



Correctional Service
Canada

Service correctionnel
Canada



CORCAN



ANNUAL REPORT 2006-2007
CANADIAN VALUES AT WORK

Canada 

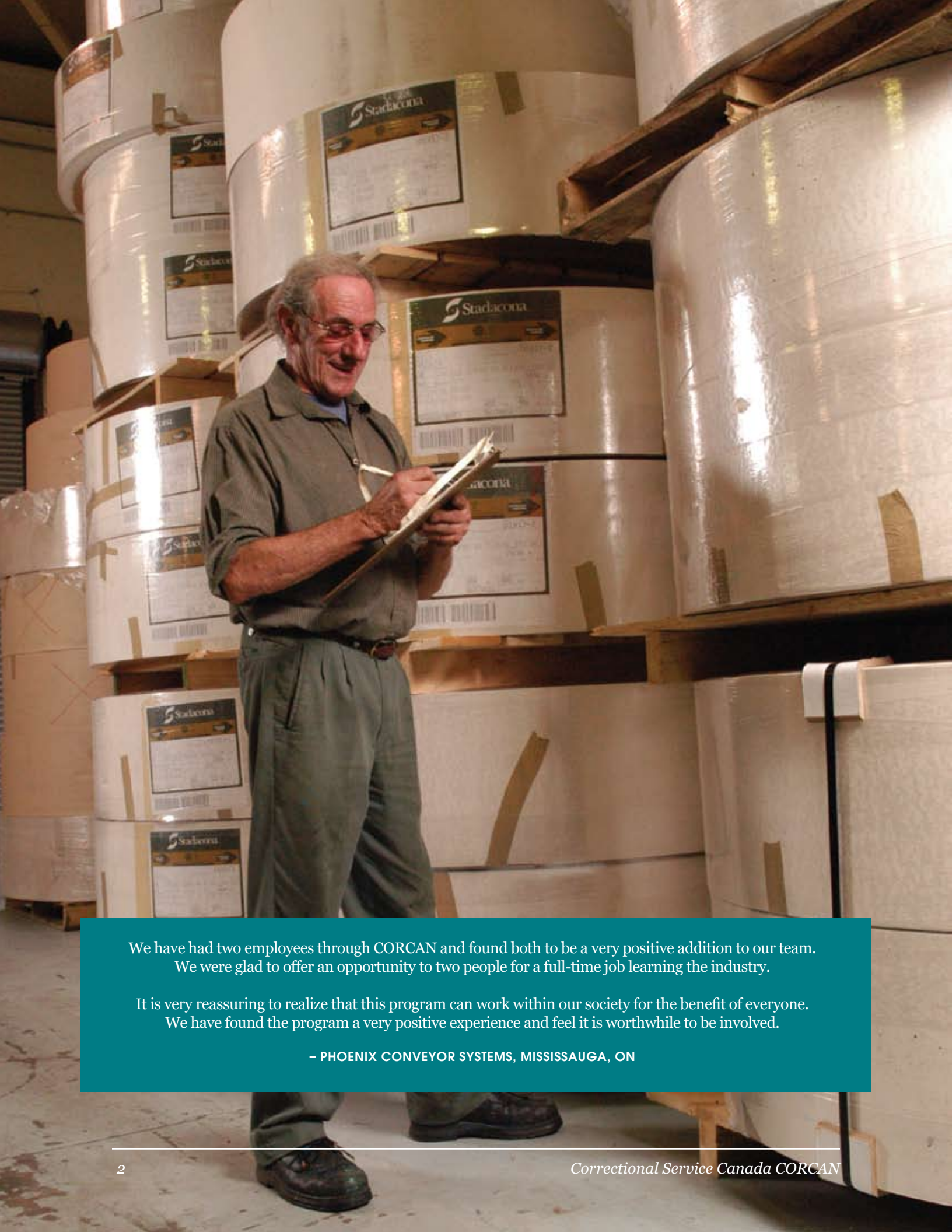


CORCAN is a Special Operating Agency within the Correctional Service of Canada (CSC) with the mandate to help offenders reintegrate back into Canadian society once they leave prison. CORCAN achieves this mandate by providing employment training and employability skills to offenders while they are in prison as well as a range of employment services to help offenders find and keep a job once they leave prison, thus reducing the risk that they will re-offend.



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We have had two employees through CORCAN and found both to be a very positive addition to our team.
We were glad to offer an opportunity to two people for a full-time job learning the industry.

It is very reassuring to realize that this program can work within our society for the benefit of everyone.
We have found the program a very positive experience and feel it is worthwhile to be involved.

– PHOENIX CONVEYOR SYSTEMS, MISSISSAUGA, ON



MESSAGE FROM THE CEO

As my first year on the job as the Chief Executive Officer of CORCAN comes to a close, I can attest without hesitation that our major product, and the source of our greatest pride in what we do, is trained, motivated offenders ready and willing to find and keep a job once they leave prison.

Yes, we make state-of-the-art office furniture and a host of other wood, metal and textiles products for clients throughout the public and non-profit sectors; but we do that for one reason and one reason only—to provide offenders with skills training, and to show them the sense of self-esteem and pride that comes from a job well done.

In my travels to all regions and to most of our 36 CORCAN production sites across the country, I was impressed by the organizational strength and sense of mission that pervades our shops. The individuals who work with CORCAN—whether in sales, management, production or after-sales service—are passionate about what they do.

My travels also taught me that by far the most important individuals in our organization are the CORCAN instructors who, day after day, work side by side with our offenders, showing them by instruction and, more importantly, by example, what it means to put in an honest day's work that one can feel good about. And of course without our Employment Co-ordinators, who work with our offenders once they are released to find employers willing to give them a chance, none of our bottom-line success in placing trained offenders in jobs in the community would happen.

In sum, my first year with CORCAN has taught me that “Canadian Values at Work” is much more than a slogan—what we do at CORCAN benefits all Canadians by helping ensure safer communities for us all.

2006–2007 has been a banner year for CORCAN both on the sales revenue front and on the employment front. Our sales reached a record-setting \$60 million, mainly due to a vastly increased business relationship with the Department of National Defence. And as always, more sales mean, by definition, more productive, meaningful employment for our offenders, which in turn means greater success in achieving our core mission—producing trained, motivated offenders able to find and keep a job, thereby reducing their chances of returning to prison.

It is in this context that CORCAN continues to grow its business and seek new clients and customers. There is no better support for this than the testimony of satisfied clients that you will find throughout this report. Whether they have purchased CORCAN products and services or have hired offenders trained by CORCAN, their words of endorsement and encouragement convince me that we are on the right track at CORCAN—putting Canadian Values to Work.

John Sargent
Chief Executive Officer
October 2007



CORCAN and Drumheller Institution partnered with the Northern Alberta Institute of Technology to deliver an eight-week Construction Framing Skills program at Drumheller Institution, which the offenders then put into practice by volunteering for three weeks at the Habitat for Humanity build site in Calgary.

In November 2006, nine Drumheller Institution minimum security offenders completed their construction framing skills program and were presented with certificates recognizing their achievements at a ceremony attended by representatives from NAIT, Habitat for Humanity, the Correctional Service and senior managers from CORCAN and Drumheller Institution.

CORCAN Community Employment Coordinators were contacted by a contractor in Dartmouth, NS, looking to hire offenders for demolition work. This employer, an ex-RCMP officer, was committed to working with parolees in addressing their employability with the belief that providing employment and training opportunities would lead to safer communities.

Demolition Companies, Nova Scotia



OUR MISSION AND MANDATE

CORCAN is a Special Operating Agency within the Correctional Service of Canada (CSC) with the mandate to help offenders reintegrate back into Canadian society once they leave prison. CORCAN achieves this mandate by providing employment training and employability skills to offenders while they are in prison, as well as a range of employment services to help offenders find and keep a job once they leave prison, thus reducing the risk that they will re-offend.

CORCAN operates in an environment that is governed by four key elements:

- The legislative framework, i.e., *The Corrections and Conditional Release Act*
- The Mission of the Correctional Service of Canada
- CORCAN Mandate
- CORCAN Strategic Vision

THE CORRECTIONS AND CONDITIONAL RELEASE ACT

The *Corrections and Conditional Release Act* states that the purpose of the Correctional Service of Canada (CSC) is to contribute to the maintenance of a just, peaceful and safe society by:

- carrying out sentences imposed by courts through the safe and humane custody and supervision of offenders with sentences of two years or more; and
- assisting in the rehabilitation of offenders and their reintegration into the community as law-abiding citizens through the provision of programs in penitentiaries and in the community.

THE MISSION OF THE CORRECTIONAL SERVICE OF CANADA

The Correctional Service Canada, as part of the criminal justice system and respecting the rule of law, contributes to the protection of society by actively encouraging and assisting offenders to become law-abiding citizens, while exercising reasonable, safe, secure and humane control.

