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Canada

Correctional Service Canada | Service correctionnel Canada

HANDS AT WORK

CORCAN ANNUAL REPORT 07/08

Canada

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MESSAGE FROM THE CEO

This annual report marks a record year for CORCAN in many ways: in employment hours for offenders, in sales revenues and in innovative projects designed to enhance our ability to produce "job-ready" offenders.

We work hard at our core mission—giving offenders the chance to succeed and successfully reintegrate back into society. The true measure of our success—our real "product"—is not a table or chair but a successfully employed productive member of society who has broken the cycle of criminal behaviour.

I take great pride in the fact that this report contains supportive comments from our customers (suppliers and employers) and offenders on the positive effect CORCAN has for offenders.

This year our sales reached an all-time high of $70.6 million. In a competitive marketplace there is no clearer evidence that our goods and services are meeting our customers' needs. Moreover, it is a testament to the hard work of our instructors, staff, offenders, operations managers, warehouse and sales staff.

For CORCAN, increased sales are never an end in themselves, but a critical means to a far more important end—providing more hours of training and employment for more offenders.

This year has also been a busy year for our employments counsellors in our 53 Community Employment Centres across the country. They play a vital role in coordinating training and helping released offenders make that all-important link with employers who are willing to give them a chance to succeed in the labour force. The 16% jump in first-job placements this year is a testament to their perseverance and dedication to ensuring that offenders become productive members of society when they leave prison.

No successful business can survive without diligent financial management. Once again this year our financial management team has ensured that the financial side of our organization is healthy and on track. And the proof lies in the sound financial audit report with no qualifications that we have received from our auditors.

All of us—staff and offenders—whether in Headquarters, Regional Offices, Institutional production sites or parole offices—can be justifiably proud of the accomplishments outlined here. The coming year promises even greater successes, as together, we remain focused on ensuring safer communities for all Canadians.

John Sargent
Chief Executive Officer

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OUR MISSION AND MANDATE

CORCAN is a Special Operating Agency within Correctional Service 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 CSC
- CORCAN mandate
- CORCAN strategic vision

Corrections and Conditional Release Act

The *Corrections and Conditional Release Act* states that the purpose of 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

CSC, 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 incarcerated in federal penitentiaries and, for brief periods of time, after they are released into the community.

CORCAN Strategic Vision

CORCAN's strategic vision is to contribute 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 Heads North

Forget "Go west!" Over the past three years CORCAN has headed north and developed an emerging market in Nunavut valued at close to $1 million.

CORCAN's new northern clients have included the Department of Justice for the Nunavut Justice Centre, Rankin Inlet Hospital, Qikiqtani General Hospital, Indian and Northern Affairs, Human Resources Development for Inuit Employment, Kitikmeot Health & Social Services, Public Works and Services for Pond Inlet and Canada Forces Station Alert.

Of course, shipping to the north is always a challenge. Working with CFB Trenton, First Air Cargo in Ottawa, and a variety of sea container services, millwork and furniture have been delivered safe and sound, on time and on budget.

Products shipped have included: custom millwork for the Nunavut Justice Centre; service/reception counters, custom cabinets, custom display cases, guest chairs and custom workstations for the Qikiqtani General Hospital; and accommodations furniture shipped in knock-down form to Canada Forces Station Alert.

Always looking for ways to improve its service levels for clients, especially those with delivery challenges like the north, CORCAN has been hard at work strengthening partnerships with other government departments and private sector sub-contractors such as SNC-Lavalin Engineers and Constructors, Clark Builders, EllisDon Corporation and Qikiqtaaluk Corporation. It has also recently signed an Memorandum of Understanding (MOU) with Department of National Defence (DND) intended to improve its advance planning capacities.

The estimated level of business with Nunavut for 2008 is anticipated to generate several thousand hours of offender labour and training—demonstrating once again that delivering employment skills training for offenders remains at the very core of every business decision that CORCAN makes .

REGIONAL HIGHLIGHTS

PACIFIC

Through an increase in sales to over $2 million, offender employment hours in the Pacific Region increased year over year from 205 FTEs in 2006–2007 to over 226 in 2007–2008 .

A pilot project at Kwikwexwelhp undertaken jointly with CSC national headquarters Aboriginal initiatives employed eight offenders manufacturing high-quality cedar tongue and groove outhouses and signs for Parks Canada. In 2008–2009, the pilot will be expanded to include an instructional component.

An increase in textiles sales to over $1.5 million resulted in a record-setting number of offender training hours at the three Pacific Region textiles sites, as well as financial sustainability.

The Heavy Military Vehicle Refurbishment Program provided a variety of skills training in a variety of marketable skills for over 39 offender trainees.

A pilot construction program for women at Fraser Valley Institution resulted in one graduate achieving a supervisory position in a federally funded housing organization. Other graduates have also obtained work in construction.

The success at the Pacific textiles sites was due to increased presence with DND—in particular, with bedding products. At Matsqui Institution, which is the main site, demand for these items has resulted in an increase of 10 FTEs as a result of the success.

CORCAN created additional employment opportunities for eight inmates at the Regional Treatment Centre by moving one of its textiles lines to that site. The inmates manufacture construction anchor slings for a private industry partner.

Mission/Mountain manufacturing had a 30% increase in sales from the previous year due to an increased demand for our safety barriers, our ability to produce high-volume custom orders, and year- round demand for our Burrard/Elite furniture lines and Pearle chairs.

Inmate skill level in our manufacturing facilities was further developed by customer requests for custom millwork, metalwork and powder coating.

PRAIRIES

CORCAN, Prairie Region continues to engage and build successful partnerships with other jurisdictions, stakeholders and key individuals to advance common objectives. Examples include Canada Mortgage and Housing Corporation (CMHC), Saskatchewan Indian Institute of Technology, Kidney Foundation Canada, Computers for Schools, Saskatchewan Trades and Apprenticeship Certification Commission and Saskatchewan Environment.

CORCAN priorities and objectives were integrated within the context of a larger organizational perspective in the Regional business plans. Responding to the recommendations of the CSC Review Panel, the Region re-profiled and restructured CORCAN operations and activities to address employment gaps identified for Aboriginal and women offenders, those with mental health needs and all offenders with employment/training deficits.

