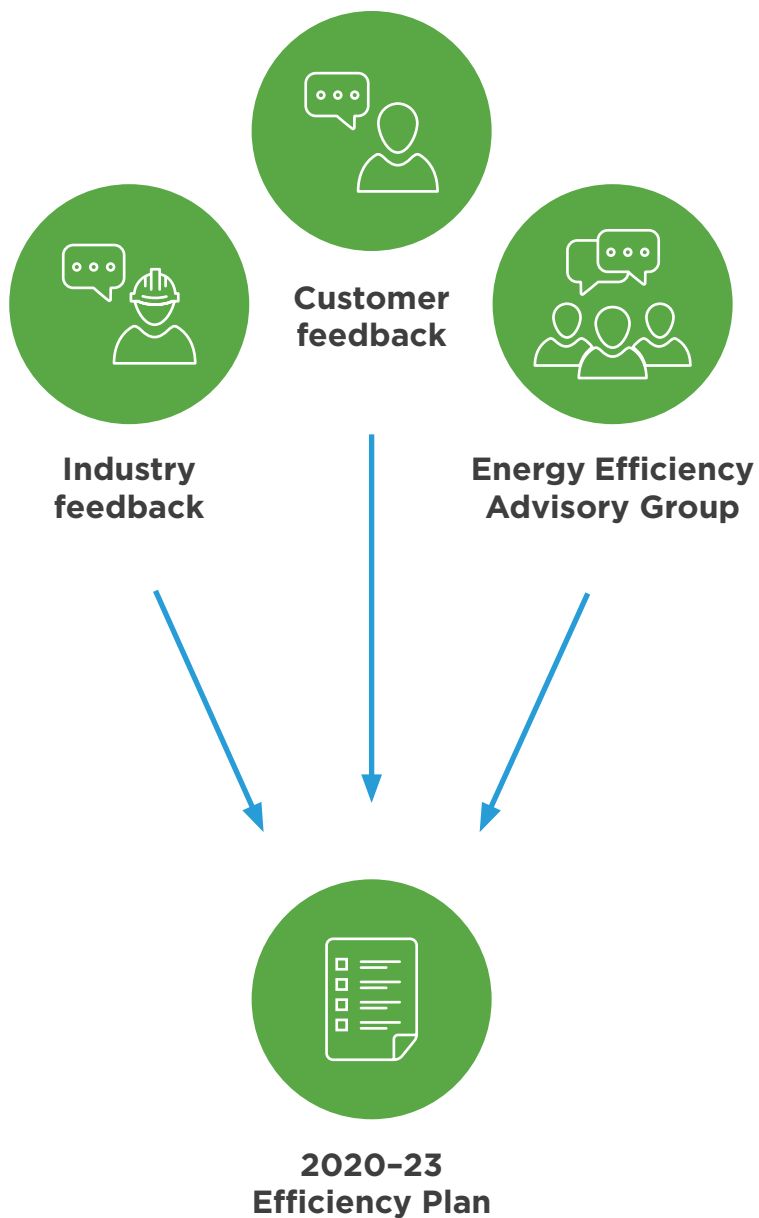
### **This engagement influenced the plan by:**

- focusing efforts on ensuring continuity of programs for customers;
- developing strategies and tools to streamline the program application process;
- proposing new programs within the plan;
- adopting additional customer customization for program design and delivery; and
- supporting activities to successfully reach the target program participants within each customer segment.

# ENSURING CONTINUITY OF ENERGY EFFICIENCY PROGRAMS

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While carrying out transition activities, Efficiency Manitoba continued to work closely with Manitoba Hydro to ensure that energy efficiency services were not disrupted. This involved developing implementation strategies for both enhanced and new programming, as well as communicating with contractors and other partners who rely heavily on energy efficiency initiatives for their longevity and economic success.



## Members of the Energy Efficiency Advisory Group involved in the plan development process included the following:

- Association of Manitoba Municipalities
- Consumers' Association of Canada (Manitoba)
- Expert Advisory Council on the Climate and Green Plan
- Green Action Centre
- International Institute for Sustainable Development
- Keystone Agricultural Producers
- Manitoba Industrial Power Users Group
- Manitoba Keewatinowi Okimakanak Inc.
- Manitoba Metis Federation
- Southern Chiefs' Organization

# OPERATIONAL READINESS

**Significant work was completed to establish corporate infrastructure and energy efficiency programming for Manitobans to prepare Efficiency Manitoba to commence operations.**

Launching Efficiency Manitoba involved multiple foundational activities that had to be undertaken concurrently to begin serving customers. Some of these activities included the development of IT infrastructure, human resources related to both policies and employees, marketing strategies, and of course, energy efficiency programming.