CORCAN MANDATE

CORCAN's mandate is to aid in the safe reintegration of offenders into Canadian society by providing employment and employability skills training to offenders while they are incarcerated in federal penitentiaries and, for brief periods of time, after they are released into the community.

CORCAN STRATEGIC VISION

Contributing to safer communities through innovative and effective client-oriented partnerships that help offenders to successfully reintegrate back into society.

Together, these four elements shape how CORCAN does business and define the results CORCAN delivers to Canadians.



CORCAN PRODUCTION



① Pacific Region

Textile shop
Mixed agricultural
Community services
Vehicle refurbishment
Metal shop
Wood shop
Upholstery shop
Sawmill
Miscellaneous fabrication

② Prairie Region

Metal shop
Wood shop
Upholstery shop
Mixed agricultural
Catnip
Mattress fabrication
Vehicle refurbishment
Industrial metal
Graphics shop
Textile shop

③ Ontario Region

Cabinet, wood shop
Vehicle refurbishment
Miscellaneous fabrication
(private sector model)
Mixed agricultural
Upholstery and canvas repair
Industrial metal shop
Mattress fabrication
Metal shop
DND vehicle refurbishment

④ Quebec Region

Laundry
Miscellaneous leather fabrication
Laundry sorting and distribution
Renovations and new construction
Wood shop
Upholstery shop
Vehicle refurbishment
Textile shop
Metal shop
File folder fabrication
Miscellaneous printing
Forms distribution
Office seating fabrication

⑤ Atlantic Region

Mattress fabrication
Textile shop
Miscellaneous fabrication
Cabinet, wood shop
Renovations and new construction
Metal shop
Upholstery shop
Vehicle refurbishment
Mixed agricultural



CORCAN BUSINESS OPERATIONS

CORCAN operates in 36 sites inside federal correctional institutions across Canada (many ISO-Certified). Our shops provide a realistic work environment where products and services meet private sector norms and standards. Research indicates that a realistic work experience more effectively prepares an offender for employment in the community and successful reintegration.

CORCAN also offers employment services to recently released offenders in 41 communities across Canada. Services offered to offenders include employment counselling, assistance with resume writing and interview preparation, and use of Internet, fax and phone. There are 4 employment centres in the Atlantic Region, 21 in Quebec, 7 in Ontario, 4 in the Prairie Region and 6 in the Pacific Region.

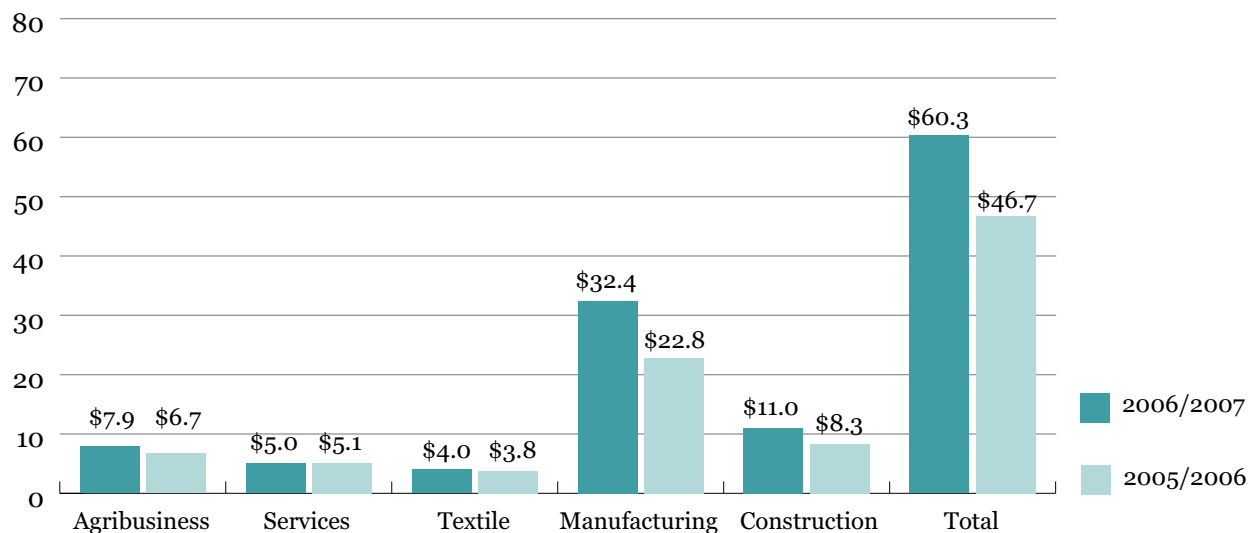
Year-end Highlights

Record-setting revenues of \$60.3 million made 2006–2007 a banner business year for CORCAN. Yearly revenues rose 30% or \$13.8 million.

This strong performance allowed CORCAN to generate a net surplus of \$2.1 million despite increased expenditures on our core (non-revenue generating) mandate—employability skills training.

The table below indicates that revenue growth came mainly from CORCAN's manufacturing business, with increases also noted in construction and agri-business operations. Revenues in the textile and services businesses remained close to the previous year's levels.

Sales Revenue by Business Line (\$ x 1 million)



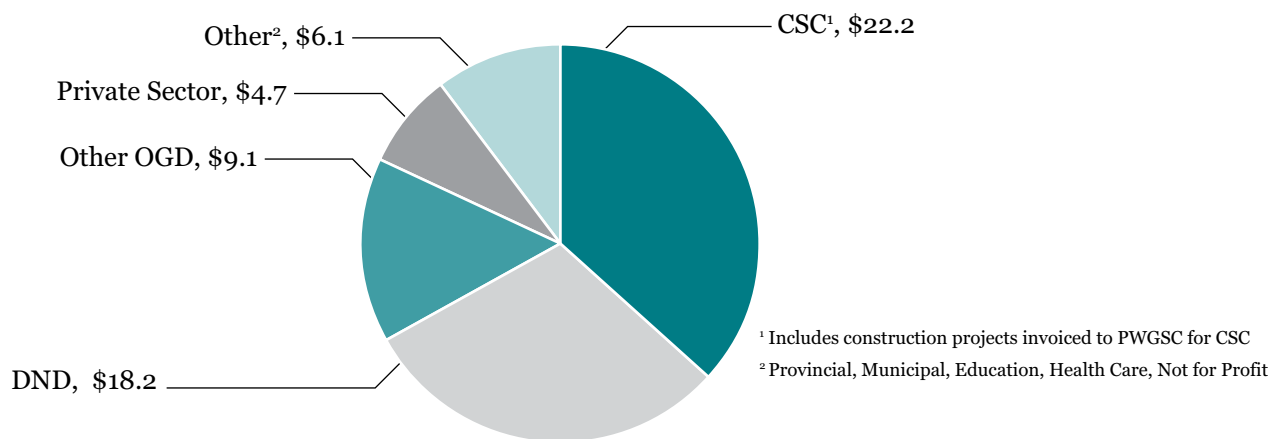
Net operating results at the site level (site revenues less operating expenses) improved by over \$4 million from the previous year, as increased manufacturing orders filled under-utilized capacity and absorbed additional overhead expenses. The manufacturing business generated the largest year over year improvement (\$3.3 million) with construction, agribusiness and textile operations also showing net increases. Only the services business experienced a drop in contribution. Highlights by business line are outlined below.

SALES ACTIVITY

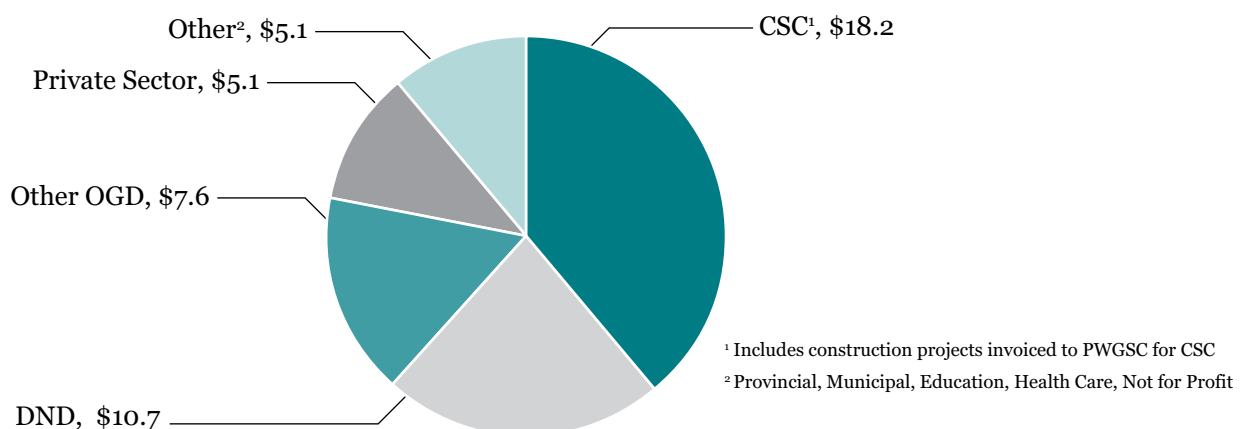
The charts below indicate sales revenues by major client group for the current and previous year.