Training opportunities reflective of external labour markets were launched as part of a newly created MOU with CMHC and introduction of the Housing Quality Matters initiative, and construction training

programs were delivered for Aboriginal offenders in Saskatchewan, including programs at the Okimaw Ohci Healing Lodge

Graduates of the Construction Worker Preparation program at the Okimaw Ochi Healing Lodge and the construction worker program at Riverbend Institution received certificates from the Saskatchewan Indian Institute of Technology as well as the Saskatchewan Apprenticeship and Certification Commission, who provided a letter of acknowledgement and recognition for 250 hours of trade time in any indentured trade.

CORCAN has partnered with CMHC to deliver Housing Quality Initiative training. This program is supported by CMHC, INAC, Health Canada and Natural Resources Canada and is intended for First Nations community members.

A program to refurbish computers was expanded into Saskatchewan Penitentiary—Medium with full-time program delivery as part of a gang intervention strategy. The ICT program was also provided in the maximum security unit where 86% of the participants were Aboriginal offenders.

The Region provided 473 FTEs, or over half a million hours of Institutional training/employment. Over 2,400 offenders earned third-party certifications, of which 40% were Aboriginal offenders and 11% were women offenders.

Community Employment Coordinators facilitated close to 500 first-time job placements for offenders, including 40 women offenders.

A Winning Business-to-Business Alliance for CORCAN

Seeking out business partners willing to work with CORCAN and hire offenders into their operations has been a long-held business goal. This year CORCAN struck it rich with a new business alliance with a promising future.

This past year, CORCAN entered into an agreement with Calstone, a Canadian family-owned and operated business with over 20 years of experience designing and selling high-end furniture products.

The agreement is in three parts. First, CORCAN will purchase various metal components from Calstone for use in its Metaflex line of metal-based workstation systems. Second, Calstone will purchase laminated particle board workstation and table surfaces from CORCAN. These arrangements provide increased offender training hours in our shops. Finally, and most importantly, Calstone has committed to work through CORCAN's Community Employment Centres to identify and hire ex-offenders to work in its manufacturing facility. This is an important contribution to CORCAN's mandate of offender training and re-integration.

All three sections of the agreement are functioning successfully. "This is a clear win-win from a business point of view", says Calstone CEO Jim Ecclestone, "and it allows us to contribute to a safer Canada by hiring ex-offenders and giving them a chance to succeed."

Dear CORCAN

(Brian, Des, Gord and Alex),

I need to thank all of you for the support and guidance that you have shown me in the past couple of years.

I have learned more about who I am through CORCAN than any other program here. I owe so much to Des for all his teachings; he helped in more ways than he knows. I feel more confident and ready for the outside world. I am so ready to leave now, and you all had so much to do with that. I have been able to save some money, which will mean less stress and also a really great job opportunity. I want to thank all of you for being a part in that and showing me a better way. Jobs and programs like CORCAN are what the women need in here for a proper future. To me that is what a pro-social life is: getting up every day and doing what every other human being does (goes to work!). I value what I have learned and feel good about the time I was here because really it's what I needed.

Again thanks and best wishes.

Respectfully,

Katrina Cody

ONTARIO

Offenders packaging natural botanical products for a supplier learned a variety of marketable skills, including drill press operation, gluing, stemming, labelling, cutting, and packaging and preparing skids for shipment.

Producing mattress cover pads taught several offenders how to operate sergers, sewing machines and cutters.

Ten offenders at Warkworth Institution successfully completed a construction techniques program and received third-party certification from St. Lawrence College. The program covered health and safety, confined space, tool and equipment use, excavating and foundation work, and erecting and framing.

A partnership with a private sector company provided 8–10 offender patients at the Regional Treatment Centre in Ontario with three months of work loosening floor levellers and repackaging approximately 500,000 units for shipment. The patients, many of whom had refused previous attempts to involve them in therapy, responded well; the company was pleased with the result and intends to work again with CORCAN on similar short-term projects.

Female offenders at a half-way house learned marketable skills working for a private sector firm preparing repair kits, and staff have observed the positive effects of the work experience on the women.

Ten women offenders at Grand Valley Institution (GVIW) completed a vocational skills training program, Horticultural Trades Orientation and Skills Training. The goal is to achieve educational accreditation with the Canadian Nursery Landscape Association (CNLA), so that the CNLA can certify skill set achievement through a testing process and training hours successfully completed by students. Part of the program may also incorporate a work release placement with a local groundskeeping company.

Beaver Creek Institution has an active Community Service Volunteer Group made up of a pool of 25 offenders who are approved for escorted temporary absences. In 2007, the CORCAN crew worked at a variety of locations building accommodations, laying tile floors, winterizing cabins and building a loading dock.

QUEBEC

In Quebec in 2007–2008, CORCAN employed 22% of the offender population in its shops, providing 791 FTE positions. This represents a 16.8% increase in jobs created over the past year and a 23.4% increase in jobs created since 2004–2005.

Since 2000, when the number of FTEs was 540, there has been a 46.4% increase in jobs created for offenders by CORCAN's Quebec operations.

CORCAN operations employed about 2,000 offenders in 2007–2008. These offenders gained work experience and acquired skills that will help them once they return to the community.

CORCAN helped 496 offenders find jobs at the time of their release.

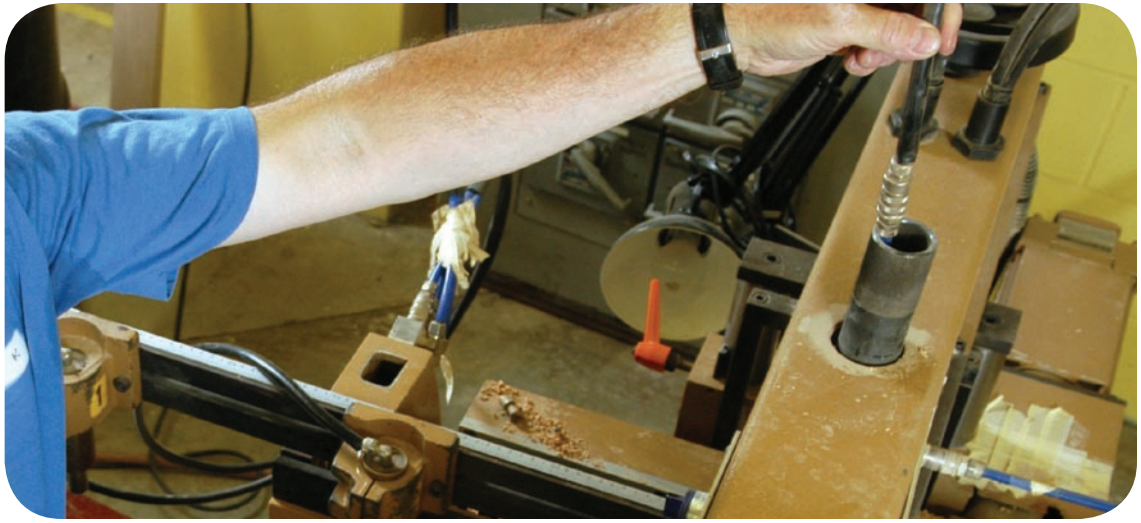
In 2007–2008, the total revenue for all business operations was $23,744 million. This is a 43% increase in revenue compared to last year and represents $7,135 million in additional revenue for this year alone.