One of the most significant accomplishments was launching Efficiency Manitoba's website and social media platforms. These are imperative tools for aiding customer awareness and participation in energy efficiency programs. By the end of 2019/20, Efficiency Manitoba's Facebook and Instagram accounts had over 2,300 and 2,000 followers respectively, and impressions totaled approximately 2.6 million. The website saw 65,000 users and 105,000 sessions throughout the fiscal year. Manitobans are already demonstrating active interest in Efficiency Manitoba.

Other operational readiness focus areas included recruiting experienced talent aligned with Efficiency Manitoba's performance-based culture, providing an inclusive and respectful work environment, and procuring contracted services in a fair and transparent manner.



**2,300**

Facebook followers



**2,000**

Instagram followers



**2.6M**

Social media impressions



**65,000**

Website users



# FINANCIAL STATEMENTS

of EFFICIENCY MANITOBA INC.

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And Independent Auditors' Report thereon  
Year ended March 31, 2020



# Independent Auditors' Report



To the Board of Directors of Efficiency Manitoba Inc.

## Opinion

We have audited the financial statements of Efficiency Manitoba Inc. (the "Entity"), which comprise the statement of financial position as at March 31, 2020, the statements of operations and accumulated surplus, changes in net debt 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, 2020, and its results of operations 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.

## Other Information

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "Annual Report 2019-20".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, and remain alert for indications that the other information appears to be materially misstated.

The information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "Annual Report 2019-20" is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

## 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.

The logo for KPMG LLP, featuring the letters "KPMG" in a bold, sans-serif font, followed by "LLP" in a smaller, similar font. A horizontal line is drawn underneath the text.

Chartered Professional Accountants

Winnipeg, Canada

June 24, 2020

# Efficiency Manitoba Inc.

## Statement of Financial Position

As at March 31, 2020, with comparative information for 2019

	2020	2019
Financial assets:		
Cash	\$ 117,278	\$ 32,650
Accounts receivable and accrued revenue	139,854	—
	257,132	32,650
Financial liabilities:		
Accounts payable and accrued liabilities	257,132	18,159
Deferred revenue	—	25,763
	257,132	43,922
Net debt	—	(11,272)
Non-financial assets:		
Tangible capital assets (note 2)	18,561	9,219
Prepaid expenses	—	2,053
	18,561	11,272
Accumulated surplus	\$ 18,561	\$ —

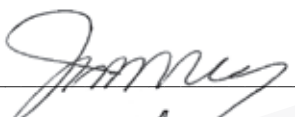

Accumulated surplus is comprised of:

Invested in tangible capital assets	\$ 18,561	\$ —
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Subsequent event (note 5)

See accompanying notes to financial statements.

On behalf of the Board:

 Director  
 Director

# Efficiency Manitoba Inc.

## Statement of Operations and Accumulated Surplus

Year ended March 31, 2020, with comparative information for 2019

	Budget	2020	2019
	(Note 4)		
Revenue:			
Manitoba Hydro contributions	\$ 3,326,010	\$ 3,515,617	\$ 174,237
Interest income	—	45	—
	3,326,010	3,515,662	174,237
Expenses:			
Amortization & depreciation	192,156	8,032	2,301
Board expenses	—	3,077	6,148
Board remuneration and benefits	70,100	75,177	69,600
Legal and consulting fees	615,000	217,248	16,080
Managed services	20,711	23,863	—
Office and administration	21,443	16,430	6,595
Regulatory expense	1,500,600	2,303,743	—
Rent	48,000	48,692	16,111
Salaries and benefits	852,000	798,877	57,402
Travel	6,000	1,962	—
	3,326,010	3,497,101	174,237
Surplus for the year	—	18,561	—
Accumulated surplus, beginning of year	—	—	—
Accumulated surplus, end of year	\$ —	\$ 18,561	\$ —

See accompanying notes to financial statements.



# Efficiency Manitoba Inc.

## Statement of Changes in Net Debt

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Surplus for the year	\$ 18,561	\$ —
Acquisition of tangible capital assets	(17,374)	(11,520)
Amortization of tangible capital assets	8,032	2,301
Change in prepaid expenses	2,053	(2,053)
	11,272	(11,272)
Net debt, beginning of year	(11,272)	—
Net debt, end of year	\$ —	\$ (11,272)

See accompanying notes to financial statements.

# Efficiency Manitoba Inc.

## Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating transactions:		
Surplus for the year	\$ 18,561	\$ —
Amortization of tangible capital assets	8,032	2,301
Change in non-cash operating working capital:		
Accounts receivable and accrued revenue	(139,854)	—
Prepaid expenses	2,053	(2,053)
Accounts payable and accrued liabilities	238,973	18,159
Deferred revenue	(25,763)	25,763
	102,002	44,170
Capital transactions:		
Additions to tangible capital assets	(17,374)	(11,520)
Increase in cash	84,628	32,650
Cash, beginning of year	32,650	—
Cash, end of year	\$ 117,278	\$ 32,650

See accompanying notes to financial statements.