- By far the biggest growth in sales has come from the Department of National Defence (DND), with an increase of \$7.5 million. This is primarily related to the full implementation of the Heavy Logistic Vehicle program and record output from our van body repair program.

Sales Revenue by Major Customer 2006/2007 (\$ x 1 million)



Sales Revenue by Major Customer 2005/2006 (\$ x 1 million)



- Revenues from CSC also showed a significant \$4 million increase, primarily related to increased construction activity.
- Sales to other federal government departments (OGD) also showed growth, with the completion of the office project for the Department of Public Safety as the major contributor.
- Sales outside the federal government increased slightly, but represent a decreasing percentage of total sales volume (a drop from 22% to 18%).

A National Sales Committee was formed to review sales activity from a national perspective. Led by the Director Corporate Affairs, this committee includes sales representatives and managers of our warehouse and technical support centres, and meets monthly to share information, ideas and best practices. A sales conference was held in September, where the group met to develop sales strategy and related product development and inventory management plans.

Initially the committee focussed on the manufacturing business line, as this line represents our largest investment in equipment and fixed operating costs. Increasing revenue in this line is critical to the overall success of CORCAN, with every additional sales dollar yielding 33 cents to the bottom line.

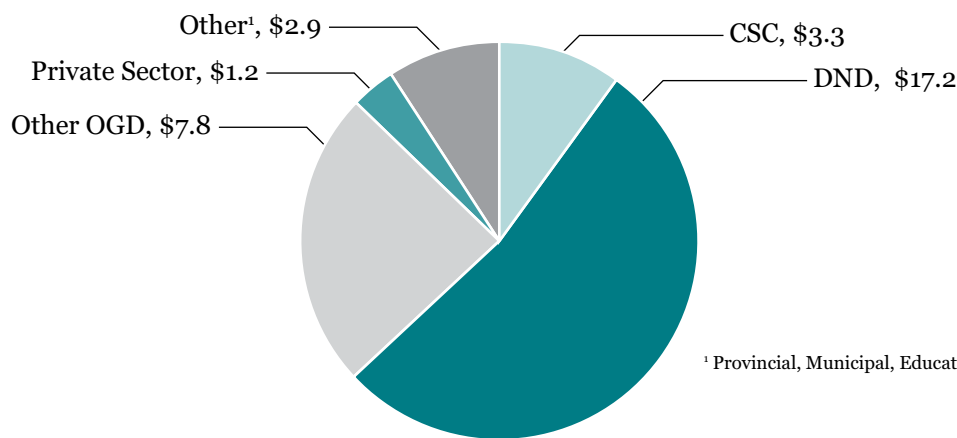
The chart below clearly demonstrates the growing importance of the Department of National Defence in this business line (53% of total manufacturing revenues in the year just ended). In total, sales to federal government departments exceeded \$28 million, or 87% of manufacturing sales.

Highlights by Business Line

Agribusiness:

- Revenue increased by \$1.2 million to \$7.9 million, due in part to a recovery in cattle prices.
- Business line contribution improved by about \$0.4 million, as crop yields were strong, reducing the amount of purchased feed.
- The agribusiness review of farms in the Prairie Region resulted in a series of recommendations that are now being implemented—for example, the closure of the hog operation at Riverbend.
- The compost contract with Safeway at Bowden Farm became fully operational during the year, providing a positive margin and added offender training hours.

Manufacturing Sales Revenue by Major Customer 2006/2007 (\$ x 1 million)



¹ Provincial, Municipal, Education, Health Care, Not for Profit



- Staff and offenders at Frontenac Institution were awarded the Frontenac County Dairy Herd Improvement award, recognizing the significant improvement in the herd, which now exceeds the class average for the county.
- A Forest Management plan, intended to enhance the value of the forest, was implemented in conjunction with a private contractor on 1485 acres at Atlantic Institution.

Services:

- Services revenues—primarily laundry and printing operations in Quebec—dropped slightly from the previous year to \$5.0 million.
- Delays in the start-up of the Archambault laundry accounted for the largest portion of this increased loss, comprised primarily of unabsorbed overhead and increased costs incurred for sub-contracting work we could not complete. CSC and PWGSC engineers are working to resolve the water flow problems plaguing the facility.
- Printing and file folder manufacturing remain solid, with sales of \$1.4 million covering site costs.

Textiles:

- Textiles revenues increased slightly to \$4 million, due to sales of inmate clothing to the CSC and small price increases negotiated later in the year.
- Successful cost containment measures helped improve site contribution by \$0.3 million.
- Raw materials prices have increased more rapidly than selling prices to CSC, resulting in operating losses. The situation will improve as recently negotiated price increases take effect.
- Sales of bedding and webbing products from the Ferndale operation were lower than anticipated, but a newly implemented sales strategy focussing on DND will generate added volume in the new year.

Manufacturing:

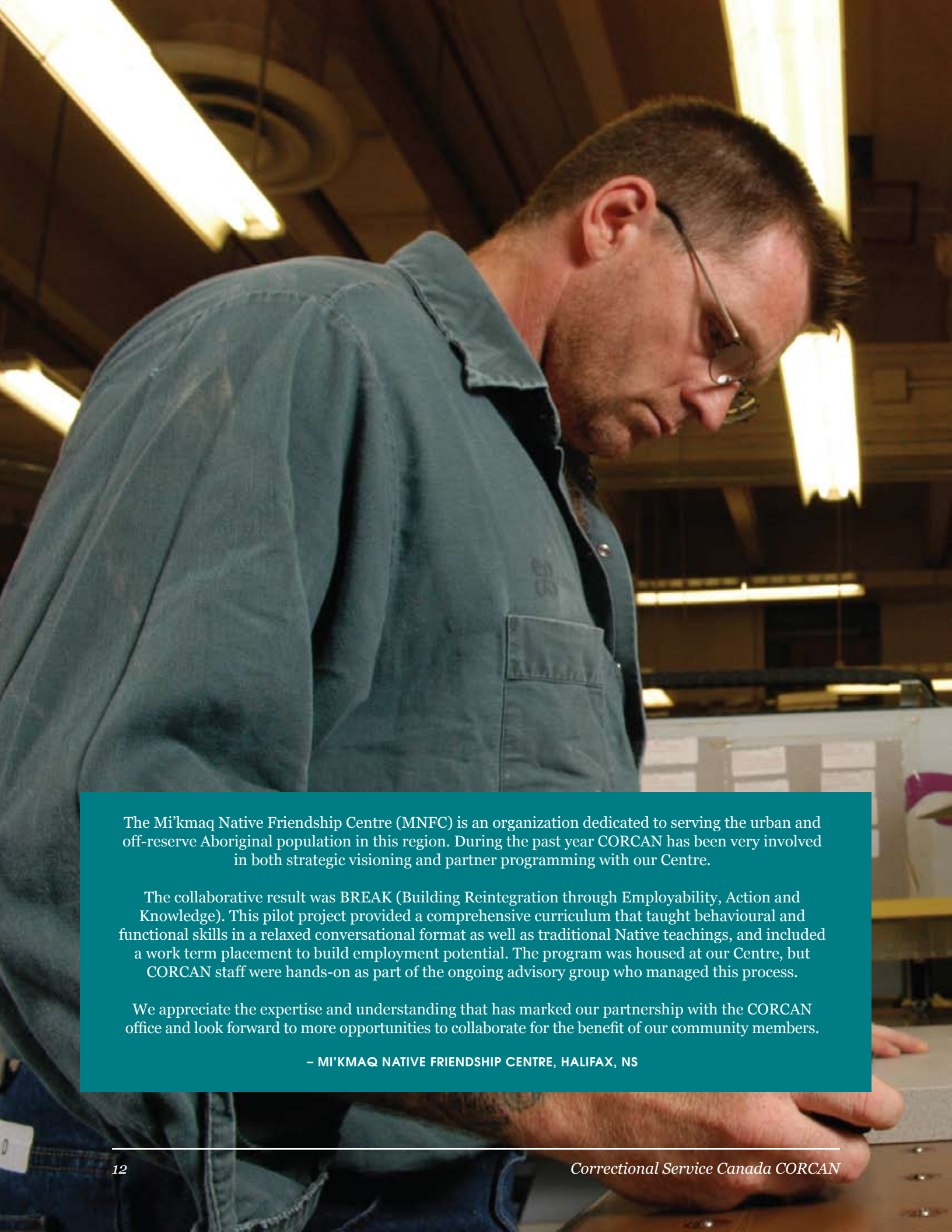
- CORCAN manufacturing set a record in 2006–2007 with sales of \$32.4 million—an increase of \$9.6 million over the previous year.
- The business line contribution improved by \$3.3 million.
- CORCAN refurbished and delivered 122 Heavy Logistic Vehicles to DND under the first full year of the HLVW Life Extension program, generating approximately \$3.2 million in revenue and over 80,000 offender training hours.