The constant growth of business operations over the past five years represents a 91.5% increase in revenue, or $11,346 million in additional revenue for CORCAN in the Quebec Region.

In 2007–2008, revenue from manufacturing operations increased by a record-breaking 69.7% to a remarkable $3,907 million.

Moreover, manufacturing has experienced a 146.7% increase in revenue over the past five years, representing $5,655 million in additional revenue in Quebec during that time.

Textile operations had a successful year as well. CSC, our main textile client, doubled its orders. Thanks to that, we experienced a 102.8% increase in revenue for 2007–2008, representing $2,956 million in additional revenue for Quebec textile operations.



ATLANTIC

Atlantic Region completed the fiscal year with a record sales revenue of just under $15 million.

The Employment and Employability Program assisted 195 offenders in obtaining new jobs through the assistance of our Employment and Community Services Coordinators, 27% over the target in job placements for the fiscal year.

New Employment Services Partnerships were developed with Service Canada in Sydney, Cape Breton, and with the Province of New Brunswick, ensuring that all federal offenders receive employment supports in those geographical areas through a seamless referral process.

The National Employability Skills Program was delivered at all five federal institutions, including our maximum security level Atlantic Institution. The program was also delivered at the three Newfoundland provincial institutions through an MOU with the Department of Corrections of Newfoundland and Labrador.

A Pre-Employment Roughneck Training in the drilling Industry was offered successfully to 11 offenders (four Aboriginal) out of North Sydney, Cape Breton. There is a 100% job placement rate for offenders who have gone through the program. A pilot project proposing to offer this 20-day training within Westmorland Institution will take place in FY 2008–2009.

A new market for kitchen cabinets is being developed in the community industries area with the supply of 12 sets of cabinets for apartments and condominiums.

EMPLOYMENT TRAINING AT WORK

Each year, approximately 4,000 offenders receive employment and employability skills training in 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, personal management and teamwork skills 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 practice on the job.

In addition, where feasible, other certified third-party training is offered. CORCAN works with external organizations that are recognized in the community for their expertise and certification standards. The Workplace Hazardous Materials Information System (WHMIS), workplace safety and forklift operations are a few examples of the type of training that can be incorporated into CORCAN operations.

Community Employment and Employability

Community Employment

- five new CEC Coordinators positions were staffed in Ontario Region.
- four new Community Employment Centres (CECs) have been added for a total of 52—up from 48 the previous year: Regional numbers are: Atlantic (6), Ontario (8), Prairies (6), Pacific (6), Québec (26).
- In 2006–2007, a total of 1,869 community job placements "for the first time" of ex-offenders were completed—an increase of 16% over the previous year.
- CORCAN developed a follow-up system to monitor job placement maintenance in the community for less than 30 days and more than 30 days. While results from the data are only preliminary, the goal is to provide a wide range of services to parolees to maximize job maintenance in the community because research has shown a strong correlation between job maintenance and successful reintegration.

With the increase in the number of Aboriginal offenders in our institutions, CSC is adapting its services to Aboriginal needs, lifestyle and culture. As part of this process, in 2007 CORCAN worked with the Aboriginal Human Resource Council to conduct a pilot project in four of the five regions that focused on Aboriginal needs, lifestyle and culture: "Guiding Circles: An Aboriginal Guide for Career Planning." The pilot project was a success and discussions with Aboriginal Initiatives and Women Offenders divisions are under way to implement the program with a completion date in 2009.

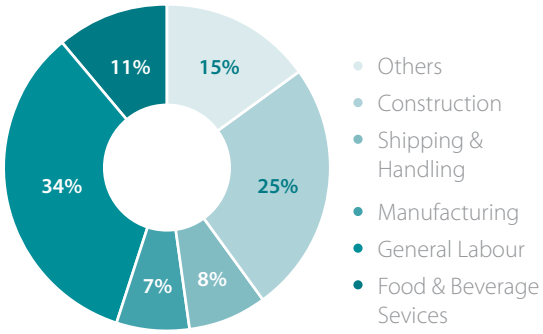
Major Placement Sectors
Full-time, National

	2007–2008
Manufacturing	8%
Shipping & Handling	8%
Food & Beverage Services	10%
Others	14%
Construction	26%
General Labour	34%

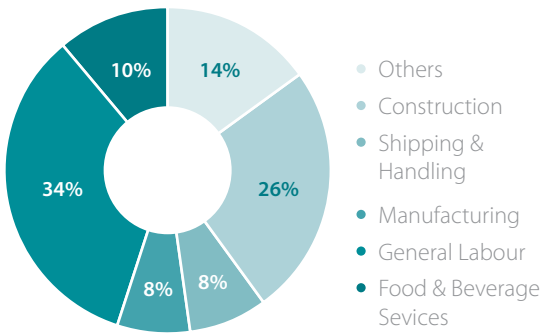
2007–2008 First-time Community Job Placements (full-time and part-time)

Major Placement Sectors

All Offenders (full-time and part-time)



All Offenders (full-time)



I would like to share the extremely positive experience I have encountered with the worksite supervisors at Beaver Creek in relation to their input in the pre- and post-program assessments that have been completed for NESP.

I truly believe this team approach and co-operation is an inherent quality of the staff at Beaver Creek. While working with one of the worksite supervisors, Max Shire, he made the comment, "I am pleased to have the opportunity to work together with programs in this capacity and feel this link between departments is very important."