# Efficiency Manitoba Inc.

## Notes to Financial Statements

Year ended March 31, 2020

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### General:

The Efficiency Manitoba Act was proclaimed into effect on January 24, 2018. The Act established a crown corporation without share capital, Efficiency Manitoba Inc. (the “Corporation”). The Board of Directors of the Corporation was appointed May 16, 2018 and therefore the Corporation was inactive in the period ended March 31, 2018. The Corporation commenced operations effective April 1, 2020.

The mandate of Efficiency Manitoba Inc. is to:

- Implement and support demand-side management initiatives to meet savings targets and achieve any resulting reductions in greenhouse gas emissions in Manitoba;
- Achieve additional reductions in the consumption of electrical energy or natural gas if the reductions can be achieved in a cost-effective manner;
- Mitigate the impact of rate increases and delay the point at which capital investments in major new generation and transmission projects will be required to serve the needs of Manitobans; and
- Promote and encourage the involvement of the private sector and other non-governmental entities in the delivery of its demand-side management initiatives.

The Corporation is exempt from income taxes under *The Income Tax Act*.

In recognition of the benefits received by Manitoba Hydro from the efforts of the Corporation, Manitoba Hydro is responsible for funding operations of the Corporation pursuant to legislation. The Corporation is therefore economically dependent on Manitoba Hydro for continued operations.

### 1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian public sector accounting standards. The significant accounting policies are summarized as follows:

(a) Revenue:

Contributions from Manitoba Hydro are recognized in the period in which the transactions or events occurred that gave rise to the revenue.

Investment income is recognized as revenue in the year in which the income was earned.

# Efficiency Manitoba Inc.

## Notes to Financial Statements (continued)

Year ended March 31, 2020

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### 1. Significant accounting policies (continued):

(b) Expenses:

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

(c) Financial instruments:

Derivative instruments and equity instruments that are quoted in an active market are reported, on initial recognition and subsequently, 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. Management has not elected to carry these instruments at fair value.

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.

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.

Canadian public sector accounting standards require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 – Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 – Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

The Corporation has no financial instruments that are measured at fair value.

# Efficiency Manitoba Inc.

## Notes to Financial Statements (continued)

Year ended March 31, 2020

### 1. Significant accounting policies (continued):

(d) Tangible capital assets:

Tangible capital assets are recorded at cost. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a tangible capital asset no longer contributes to the Corporation's ability to provide services, its carrying amount is written down to its residual value.

Tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Estimated useful lives
Computer	3 years
Furniture and fixtures	2 years

(e) Employee future benefits:

Pension payments are recognized as operating expenses as payments are made under provisions of *The Manitoba Civil Service Superannuation Act*. Retirement entitlement obligations, vested sick leave, severance and vacation entitlement benefits, if any, are accrued as employees earn the benefits.

(f) Use of estimates:

The preparation of financial statements requires management 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 the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

# Efficiency Manitoba Inc.

## Notes to Financial Statements (continued)

Year ended March 31, 2020

### 2. Tangible capital assets:

Cost	Balance at March 31, 2019	Additions	Disposals	2020 Total	2019 Total
Computers	\$ 6,951	\$ 10,954	\$ —	\$ 17,905	\$ 6,951
Furniture and fixtures	4,569	6,420	—	10,989	4,569
	\$ 11,520	\$ 17,374	\$ —	\$ 28,894	\$ 11,520

Accumulated Amortization	Balance at March 31, 2019	Additions	Disposals	2020 Total	2019 Total
Computers	\$ 1,159	\$ 4,143	\$ —	\$ 5,302	\$ 1,159
Furniture and fixtures	1,142	3,889	—	5,031	1,142
	\$ 2,301	\$ 8,032	\$ —	\$ 10,333	\$ 2,301

Net book value	2020 Total	2019 Total
Computers	\$ 12,603	\$ 5,792
Furniture and fixtures	5,958	3,427
	\$ 18,561	\$ 9,219

### 3. Financial risks:

Liquidity risk:

Liquidity risk is the risk that the Corporation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Corporation manages its liquidity risk by monitoring its operating requirements. The Corporation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

### 4. Budget:

On March 18, 2019, the Board of Directors of the Corporation approved the 2019/20 operating budget which has been utilized in these financial statements.

# Efficiency Manitoba Inc.

## Notes to Financial Statements (continued)

Year ended March 31, 2020

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### 5. Subsequent event:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

At the time of approval of these financial statements, the Corporation has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Delay of the public launch for Efficiency Manitoba including the Spring Retail Rebate campaign.
- Ceasing of all programs requiring Efficiency Manitoba's third-party contractors to access customer homes and businesses.
- Implemented a temporary pause on the transition of staff recognizing public health orders to facilitate working from home to the extent practical and to provide time for required collaboration with bargaining units on Provincial Workforce Sustainability.

At this time these factors present uncertainty over the timing of future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations and the Corporation's ability to achieve targeted energy savings for year 1 of its 3-Year Efficiency Plan. An estimate of the financial effect is not practicable at this time.





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