- We refurbished and delivered 187 van and ambulance bodies to DND, the largest single-year output under this long-standing agreement, generating \$2 million in revenue and almost 60,000 training hours.
- We successfully completed a 9-floor, 800-workstation installation for the Department of Public Safety—the largest project ever undertaken by CORCAN.
- Offenders at institutions in Atlantic Region furnished two new living units at Springhill Institution (cells and common areas).
- The CORCAN Warehouse and Distribution Centre moved to its new location in September, providing over 60,000 square feet of space for inventory stocking and order staging, thereby improving our ability to react to client demands.
- A number of new products were designed and introduced during the year, including the eSpace workstation system, which has been well accepted, with several installations completed during the year.
- As part of its plan to address rust-out issues and increased demand, CORCAN invested in several key pieces of manufacturing equipment, such as the metal machining centre installed at Joyceville.

Construction:

- Revenues—primarily from CSC institutional projects managed through PWGSC—increased by \$3 million to \$11 million for the year.
- Increased revenues and improved project management processes helped improve business line margins by about \$1 million, with all regions reporting positive operating margins.
- Revised MOUs with CSC and PWGSC provided CORCAN with access to the full range of construction projects, allowing us to choose those projects best suited to our capabilities and maximizing offender training hours.

A man with short brown hair and glasses, wearing a green button-down shirt, is focused on his work. He is leaning over a workbench in a workshop or industrial setting, with bright overhead lights visible in the background. The image is partially obscured by a teal text box.

The Mi'kmaq Native Friendship Centre (MNFC) is an organization dedicated to serving the urban and off-reserve Aboriginal population in this region. During the past year CORCAN has been very involved in both strategic visioning and partner programming with our Centre.

The collaborative result was BREAK (Building Reintegration through Employability, Action and Knowledge). This pilot project provided a comprehensive curriculum that taught behavioural and functional skills in a relaxed conversational format as well as traditional Native teachings, and included a work term placement to build employment potential. The program was housed at our Centre, but CORCAN staff were hands-on as part of the ongoing advisory group who managed this process.

We appreciate the expertise and understanding that has marked our partnership with the CORCAN office and look forward to more opportunities to collaborate for the benefit of our community members.

– MI'KMAQ NATIVE FRIENDSHIP CENTRE, HALIFAX, NS



I have had the privilege of working for CORCAN since 1995. I started working for CORCAN Construction, building a new chapel here at Mission Institution and then renovating our kitchen. For the past seven years I have worked as an Office Clerk for CORCAN Manufacturing. As a lifer in a federal institution I could not think of a better place to work. It provides me with a sense of normality in this insane place. I get to escape the institutional games and politics seven hours a day and work with people I have a great deal of respect for.

Team work is essential, without a good team you won't go anywhere. Individual people work for CORCAN, but it is working as a team that we get things done the best and I work with a fantastic team.

One of my biggest struggles when I began to work for CORCAN was my own problem with people in authority, especially women. Being an abused child at a very young age, and that abuse having come from my mother, I had always looked at women in authority over men as fundamentally wrong. I now work for three fantastic women who I respect greatly. They have shown me that women can hold the same positions as men and do just as good a job, sometimes even better. They have given me a new respect for women in the position of authority.

R. McCann
CORCAN Manufacturing
Mission Institution



The Canadian Coast Guard (CCG) has recently established a new Directorate to handle the acquisition of its Major Crown Projects. The Directorate chose CORCAN to design and furnish the new office space. Bruce Fletcher, Director General, Major Crown Projects (MCP) Directorate, says he is highly impressed with the results: “The product is top quality. We have everything we could possibly need to do our jobs—hutches and tables and plenty of space. The workstations are nice and comfortable to work at.”

One of CORCAN’s key strengths is that it knows government guidelines and specifications down to the most minor detail, and can guide the customer through every stage of the project. Staff at the CCG Major Crown Projects Directorate were advised by a designer, offered government-approved options, and able to choose colors and options that best suited their individual workspace needs, all within space allocation standards.

According to Bruce, the whole process was seamless. “The design, fabric and furniture are all top quality and fit together well. It was all done professionally and quickly by the installers. Adjustments were always done in a timely manner.”

Major Crown Projects, Canadian Coast Guard



CORCAN staff in the Prairie Region partnered with the Saskatchewan Indian Institute of Technology, the Saskatchewan Trades and Apprenticeship Commission, and South Beach Homes to develop a construction workers preparation program for Aboriginal offenders from Willow Cree Healing Lodge and Saskatchewan Penitentiary. The practical component of the training program involved constructing a ready-to-move home donated by South Beach.



EMPLOYMENT TRAINING AT WORK

Each year, approximately 4,000 offenders receive employment and employability skills training through CORCAN. On any given day, approximately 15% of the total offender population is working and learning in CORCAN shops. Most offenders have little or no work experience and a low level of skill when they begin working with CORCAN.

CORCAN instructors working directly with offenders in the workplace serve as powerful role models. They have a transformative impact on offender behaviour by showing the value of working hard, and producing quality products and services for our customers. It is rewarding to see the pride and commitment that offenders begin to take in their work and their accomplishments.

Working in CORCAN teaches offenders a variety of hard and soft skills that will assist them in finding and retaining employment once they leave prison. The National Employability Skills Program, certified by the Conference Board of Canada, utilizes both classroom and shop floor training to teach offenders the fundamental skills, personal management and teamwork that Canadian employers are looking for in prospective employees.

CORCAN instructors are also instrumental in imparting skills such as safe use of tools and machinery, measurement techniques, interpretation of patterns, drawings and specifications, and project management, all of which offenders can learn and practise on the job.

In addition, other certified third-party training is offered where feasible. CORCAN works with external organizations that are recognized in the

community for their expertise and certification standards. WHMIS, workplace safety and forklift operation are a few examples of the types of training that can be incorporated into CORCAN operations.

Employment Training Results

- 4,151 male offenders (561 Aboriginal) worked a total of 2.590 million hours in CORCAN shops—an increase of 9% over 2005–2006.
- 578 women offenders (160 Aboriginal) were employed by CORCAN or in other CSC work assignments—an increase of 10% over 2005–2006.
- 8,899 offenders stayed in one work assignment within CORCAN and CSC over 90 days (research indicates that a minimum of 90 days is required to maximize skill development).
- Offenders earned 6,467 third-party vocational certificates.
- 1,609 offenders found employment for the very first time with the assistance of a CORCAN Community Employment Centre, on par with 2005–2006.



CORCAN and the Regional Treatment Centre Pacific teamed up with Coastal Products of Langley, BC, putting 10 offenders previously deemed unemployable to work assembling street sweeper brushes for the company.

Staff and offenders at Frontenac Institution were awarded the Frontenac County Dairy Herd Improvement Award for the most improved herd. Not only did the herd breed class average increase over the previous year, but the overall breed class average was recognized as above average for the county.

Offenders from Mission Institution in B.C. produced kitchen cabinets and bathroom counters for a 27-unit townhouse project being built by Habitat for Humanity in Burnaby.

Offenders at Warkworth Institution produced kitchen cabinets for a Habitat for Humanity home in nearby Cobourg.



Platinum Plus Landscaping Inc., has been using CORCAN Employment Services for about 15 years. Within the years we have hired a great bunch of hardworking, motivated and respectful men who only gave us their 100%, which makes our line of work much easier. We found that the men we've hired are always on time and our company production is ten times faster. Therefore, for just the basic reasons I have mentioned we continue to hire from CORCAN Employment Services because it is a good choice—IT WORKS FOR OUR COMPANY.

Platinum Plus Landscaping, Ontario

A housekeeping manager with a large hotel chain located in Halifax, NS, was recruited by a CORCAN Community Employment Coordinator to provide employment opportunities for female offenders. To date, 3 women have been employed with this hotel as housekeepers, an opportunity which has enhanced their reintegration potential while developing their employability skills.