This proves to me the dedication and commitment that the staff at Beaver Creek have to their work and to each other. It is refreshing to take on the challenge of delivering the National Employability Skills Program (NESP) and encountering such a truly positive experience while being afforded the opportunity to learn so much as I facilitate this program.

I will be delivering a second NESP at Beaver Creek in mid to late April once final program reports and program selections are complete.

Michaela Hay,
National Employability Skills Program Facilitator

The selfish part of management is that we have found a reliable source of employees that know how to take direction from others.

Our welding graduate was an individual for whom Correctional staff had little hope of succeeding in the community, but he proved that, with the right interventions, timing, support and motivation, all offenders have the ability to achieve.

A welding faculty member at the Community College reported that he had a good working relationship with the offender, adding that he "believes that offenders have the potential to do well if given the opportunity," and he has had "no concerns in working with offenders. Higher education is certainly a way to learn skills that will assist them to succeed in life."

Paul Robichaud, owner of Stonetile Atlantic-Genuine Exteriors Ltd., hired an offender described as a young man with good educational qualifications, little work experience, and but highly motivated. The offender has been training on the job with Paul as a stonetiler and has been working hard to learn the skills required for this position. For Paul, employing offenders makes good business sense because "offenders need opportunities to work and make changes in their lives, and I am willing to provide an opportunity to the right individuals. I also realize that not all offenders will succeed the first time around."

In 1996, an emotional meeting between a father and son and myself in a penitentiary in the Prairie Region was the beginning of a relationship full of experiences between our staff, myself and Patrick (the offender). Pat had a strong family support group that included his mother and sister and his father.

When Patrick moved on to a job as a pressure welder we were all behind him.

We have had another such relationship with Cory, who has become an important part of our company.

Wade has provided us with the challenge of working with an individual who appears to have had a hard time adjusting, but he has improved over the weeks.

We at Ultra take these boys lightly—everyone knows where they came from and are helping them to move on in life.

The selfish part of management is that we have found a reliable source of employees that know how to take direction from others.

Ken Hobson
Ultra Transmission, Winnipeg, Manitoba

COMMUNITY EMPLOYMENT SUCCESS STORIES

Inuit Offenders Learn about Construction

CORCAN-Quebec region led a construction project to replace steam pipelines that connect the gymnasium to the three cell block areas at La Macaza Institution. A group of 10 Inuit offenders, most of whom spoke only Inuktitut, worked on the project. The goal of the 20-week project was to help the offenders learn about construction and develop their employability skills.

The participants received instructions on excavating for the pipeline, installing the forms and framework to build the concrete trench, installing the new pipes and making them operational, closing the trench, and restoring the landscape.

Before they began work, the Inuit workers received five days of training on general health and safety on construction sites in a certified training program offered by a third party, the *Association sectorielle paritaire-Construction* (ASP-Construction). Each of the participants has been issued a card attesting to their certification by ASP-Construction, which will be valuable when they apply for work with private-sector employers.

CORCAN'S KWI MANUFACTURING COMMENCES OPERATIONS

Residents at Kwikwexwhelhp participated …

in training on the Wood-Mizer portable sawmill in preparation for the commencement of the Kwi Manufacturing Operation. Residents will be milling lumber and manufacturing outhouses, picnic tables, and information kiosks for Parks Canada.

Dear Brian,

I came on Friday after my hearing to say good-bye. But you weren't here.

So, I'm writing to you to say thank you for this experience. This has made me more independent.

It was a pleasure to work with you and have fun at the same time. I would work for you again in a heartbeat. You are a great boss!

Keep me in mind if Nellie Taylor is looking for me.

Say good-bye to Jan. It was nice meeting her.

Sincerely,

Surinder

Hi Brian,

Here is an update of myself.

I'm working full-time in a capacity of coordinating all the inspections in B.C.

Just recently, I have completed my Building Code 9. From there I need to take four more courses to do home inspections. To receive my 1st level to be an inspector for the city, I need to take an exam which is five hours long. I plan to take this in the coming year.

Also, I have the opportunity to be a real estate broker. Life is coming together!

Regards,

Surinder

Dear Brian,

I would like to thank you for taking me as an apprentice on the CORCAN project. Learning how to use a hammer and the other electrical tools and also see from scratch how a building is put together has helped me land a job with this company.

My job title is "Inspection Coordinator" for house inspectors in BC. The experience I have learned on the job with you has given me the knowledge to do my job very well.

The company is offering to send me to school to become a house inspector. Maybe in two years I will accomplish this goal.

Again, I would like to thank you and the other members of the team for an opportunity that I wouldn't have taken before.

Sincerely,

Surinder

Employment Training Results

- 4,430 men and 135 women offenders worked a total of 2.850 million hours in CORCAN shops—an increase of 10% from 2006–2007.
- 12,537 men and 533 women offenders worked in other assignments through Institutional operations.
- 9,544 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)

The focus in 2007–2008 remained on ensuring that employment training opportunities were provided to those inmates assessed at intake as having some or considerable need in this area. Despite our efforts, 1,029 (19%) of non-Aboriginal male offenders still had an employment gap at the end of the fiscal year—a result similar to 2006–2007. Aboriginal male offenders also had an employment gap of 19%, a slight decrease from 20% in 2006–2007.

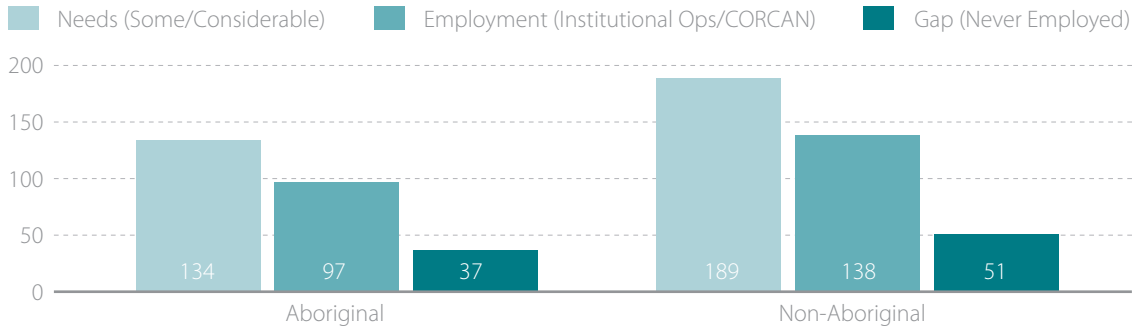
The employment gap for non-Aboriginal women offenders was increased from 23% in 2006–2007 to 27% in 2007–2008. The gap for Aboriginal women offenders increased from 22% in 2006–2007 to 28% in 2007–2008.

Third-party certificates were issued to 6,739 offenders in 2007–2008: 1,452 to Aboriginal men, 4,689 to non-Aboriginal men, 188 to Aboriginal women, and 410 to non-Aboriginal women.

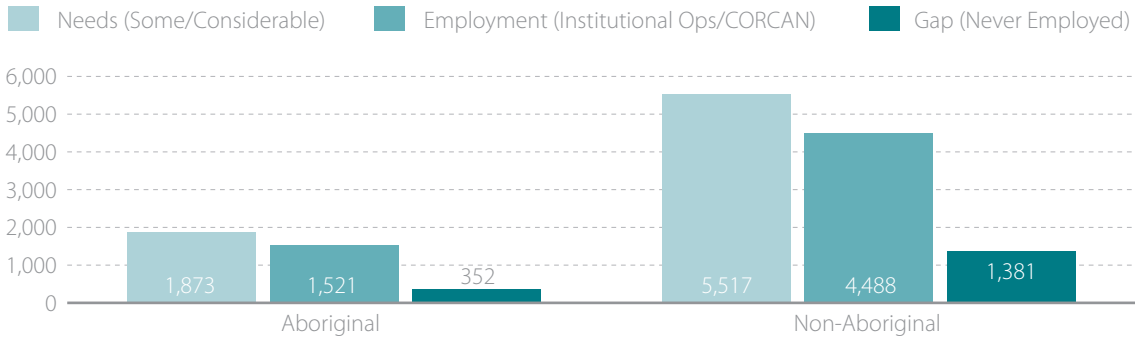
The majority of certificates were in Basic Food Safe, WHMIS, safe start pre-employment, first aid, construction safety and recognition and NESP.

Institutional Employment and Training

Current Women Offenders
Statement of Institutional Employment Needs

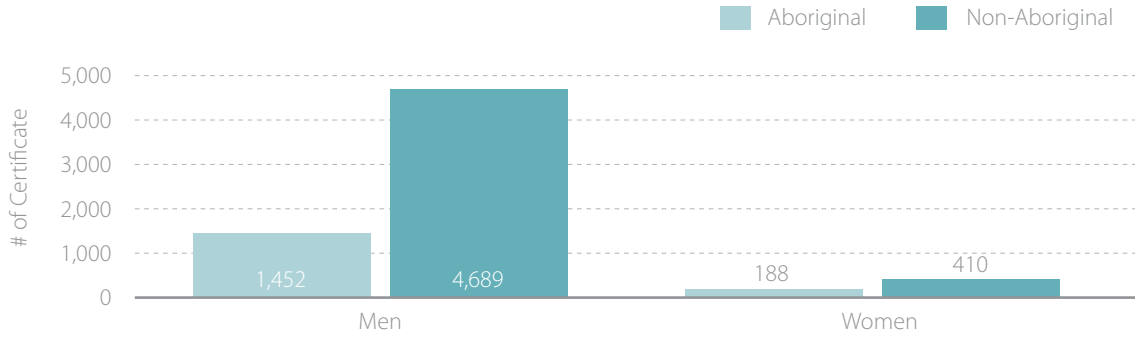


Current Male Offenders
Statement of Institutional Employment Needs



Vocational Certification

Vocational Certificates Earned 2007–2008



CMHC Housing Quality Initiative Vocational Skills Training Program, Rockwood Institution CORCAN Prairie Region

CORCAN collaborates with the Canada Mortgage and Housing Corporation (CMHC) to deliver the CMHC Housing Quality Initiative (HQI) program to 11 offenders at Rockwood Institution.

CMHC's Housing Quality Initiative is a vocational skills training program designed to help First Nations peoples improve the quality of the housing in their communities.

When delivered in a correctional setting, the program provides offenders with valuable skills and abilities that will help them to improve the quality of their own homes once they leave prison, as well as help them find work in a related field.

The training, covering better building techniques, inspecting existing dwellings and basic home maintenance, is delivered in modules that include:

- Introduction to Ventilation Systems
- Lets Clear the Air
- Basic Home Maintenance
- Builders Series
- Inspecting Existing Dwellings
- Mold Remediation

Eleven minimum-security offenders from Rockwood Institution were selected to participate in the vocational skills training program. The participants attended classes every morning and applied their knowledge with hands-on experience in the afternoons.

Led by CORCAN Instructor Don Dupras, the offenders participated in nine weeks of classroom and practical skills training held in a Rockwood school classroom and one of the shops of the CORCAN Agribusiness facility.

The offenders constructed a one-sixth scale miniature house, hung doors in frames, learned to repair/tape drywall, assemble/install a toilet and sink, install roof shingles, construct and finish an exterior wall, fix leaky faucets, build stairs, and repair and paint a room in the Rockwood chapel.

On December 6, 2007, CMHC presented the offenders with certificates recognizing their success in completing the training.

One of the key long-term benefits for the participants is that they can apply the knowledge, skills and hours of training to further apprenticeship training with CMHC once they are released.

Given the positive response from the offenders, CMHC, CSC and CORCAN are exploring the potential of expanding the program to additional locations in the Prairie Region.

CORCAN AND THE DEPARTMENT OF NATIONAL DEFENCE

MOU solidifies a long-standing mutually beneficial partnership

Long considered one of CORCAN's largest and most loyal customers, DND has purchased a vast array of products and services over the past several years.

While office and dormitory furniture, gun racks and lockers traditionally accounted for most of these sales, for the past few years, DND has come to rely on CORCAN for more highly specialized products and services, such as customized furniture installations for base medical and dental offices, and vehicle refurbishment and renewal services. This has allowed CORCAN to deliver strongly on its training mandate by providing thousands of hours of valuable offender training.

In 2007, this growing business relationship led officials in CORCAN and in two DND Divisions—Construction Projects and Engineering Policy and Construction Project Delivery—to sign a new MOU. Under the terms of the MOU, CORCAN will provide DND with architectural drawing services, priced equipment lists, interior space analysis, and product identification and specifications for architectural items, furniture and moveable equipment for a wide range of DND construction projects.