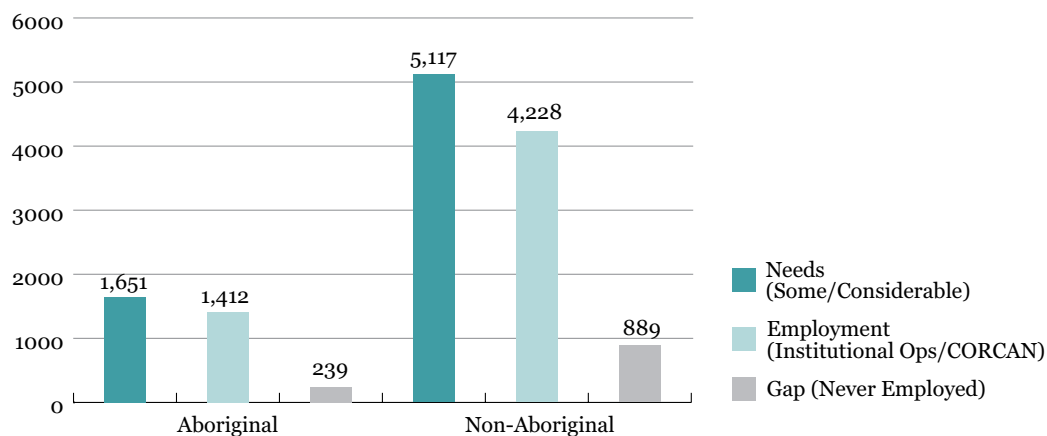
Hotel industry, Nova Scotia

INSTITUTIONAL EMPLOYMENT AND TRAINING

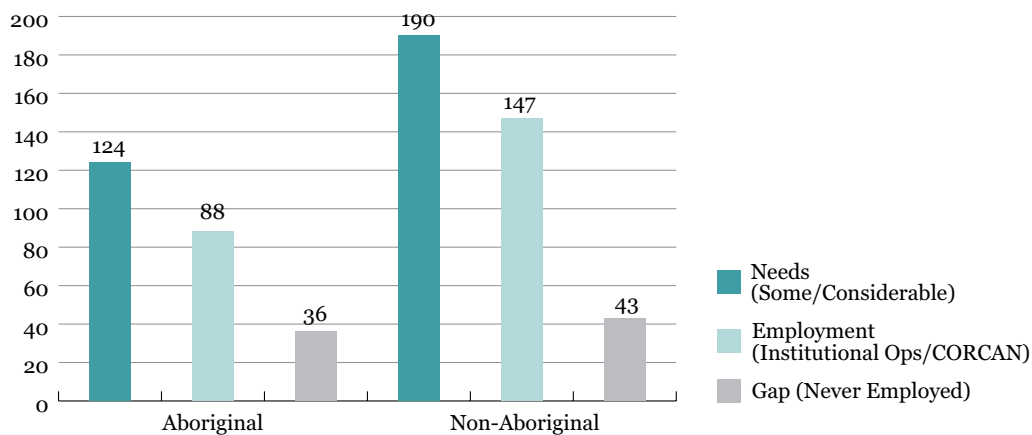
The focus in 2006–2007 remained on ensuring employment training opportunities were provided to those inmates assessed at intake as having some or considerable need in employment. Despite our efforts, 1070 (20%) non-Aboriginal male offenders still had an employment gap at the end of the year—a similar result to 2005–2006. Aboriginal male offenders had an employment gap of 19%.

The gap for non-Aboriginal women offenders increased from 16% to 23%. However, the gap for Aboriginal women decreased from 28% to 22%. Continuing attention will need to be focussed in this area to eliminate the possibility that offenders have unmet employment needs on release.

*Current Male Offenders
Statement of Institutional Employment Needs*



*Current Women Offenders
Statement of Institutional Employment Needs*



COMMUNITY EMPLOYMENT

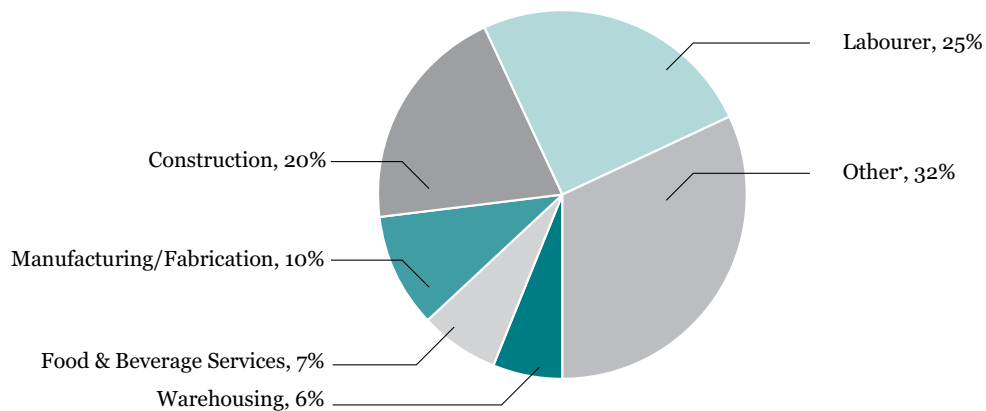
1,609 offenders (1,520 men and 89 women) were assisted in finding employment in the community for the very first time, compared to the 1610 offenders who found employment for the first time in 2005–2006. The graph below details the employment sectors where offenders were most successful in finding work.

Although it is important to track those offenders who are successful at finding a job, it is equally important to track job retention. We are currently in the process of creating an automated system that will accurately track whether offenders are retaining their employment. In the meantime, we have used successful reintegration (remaining in the community without problem) as a proxy for retention, as we know the correlation between employment and reintegration is high.

A database of 5,969 offenders has been developed, representing the number of unique offenders who have been placed in a job with the help of a Community Employment Coordinator since 2001. Of these, 82% are currently in the community: 55% have successfully reached warrant expiry, and the remaining 27% are currently in the community under supervision.

Given the increasing number of offenders on statutory release (fully half of the offenders in the database), this result is very positive.

Top 5 Full-time Offender Job Placements—National Male Offenders



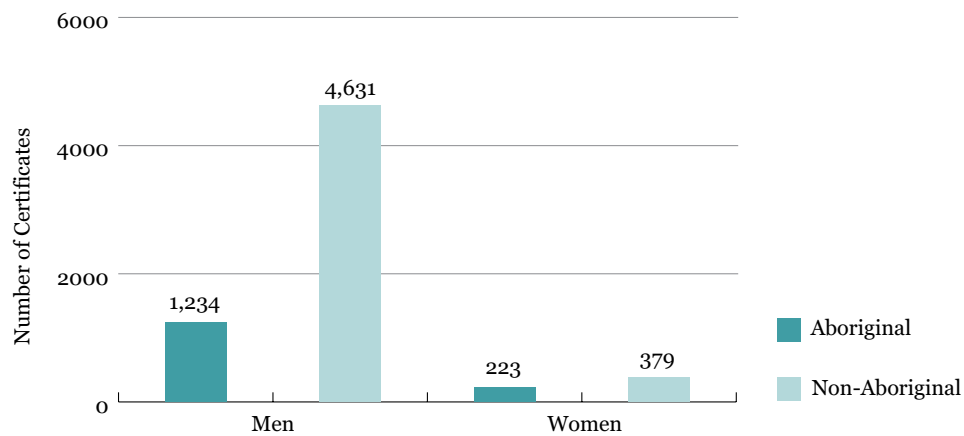
VOCATIONAL CERTIFICATION

Considerable gains were made in 2006–2007 in third-party vocational certification. The National Employability Skills Program, certified by the Conference Board of Canada, was implemented at several sites. The aim of the program is to promote

and encourage development of the skills, behaviours and attitudes sought by today's employers.

Male offenders earned 5,865 certificates. Women offenders earned 602 certificates.

Vocational Certificates Earned 2006–2007





Working with Landscape Ontario officials, a Horticulture contractor with Grand Valley Institution for women was able to find employment for a former inmate with a landscape maintenance firm in the Barrie area. Although hesitant to hire her at first, the landscaping firm has found the offender to be a reliable and punctual employee who likes her job and works well with others in the company.

Landscape Maintenance Company, Ontario

I and my co-workers found Katrina to be very helpful, willing and diligent at what ever we asked her to assist us with on the construction site. As the project progressed to completion she would assume more responsible jobs and also show abilities to assist others co-workers who were new joining the site. We are impressed with Katrina to the point where if and when she is ready to be employed, we would honored to have come join our team at J.F. Butler.

Paul Bhogal, Project Manager
J.F. Butler & Sons Ltd



Offenders in the textiles shop at Mission Institution partnered with Tammy Murray of Abbotsford, BC, who was the driver behind a program called A Stitch in Time, sewing blankets for local homeless people. Working with CORCAN operations manager Paul Singh, Murray refined the blankets into a lightweight, waterproof sleeping bag more appropriate to life on the streets. Murray is now raising the funds needed to pay for the raw materials for the bags, and CORCAN textiles workers are ready to donate their labour to the project.



CORCAN ADVISORY BOARD

Promoting third-party examination and endorsement of what we do at CORCAN is a powerful way to gain understanding and support in the community. When citizens understand better what we do at the Correctional Service of Canada, we make it easier for offenders to successfully reintegrate into society and the labour force.