The two CORCAN sites most directly impacted by this MOU are the Design and Development Facility at Bath Institution in Ontario, and the Technical Design Centre in Laval, Quebec.

To prepare for the additional volume of business this MOU is expected to generate for CORCAN, the existing Design and Development Facility at Bath will be expanded to provide advanced training in AutoDesk AutoCAD 3D, Virtual Systems Integrated Management Operating System (IMOS), Microsoft Excel, and Microsoft Word to approximately 12 offenders, who will be doing the work for DND under the supervision of CORCAN technical experts.

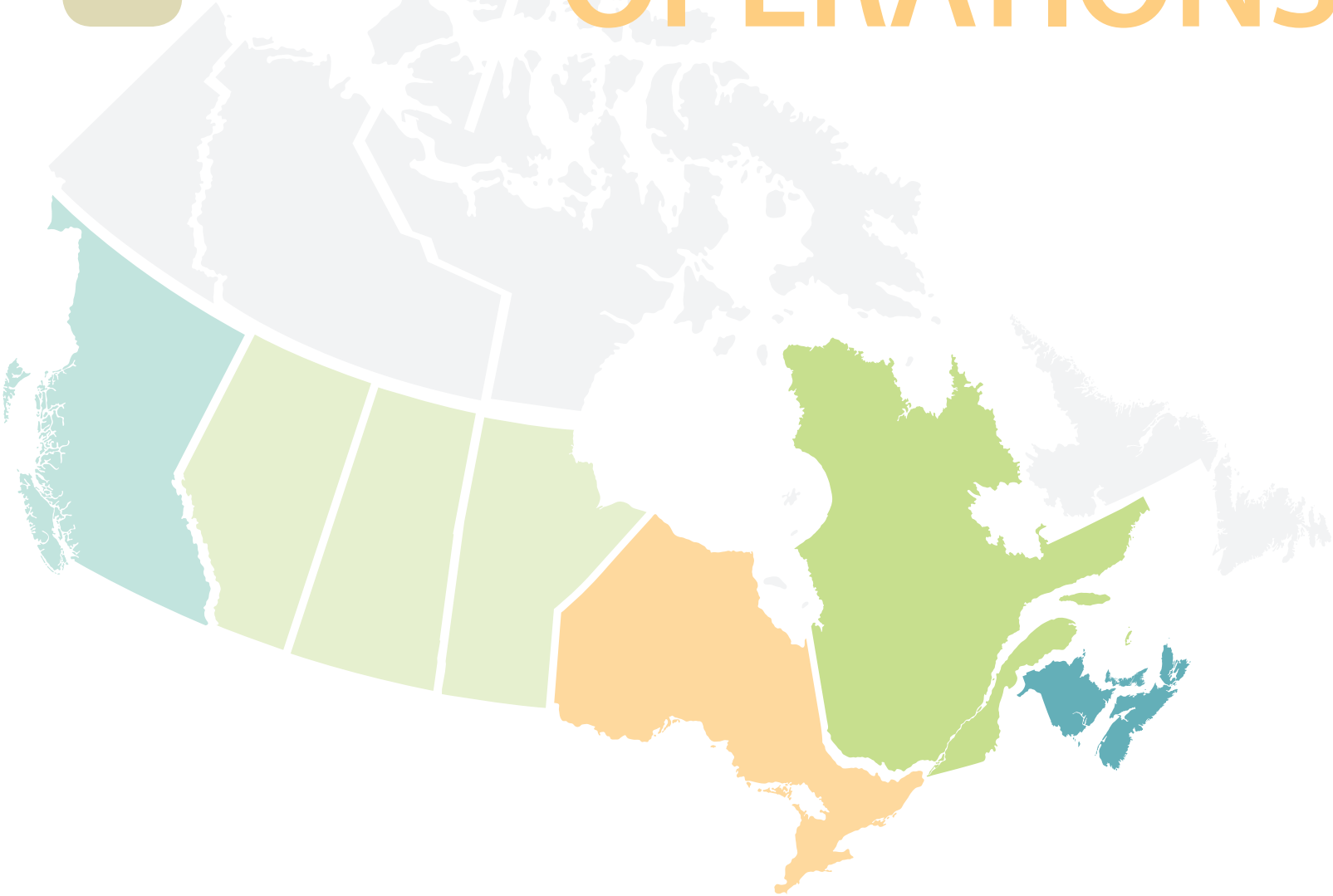
The Technical Support Centre, which employs up to six offenders, will provide layout drawings and specifications for system furniture requirements, and will also provide additional support to the program. AutoCAD and Solid Works are only two of the systems utilized at the TSC.

This expanded training capability is the key benefit to CORCAN's mission: delivering employment skills training to offenders so they can be job ready when they leave prison. Trainees will develop computer literacy and computer assisted design skills that are highly marketable in today's labour market, enabling them to apply for high-end, high-skill jobs upon release.

Additional benefits accrue to CORCAN at a national level from this MOU. By enhancing collaboration between the Design and Development Facility at Bath and the Technical Design Centre in Quebec, CORCAN will be better placed to deliver better products, prices and support for all CORCAN manufacturing sites in Canada. In addition, better advance planning of upcoming construction projects will allow CORCAN to shift production to sites across the country, with an improved ability to transfer drawings and specifications for upcoming projects to CORCAN manufacturing sites situated closest to the construction project.

"This MOU is a true win both for DND and ourselves," commented Bill Raven, Director of Corporate Affairs for CORCAN. "Over the longer term, it will make CORCAN a more attractive supplier to DND by ensuring we have a better in-depth understanding of each project earlier in the planning process, and be better positioned, therefore, to pre-plan and adopt the manufacturing standards necessary to meet any DND demand. The future of our collaboration with DND looks very bright indeed with the implementation of this important MOU."

CORCAN BUSINESS OPERATIONS



CORCAN operates in 36 sites inside federal correctional institutions across Canada (many are 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.