The Minister of Public Safety appoints an Advisory Board for CORCAN comprised of prominent citizens from a variety of sectors, which can include all levels of government, business, labour and non-profit organizations. In addition to providing strategic and operational advice, their role is to assist CORCAN in building a positive public image and in representing CORCAN to labour and business organizations.

Current members of the CORCAN Advisory Board are:

MARC BROOKS

Marc Brooks is currently the Director General of Community Development with the Department of Indian Affairs and Northern Development. Mr. Brooks has over 30 years of experience with the private and public sector both internationally and domestically, primarily in the areas of economic development, institutional development and infrastructure. He has been with the Department of Indian Affairs and Northern Development for the past 10 years and was transferred to the Community Development Branch this past April.

BERNARD CORMIER

Bernard Cormier is the Vice-President of Human Resources for The Home Depot Canada, responsible for attracting, retaining and training a workforce of approximately 28,000 Canadians. Mr. Cormier is a member of The Home Depot's Diversity Council in Atlanta and leads the company's Diversity Council efforts in Canada.

A native of Moncton, NB, Mr. Cormier has held various senior positions in Human Resources with G.E. Bombardier Aerospace, and, prior to joining The Home Depot Canada, was the Vice President of Human Resources with Molson for Canada, the US and China.

Mr. Cormier received his Bachelor of Commerce from the University of Moncton, and holds an MBA from the University of Western Ontario's Richard Ivey School of Business.

ERIC CROWELL

Eric Crowell is an entrepreneurial Chartered Accountant. For the past 20 years, both independently and through Saint Mary's University Business Development Centre, Mr. Crowell has provided business consulting and training to small and medium sized businesses, NGOs and government organizations. During that time he has overseen more than 600 business consulting projects in most industry sectors.

Under his tenure as Director, the Centre has grown from two consultants to its current roster of 15 staff. The Centre provided entrepreneurship training to youth and youth-at-risk. Saint Mary's University Business Development Centre has also led projects designed to stimulate economic development in countries in Eastern Europe and Asia.

After receiving his MBA in 1980 from the University of Toronto, Mr. Crowell completed his Chartered Accountancy Designation in 1982. From 1982 to 1987 he was controller for an Eastland Group of

Companies. This group created and raised equity financing for a large number of diverse projects with total assets in excess of \$50 million.

PATRICK J. DILLON

Patrick J. Dillon is the Business Manager and Secretary Treasurer of the Provincial Building and Construction Trades Council of Ontario. He has held this position since 1997.

He began his career in the construction industry as an apprentice electrician in 1961 and became a journeyman in 1966. Following 18 years of experience in the construction industry, he was elected Business Manager of Local 105 of the International Brotherhood of Electrical Workers (IBEW). In 1991, he was elected Executive Chairman of the IBEW Construction Council of Ontario, where he was responsible for establishing the very successful Provincial Organizing Department.

Mr. Dillon was appointed by the Government of Ontario to serve on the Board of Directors of the Workplace Safety and Insurance Board (WSIB). He also serves as a director on the following organizations: Ontario Construction Secretariat (OCS), the Construction Safety Association of Ontario (CSAO), Construction Sector Council of Canada, and the De Novo Treatment Centre. He also served on the Hamilton Harbour Commission.

SERGE DOUCET

Serge Doucet is the Executive Director of Enterprise South East, one of 15 Community Economic Development Agencies (CEDAs) in Shediac, NB. He is responsible for leading and coordinating community economic development activities of regional partners providing financial and functional support to the not-for-profit CEDA. He provides advice and guidance to the CEDA in strategic economic planning, business counseling and other services to local SMEs, and manages a Community Economic Fund to finance projects in the region.

Mr. Doucet has also held the position of Project Executive of Regional Development in Moncton, NB, with major responsibilities related to business development, special projects and initiatives, Regional Economic Development Commissions and partnerships.

Mr. Doucet is a member of the executive of the New Brunswick Enterprise Network, and currently the Chairman of the Management committee. The Enterprise Network is the association of all 15 CEDAs in New Brunswick. He is also a Member and co-chair of Westmorland Institution Citizen's Advisory Committee.

CRAIG R. HILL

Craig Hill is partner and head of the Commercial Real Estate Practice Group at the Calgary law firm of Burnet Duckworth and Palmer, where he specializes in commercial real estate and leasing matters, condominium and multi-family housing development, municipal planning and construction law, and real property financing and business related matters.

Mr. Craig is keenly interested in contributing to his community in a variety of ways, particularly in the area of affordable housing. He is currently National Board Member, Habitat for Humanity Canada; Former Board Chair of Habitat for Humanity Calgary; and Past Chair of the Fundraising and Communications Committees. Mr. Craig is also a Member of the Calgary Chapters of the Canadian Condominium Institute and the Urban Development Institute.

Mr. Craig has a Bachelor of Arts (1981) and a Bachelor of Laws (1984) from the University of Saskatchewan. He was admitted to the Law Society of Saskatchewan in 1985 and to the Law Society of Alberta, 1988.

DR. PAUL-ANDRÉ LAFLEUR

In 1987, Dr. Paul-André Lafleur completed his training in psychiatry at the University of Montreal. He then worked as a psychiatrist in the expertise unit at the Institut Philippe-Pinel de Montréal until 1999. From 1989 to 1999, he was also the Assistant Director of Professional Services. In 1999, Dr. Lafleur became the Director General of the Institut Philippe-Pinel de Montréal, where he worked until March 2007. In academic matters, he was appointed Head of Clinical Training in 1989 and was promoted to Assistant Clinical Professor at the University of Montreal's Department of Psychiatry in 1999.

He has taught a number of formal courses to students of medicine and residents in psychiatry, and he supervised residents in psychiatry from 1987 to 1998. He continues to operate his private practice in general and forensic psychiatry. He has participated in various conferences, symposiums, and scientific presentations on psychiatry as a guest keynote speaker at the conference of the Association des médecins psychiatres du Québec, International Academy of Law and Mental Health, and Société de l'information psychiatrique, among others.

He has published a number of articles about psychiatry and forensic psychiatry in various books, scientific journals, reports to governmental organizations, and others.

PETER JOHN LAWLOR

For the past 20 years Peter Lawlor has been involved in helping students achieve their academic goals. Mr. Lawlor is Dean of the School of Applied Building Science at the Northern Alberta Institute of Technology (NAIT), the third largest post-secondary institute in Alberta and one of the largest technical institutes in Canada. There, he serves close to 6,000 certificate, diploma, degree and apprenticeship students in over 25 programs, on five campuses throughout the Edmonton region. Prior to coming to NAIT originally as an instructor, Mr. Lawlor was a teacher and Department Head in the Edmonton Public School system.

Mr. Lawlor is currently an Executive Board member for Skills Canada Alberta, an organization that promotes trades- and technology-related disciplines and provides opportunities for youth to get involved through various strategic initiatives. In addition to his training as a Building Trades Instructor, Master Instructor Facilitator and Lead Instructor, Mr. Lawlor has a B.A. in Education and an MBA.

CHARLES LEBORGNE

Charles LeBorgne is the Director General and Commissioner for economic development in the Lower Laurentians. As such, he works in the field of economic and business development and is involved in the economic activities of the Lower Laurentians

administrative region, where Ste. Anne des Plainnes Institution is located. As architect of both the Capital Connexion and Real Estate Connexion Web sites, Mr. LeBorgne designed one site that specializes in venture capital and another site for commercial and industrial real estate.

Mr. LeBorgne has also chaired the fundraising campaign for the Collège Lionel-Groulx's Fondation Charles-Joseph-Ducharme. Mr. LeBorgne was named Quebec Economic Development Professional of the Year in 1998 by the Association des professionnels en développement économique du Québec, and Person of the Year in 1998 by the Thérèse-De-Blainville Chamber of Commerce and Industry.

KELLY LENDSAY

Kelly Lendsay is President of the Aboriginal Human Resources Council of Canada, and is recognized as one of Canada's foremost innovators of stratagems for achieving Aboriginal economic parity with the rest of Canada. He is known particularly as the seminal architect of Aboriginal diversity in corporate Canada.

A proud Canadian of Métis, Cree and European ancestry, Mr. Lendsay earned his Bachelor of Science in Kinesiology and Physiology in 1981 and spent 10 years in aquatic and recreation management. He completed his MBA in 1993 and created Aboriginal Economic Research and Management Services. In 1996 he became the first Director of Aboriginal Business Programs at the University of Saskatchewan. There he nurtured and helped start several Aboriginal business programs, including Canada's first MBA with a specialization in Indigenous Management. He continues to serve as an assistant professor and program advisor.

Mr. Lendsay is a Director with the following organizations: The Canadian Apprenticeship Forum, The Alliance of Sector Councils and INROADS Saskatchewan. He is on several national Advisory Boards, including the Canada West Foundation's Urban Aboriginal Strategy, the Centre for Workplace and Community Well-Being, and "Moving the Nation," and he is a national jury member for the CCAB Progressive Aboriginal Relations Program.