ATLANTIC REGION

Atlantic Institution, Renous, NB
Mattress, textile,

Community Industries, Moncton, NB
Cabinet shop

Construction, Amherst, NS
Construction

Dorchester, Dorchester, NB
Wood, metal, upholstery shops

Springhill , Springhill, NS
Wood shop, vehicle refurbishment

Westmorland Farm, Dorchester, NB
Mixed agricultural

QUEBEC REGION

Archambault, Ste-Anne-des-Plaines, QC
Laundry, leather fabrication

Centre de tri, Laval, QC
Laundry sorting and distribution

Construction, Laval, QC
Construction

Cowansville, Cowansville, QC
Wood, metal, upholstery shops, vehicle refurbishment

Donnacona, Donnacona, QC
Textile and metal shops, vehicle refurbishment

Drummond, Drummondville, QC
Textile shop

Joliette, Joliette, QC
Textile shop

La Macaza, La Macaza, QC
File folder fabrication printing and forms distribution

Leclerc, Laval, QC
Metal shop, chair manufacturing, laundry

Port-Cartier, Port-Cartier, QC
Textile shop

ONTARIO REGION

Bath, Bath, ON
Cabinet shop

Collins Bay, Kingston, ON
Vehicle refurbishment

Fenbrook, Gravenhurst, ON
Miscellaneous fabrication

Frontenac, Kingston, ON
Dairy, poultry

Kingston, Kingston, ON
Upholstery

Joyceville, Kingston, ON
Metal shop

Pittsburgh, Kingston, ON
Mixed agricultural, mattress fabrication, vehicle refurbishment

Warkworth, Campbellford, ON
Metal and wood shops, vehicle refurbishment

PRAIRIE REGION

Bowden, Innisfail, AB
Metal, wood, upholstery shops

Bowden Farm, Innisfail, AB
Mixed agricultural, composting

Drumheller, Drumheller, AB
Metal shop, mattress fabrication, vehicle refurbishment

Edmonton Max, Edmonton, AB
Metal shop

Edmonton Institution for Women, Edmonton, AB
Graphics shop

Riverbend, Prince Albert, SK
Mixed agricultural

Rockwood, Winnipeg, MB
Mixed agricultural

Saskatchewan Penitentiary, Prince Albert, SK
Wood, textile shops

Stony Mountain, Winnipeg, MB
Wood, metal shops

PACIFIC REGION

Ferndale, Mission, BC
Textile shop, community services

Mission, Mission, BC
Metal, wood shops

Mountain, Agassiz, BC
Wood, upholstery shops

William Head, Victoria, BC
Sawmill, miscellaneous fabrication

Matsqui, Abbotsford, BC
Vehicle refurbishment

CORCAN Warkworth Institution and Habitat for Humanity, Flinton, Ontario

On November 30, 2007, Sue Hillier, CORCAN's Business Manager at Warkworth Institution, was presented with a certificate of appreciation for the work performed by staff and offenders for the Habitat for Humanity home in Flinton, Ontario.

In September, kitchen cabinets were delivered to the Flinton Habitat build site as part of CORCAN's commitment to Habitat for Humanity's effort to provide working families with safe affordable homes that they purchase with no interest mortgages. Not only did the offenders help construct the cabinets, but they also helped raise the money to cover the costs of the materials for the kitchen cupboards.

The Flinton Habitat affiliate was very appreciative of the efforts and donation of the staff and offenders, which allowed them to help a family in need with a "hand up" not a hand out.

Year-end Business Highlights

For 2007–2008, CORCAN achieved its second straight year of record revenues, with sales of goods and services reaching $70.6 million. This represents a year over year increase of $10.3 million, or 17%.

This strong performance contributed to a net surplus for the year of $3.3 million, an increase of $0.9 million from last year's successful result. This surplus allowed CORCAN to invest additional funds in the Employment and Employability Skills training program, while adding key capital equipment needed to support continued growth. The increased business volume also resulted in a significant growth in offender training opportunities (hours) in our institutional operations.

Revenue growth was again led by our manufacturing business line, with significant growth also realized by our textile and construction businesses. The following table indicates revenue growth by business over the past three years.

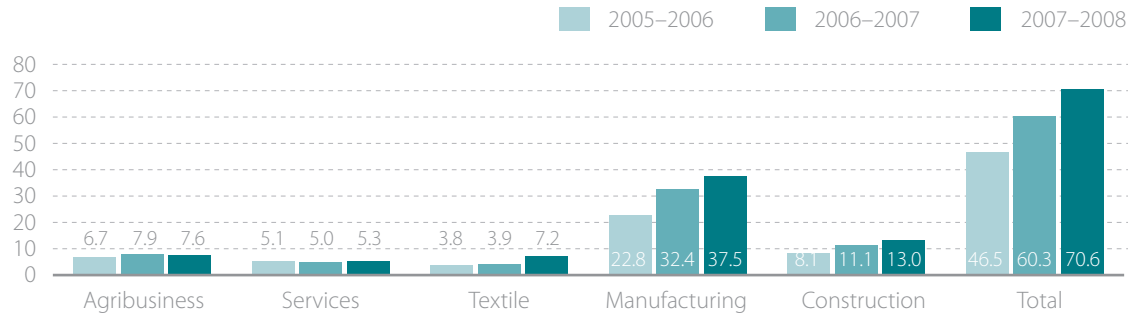
The growth in business volume contributed to an improvement in operating margins at the site level by $0.9 million compared to results achieved last year. Significant improvements in the manufacturing and textile businesses were offset by increasing losses from our agribusiness operations. Highlights by business line are noted below.

Agribusiness

The 2007–2008 fiscal year was a difficult one for our agribusiness operations, with total revenues dropping to $7.6 million and site contribution worsening by over $1 million, to a total site loss reported of $4.1 million.

Acting on the recommendations of the agribusiness study done in 2006, a number of farm enterprises were downsized or closed during the year. This resulted in an immediate loss of revenue, without a corresponding reduction in cost. Savings should begin to be realized this year.

Sales Revenue by Business Line ($ x 1 million)



Customer Testimonials

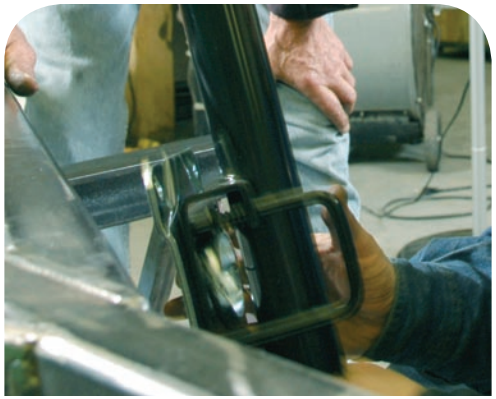
As in past projects with CORCAN, it has been a successful one.