PAUL VERHESEN

Paul Verhesen is President of Clark Builders in Edmonton, where he is responsible for business development and operations. With over 20 years of construction experience—the last twelve in senior and ownership roles—Mr. Verhesen specializes in applying engineering principles to a variety of projects.

Mr. Verhesen has a keen interest in contributing to the ongoing development of Alberta's business and non-profit sectors. He is Past Chairman of the Atonement Home Advisory Board, Past Chairman of the Lurana Women's Shelter Building Committee, and a member of the Salvation Army Advisory Board, as well as serving as Chairman of Capital Campaign for Salvation Army and Chairman, Salvation Army Building Committee (Sunset Lodge & New Grace Manor).

Mr. Verhesen has a B.Sc Civil Engineering (Construction Major) from the University of Alberta and Professional Engineering Certification (APEGGA).

MEL ZAJAC

Mel Zajac was born in Winnipeg and began working in the building supply business in Vancouver in 1949. Mr. Zajac entered the construction industry in Vancouver in 1954, and from 1966 to 1969 he built 25 buildings, including the Pacific Palisades Apartments and office complex and the Pacific Palisades Hotel.

Since 1968 Mr. Zajac has been raising funds for children with special needs and seniors living in British Columbia, through the Mel Zajac Classic Golf Tournament and the private donations of friends and family. In 1987, The Zajac Foundation was formed as a non-profit organization in honour of Mr. Zajac's two sons, Mel Jr. and Marty, who lost their lives in separate sporting accidents.

The Foundation is dedicated to the enrichment and enhancement of quality of life across all generations, with particular focus on persons with special needs. The objective of the Foundation's latest project, the Zajac Ranch for Children, is to "raise the spirits" of children with life-threatening or chronic illnesses and/or disabilities.

Mr. Zajac was appointed a member of the Order of Canada for his philanthropy in a ceremony in Ottawa on February 21, 2007.



We are sending this letter to express our sincere appreciation to you for your work on the CRA (Canada Revenue Agency) Fit-Up project in the Canada Building. At Minto Commercial Inc we are well aware that it was with the collaboration of all the Contractors working on this project that it was successfully completed on time. We would also ask you to convey our thanks and congratulations to all of those other people in your company who contributed to this project.

– RICHARD TREMBLAY, PROJECT MANAGER
MINTO COMMERCIAL INC.



FINANCIALS

Auditor's Report

To the Commissioner of Correctional Services Canada:

We have audited the statement of financial position of **CORCAN Revolving Fund** as at March 31, 2007 and the statements of operations, net assets and cash flows for the year then ended. These financial statements have been prepared to comply with Section 6.4 of the Treasury Board of Canada's policy on special revenue spending authorities. These financial statements are the responsibility of **CORCAN Revolving Fund** 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 as to 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 **CORCAN Revolving Fund** as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with the basis of accounting as described in note 2 to the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the management of the Revolving Fund and the Treasury Board. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants

Ottawa, Canada,
May 23, 2007

Financial Statements

STATEMENT OF FINANCIAL POSITION

[in thousands of dollars]

As at March 31

	2007	2006
	\$	\$
ASSETS		
Current		
Accounts receivable [note 4]	4,299	4,753
Inventories [note 5]	9,215	9,861
Other	181	231
	13,695	14,845
Capital assets [note 6]	10,467	8,571
	24,162	23,416
LIABILITIES		
Current		
Accounts payable [note 7]	8,476	8,036
Deferred revenue	727	284
Vacation pay and salary accrual	2,447	2,306
	11,650	10,626
Long-term		
Employee termination benefits [note 8]	3,890	3,602
Commitments and contingencies [note 9]		
Net assets [note 10]	8,622	9,188
	24,162	23,416

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

STATEMENT OF OPERATIONS AND NET ASSETS

[in thousands of dollars]

Year ended March 31

	2007	2006
	\$	\$
Revenues <i>[note 11]</i>	60,307	46,477
Cost of goods sold <i>[note 11]</i>	66,253	56,490
	(5,946)	(10,013)
OTHER REVENUES		
Training and correctional fees <i>[note 3]</i>	22,262	22,598
Miscellaneous	332	581
	22,594	23,179
EXPENSES		
National/regional headquarters	9,038	9,008
Employment and employability programs	3,331	3,105
Selling and marketing	2,172	1,961
	14,541	14,074
Net results	2,107	(908)
Net assets, beginning of year	9,188	8,499
Net financial resources used (provided) and change in the ANCAFA account during the year	(2,673)	1,597
Net assets, end of year <i>[note 10]</i>	8,622	9,188

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

STATEMENT OF CASH FLOWS

[in thousands of dollars]

Year ended March 31

	2007	2006
	\$	\$
OPERATING ACTIVITIES		
Net results	2,107	(908)
Adjustments for non-cash items:		
Provision for termination benefits	701	638
Amortization	1,516	1,298
Loss on disposal of capital assets	3	64
Other	(1)	16
	4,326	1,108
Changes in non-cash working capital:		
Accounts receivable	454	1,042
Inventories	646	(2,449)
Other	50	(58)
Employee termination benefits	(412)	(375)
Accounts payable	440	3,436
Deferred revenue	443	(1)
Vacation pay and salary accrual	141	(2,069)
Net financial resources provided by operating activities	6,088	634
INVESTING ACTIVITIES		
Capital asset acquisitions	(3,419)	(2,265)
Proceeds on disposal of capital assets	4	34
Net financial resources used by investing activities	(3,415)	(2,231)
Net financial resources provided (used) and change in accumulated net charge against the Fund's authority	2,673	(1,597)
Accumulated net charge against the Fund's authority, beginning of year	11,707	13,304
Accumulated net charge against the Fund's authority, end of year	14,380	11,707

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

Notes to Financial Statements

March 31, 2007

1. AUTHORITY AND PURPOSE

CORCAN Revolving Fund is a special operating agency within Correctional Service Canada financed by way of a Revolving Fund. The CORCAN Revolving Fund ["CORCAN" or "the Fund"] was established under Appropriation Act No. 4, 1991-92, which authorized the operation of the Fund effective April 1, 1992 in accordance with terms and conditions prescribed by Treasury Board. The Fund's purpose is to aid in the safe reintegration of offenders into Canadian society by providing employment and training opportunities to offenders incarcerated in federal penitentiaries and, for brief periods of time, after they are released into the community. The Fund has a continuing non-lapsing authority from Parliament to make payments out of the Consolidated Revenue Fund for working capital, capital acquisitions and temporary financing of accumulated operating deficits, the total of which is not to exceed \$5,000,000 at any time. An amount of \$15,218,000 representing Net Assets assumed by the Fund was charged to this authority when the Fund became operative on April 1, 1992. The Fund is a non-taxable entity.

2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with Treasury Board accounting policies, which are consistent with Canadian generally accepted accounting principles for the public sector, except for the following: [1] The obligation for employee termination benefits is based on management's estimate of the liability and not an actuarial valuation; and [2] The liability for employee termination benefits earned prior to the creation of the Fund will not to be recorded until 2008, the fifteenth anniversary of the Fund [see note 8].

The significant accounting policies are as follows:

[a] Recognition of revenue and expense

Except as noted below, the Fund recognizes revenue when persuasive evidence of a final agreement exists, delivery has occurred and services have been rendered, the selling price is fixed or determinable and collectibility is reasonably assured.

Revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues. Revenues that have been received but not yet earned are recorded as deferred revenues.

For multi-year construction contracts in excess of \$100,000, the percentage of completion method of accounting is used. Degree of completion is determined by comparing direct costs incurred to date to the total direct costs anticipated for the entire contract. The effect of changes to the total estimated income for each contract is recognized in the period in which the determination is made and losses, if any, are recognized fully when anticipated. Revenues and profits on construction contracts of up to \$100,000 are recognized only when the contract has been substantially completed.

Expenses are recorded in the period they are incurred. Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.

March 31, 2007

[b] Net cash provided by government

CORCAN operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by CORCAN is deposited to the CRF and all cash disbursements made by CORCAN are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the federal government.

[c] Accounts receivable

Accounts and loans receivables are stated at amounts expected to be ultimately realized; a provision is made for receivables where recovery is considered uncertain.

[d] Inventories

Raw materials, Finished Goods and Work-in-progress inventories are valued at the lower of cost and net realizable value. The Fund makes provisions for excess and obsolete inventory on a site-by-site basis.

[e] Capital assets

Capital assets with an initial cost of \$10,000 or greater are recorded at cost and are amortized on a straight line basis over their estimated useful lives commencing on the month after they are put in service, as follows:

Equipment	10 years
Office furniture and equipment	10 years
Leasehold improvement	Straight line over the life of the lease
Vehicle fleet	5 years
Computer equipment	3 years

[f] Employee future benefits

- i. Pension plan: Employees of CORCAN are covered by the Public Service Superannuation Act and the Supplementary Retirement Benefits Act. The Government of Canada's portion of the pension cost is included in the employee benefits assessed against the Fund. The actual payment of the pension is made from the Public Service Superannuation and Supplementary Retirement Benefits accounts. Pension plan expense is recognized when it is paid. Contributions to the Plan are charged to expenses in the year incurred and represent CORCAN's total obligation to the Plan. Current legislation does not require CORCAN to make contributions for any actuarial deficiencies of the Plan.

March 31, 2007

- ii. Severance benefits: Employees of CORCAN are entitled to severance benefits under labour contracts or conditions of employment. Severance benefits earned by employees of CORCAN prior to April 1, 1992 are considered a liability of the Treasury Board and, accordingly, have not been recorded in the accounts of the Fund. The financial statements of CORCAN include the severance benefits earned by the employees of CORCAN since the inception of the Fund. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

CORCAN will account for the pre-1992 severance benefit liability of \$1,255,000 on April 1, 2007.

[g] Measurement uncertainty

The preparation of these financial statements in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are the liability for employee severance benefits, the provision for warranty and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

[h] Sick leave

Employees are permitted to accumulate unused sick leave. However, such leave entitlements may only be used in the event of an illness. As per current Government practice, unused sick leave upon employee termination is not payable to the employee. Accordingly, no amount has been accrued in these financial statements.

March 31, 2007

[i] Warranty provision

Potential warranty costs associated with products are recorded when the products are sold.

[j] Financial instruments

The fair value of the financial instruments approximates costs unless otherwise specified. The Fund's financial instruments consist of accounts receivable, accounts payable, accrued liabilities and employee termination benefits. It is management's opinion that the Fund is not exposed to significant interest, currency or credit risks arising from those instruments.

3. RELATED PARTY TRANSACTIONS

CORCAN is related as a result of common ownership to all Government of Canada departments, agencies, and Crown corporations. CORCAN enters into transactions with these entities in the normal course of business and on normal trade terms.

During the year, Correctional Service Canada, the parent organization of CORCAN, has provided and is to continue to provide CORCAN with the use of existing infrastructure including buildings, shops and farms as well as maintenance of said facilities and human resource services. The cost of these services are not included as an expense in the CORCAN's Statement of Operations and Net Assets.

The Government has structured some of its administrative activities for efficiency and cost effectiveness purposes so that one department performs these on behalf of all without charge. The costs of these services, which include payroll, cheque issuance services and legal services provided by Public Works, Government Services Canada and Justice Canada, are not included as an expense in the CORCAN's Statement of Operations and Net Assets.

March 31, 2007

CORCAN Revolving Fund entered into the following transactions with the Correctional Service Canada ["CSC"] and all Other Government Departments:

	2007	2006
	\$	\$
	<i>[in thousands of dollars]</i>	
Correctional Service Canada		
Trade revenues	14,524	12,470
Training, correctional and other fees	22,262	22,598
Other Government Departments		
Trade revenues	34,964	24,542
	71,750	59,610

4. ACCOUNTS RECEIVABLE

	2007	2006
	\$	\$
	<i>[in thousands of dollars]</i>	
Government of Canada	1,182	2,120
Outside parties	3,315	2,911
	4,497	5,031
Allowance for doubtful accounts	(198)	(278)
	4,299	4,753

5. INVENTORIES

	2007	2006
	\$	\$
	<i>[in thousands of dollars]</i>	
Raw materials	3,963	4,399
Work-in-progress	439	545
Finished goods	3,869	4,099
Agribusiness inventory	1,222	1,322
	9,493	10,365
Provision for obsolete inventory	(278)	(504)
	9,215	9,861

March 31, 2007

6. CAPITAL ASSETS AND ACCUMULATED AMORTIZATION

Capital assets consist of the following:

	Cost			
	Opening balance	Amortization	Disposals and write-offs	Closing balance
	<i>[in thousands of dollars]</i>			
Equipment	25,591	1,934	14	27,511
Leasehold improvement	—	1,300		1,300
Vehicle fleet	1,375	20		1,395
Other	158	165		323
	27,124	3,419	14	30,529

	Accumulated Amortization			
	Opening balance	Amortization	Disposals and write-offs	Closing balance
	<i>[in thousands of dollars]</i>			
Equipment	17,738	1,205	7	18,936
Leasehold improvement	—	77		77
Vehicle fleet	667	216		883
Other	148	18		166
	18,553	1,516	7	20,062

	2007 Net book value	2006 Net book value
	<i>[in thousands of dollars]</i>	
Equipment	8,575	7,853
Leasehold improvement	1,223	—
Vehicle fleet	512	708
Other	157	10
	10,467	8,571

The amortization expense for the year was \$1,516,010 [2006 - \$1,298,000].

March 31, 2007

7. ACCOUNTS PAYABLE

	2007	2006
	\$	\$
	<i>[in thousands of dollars]</i>	
Government of Canada	1,628	1,243
Outside parties	6,848	6,793
	8,476	8,036

8. EMPLOYEE FUTURE BENEFITS

[a] Pension benefits:

CORCAN's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plans benefits and they are indexed to inflation.

Both the employees and CORCAN contribute to the cost of the Plan. The 2006–2007 expense amounts to \$3,364,000 [\$3,680,000 in 2005–2006], which represents approximately 2.6 times the contributions by employees.

CORCAN's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

[b] Severance benefits:

Severance benefits earned prior to the creation of CORCAN on April 1, 1992 are considered a liability of the Treasury Board and therefore not recorded in the accounts of the Fund. As at March 31, 2007, the Treasury Board liability for benefits earned by CORCAN employees prior to April 1, 1992 is \$1,255,000 [2006 – \$1,335,000]. The Treasury Board will fund the payout of these benefits for a period of up to 15 years from the establishment date of CORCAN. CORCAN will therefore become liable for these benefits starting in fiscal 2008.

March 31, 2007

Information about the severance benefits, measured as at March 31, is as follows:

	2007	2006
	\$	\$
	<i>[in thousands of dollars]</i>	
Accrued benefit obligation, beginning of the year	3,602	3,339
Expense for the year	701	638
Benefits paid during the year	(413)	(375)
	3,890	3,602

9. COMMITMENTS AND CONTINGENCIES

The nature of CORCAN's activities can result in some multi-year contracts and obligations whereby CORCAN will be obligated to make future payments when the services/goods are received. CORCAN is committed under the terms of various lease agreements including an amount of \$8,591,182 relating to the Kingston warehouse. The lease was entered into on September 2006 and expires in August 2016.

Significant contractual obligations for future payments that can be reasonably estimated are summarized as follows:

	\$
	<i>[in thousands of dollars]</i>
2008	180
2009	936
2010	1,097
2011	1,085
2012 and thereafter	5,685
	8,983

In the normal course of operations, CORCAN becomes involved in various claims and legal proceedings. It is the opinion of management that no claims exist at March 31, 2007.

March 31, 2007

10. NET ASSETS

The Net Assets consist of the following:

	2007	2006
	\$	\$
	<i>[in thousands of dollars]</i>	
Contributed capital	30,542	30,542
Accumulated net charge against the Fund's authority	(14,380)	(11,707)
Accumulated deficit	(7,540)	(9,647)
Net assets, end of year	8,622	9,188

11. REVENUES AND COST OF GOODS SOLD

Year ended March 31, 2007

	Revenues	Cost of Goods Sold	Operating Results
	\$	\$	\$
	<i>[in thousands of dollars]</i>		
Agribusiness and forestry	7,896	10,919	(3,023)
Services	5,022	5,586	(564)
Textile	3,935	4,977	(1,042)
Manufacturing	32,392	34,048	(1,656)
Construction	11,062	10,723	339
	60,307	66,253	(5,946)

Year ended March 31, 2007

	Revenues	Cost of Goods Sold	Operating Results
	\$	\$	\$
	<i>[in thousands of dollars]</i>		
Agribusiness and forestry	6,674	10,140	(3,466)
Services	5,123	4,728	395
Textile	3,836	5,180	(1,344)
Manufacturing	22,750	27,755	(5,005)
Construction	8,094	8,687	(593)
	46,477	56,490	(10,013)

March 31, 2007

12. EXPENSES

The following table presents details of expenses by category:

	2007	2006
	\$	\$
	<i>[in thousands of dollars]</i>	
Salaries and employee benefits	8,652	8,141
Professional and special services	3,335	3,834
Rentals	1,049	909
Transportation and communication	943	789
Utilities, materials and supplies	276	299
Other expenditures	150	6
Purchased repair and maintenance	71	49
Information	65	47
	14,541	14,074

13. COMPARATIVE INFORMATION

Comparative figures have been reclassified to conform to the current year's presentation.