From the design of the elegant eSpace and Elite lines, to the design and project management services of the Montreal team, headed by Mr. Rekkas, and the great service provided by Mr. Nelles, Ms Nicole Woloszchuk and the installation crew headed by Mr. Pascal Racine, it has been a great project—not only in terms of the products, but especially the quality and professionalism of the staff involved.

Mr. Nelles, in particular, has made every effort to ensure that the project moved smoothly and was delivered on time, despite some of the complications that DND's special telecommunication and security requirements have posed during installation. His care about quality and service have been most impressive. His background in the production of furniture gives him the extra advantage of being able to spot any issues before they become real problems.

I look forward to working with the group on future projects.

Zoe Khoee, Project Manager
Directorate of Construction Projects & Engineering Policy
Department of National Defence



On behalf of the Director of Cadets and Canadian Junior Rangers, I wish to express our collective gratitude and appreciation for the support recently received from Mr. Dan Miller, one of your sales representatives.

Our working group met at Canadian Forces Base Esquimalt in Victoria, B.C., where Dan made a very professional and enthusiastic presentation. Dan certainly made clear the special relationship that exists between government departments such as the Department of National Defence and Corrections Canada, and we all gained valuable insight into just what it is that Corrections Canada can do for us. Many were amazed at the variety of products and support services provided and the ease in which doing business with Corrections Canada can be accomplished.

The success of our Logistics Management Working Group this year could not have been accomplished without the contributions of Dan. Thank you for your valuable support.

Major David C. Irwin

The significant increase in fuel costs has also impacted agribusiness operations in many ways by increasing the cost of farm operations, the price of inputs such as feed, and product delivery costs, while at the same time depressing prices in certain of our markets.

Agribusiness revenues account for 11% of the CORCAN total, but these operations employ a disproportionately high number of offenders to keep the enterprises functioning. Sales are predominately to CSC (about 55%), with private sector partners accounting for most of the remaining activity.

Services

The services business line revenues grew slightly to $5.3 million and resulted in an overall improvement in site contribution of about $0.4 million.

The opening of the new laundry at Archambault Institution during the year was starting to favourably influence margins, and the benefits will be fully realized in the new year. Laundry operations in Quebec account for $3.5 million of reported revenue and generate a positive margin. Key clients are the Regie Regionale de Sante, a hospital buying group for the Montreal area, and the Veterans Hospital in the region.

Printing and file folder operations at La Macaza account for about $1.5 million of revenues and also generated a positive contribution for the year. Clients are primarily within the federal government.

Remaining operations, such as the shop at the Edmonton Prison for Women, tend to be small and, due to their size, have difficulty generating steady revenues or yielding positive returns.

Our services business revenues represent about 8% of total CORCAN revenues, and are usually close to covering all their costs at the site level (loss last year $0.2 million).

Textiles

The textiles business line experienced significant growth in 2007–2008, reaching a record total revenue of $7.2 million, an increase of over 80% from the previous year. This resulted in a positive margin of $0.3 million at the site level (a $1.3 million improvement from the previous year, and the first time the line has been able to cover all its site costs with its revenues).

Quebec operates five textile shops that are devoted primarily to providing CSC with inmate clothing, and certain items of correctional officer clothing. A change in CSC inventory strategy resulted in a significant increase in requirements, with sales from these sites reaching $5.8 million, more than double the demand from the previous year. This volume allowed CORCAN to effectively utilize its production capacity, eliminate downtime, and generate a positive site margin for the year. This level of activity is not expected to continue into the new year as CSC target stock levels have been met.

The Saskatchewan Penitentiary textile shop was also able to take advantage of increased demand from CSC by doubling revenues over the previous year and improving contribution by $0.1 million.

Increasing demand for blankets, sheets, and other bedding products from DND in Quebec and Ontario prompted CORCAN to implement a stocking program for these items at our Kingston distribution centre. This allowed the Ferndale textile shop to maximize their production capabilities and increase revenues by $0.5 million for the year to $1.5 million. Site contribution was improved by $0.2 million.

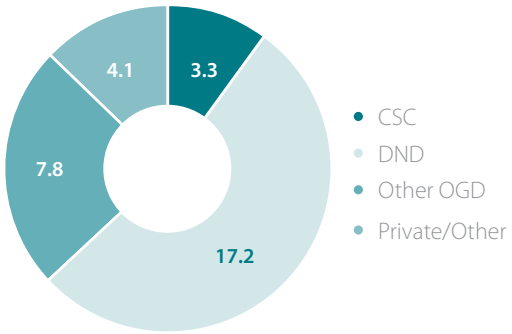
Textile revenue represented over 10% of the CORCAN total, with CSC and DND accounting for almost 95% of the business.

Manufacturing

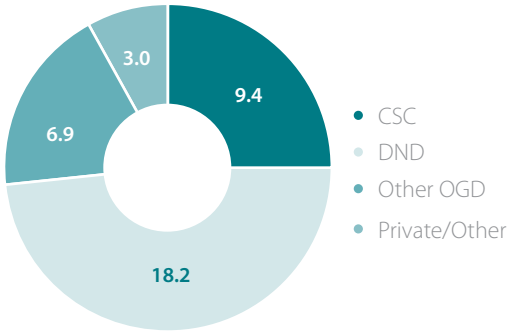
The manufacturing business experienced the second straight year of significant growth with total revenues reaching a new record of $37.5 million (up $5 million or over 15% from last year's then record total). This increased activity resulted in an improvement of about $1 million in site contribution. This improvement was limited somewhat by rising fuel prices, and the impact these had on our raw material and transportation costs.

Manufacturing Sales Revenue by Major Customer ($ x 1 million)

2006–2007



2007–2008



The Department of National Defence continues to be our largest client for manufacturing goods and services. Volumes continued to grow, but more slowly than last year, exceeding $18.2 million for the year (up $1 million) and representing 49% of manufacturing revenues. The Heavy Logistics Vehicles Wheeled and van body vehicle refurbishment MOU's are major activities. Sales also include workstations, metal lockers and dormitory furniture.

CSC was able to identify increased funding for various furniture items during the year, and CORCAN was able to take advantage, providing $9.4 million of product across the country. This represents a $6 million increase from the previous year and represented 25% of total manufacturing sales for this year. Major purchases included cell furniture and mattresses, workstations, ergonomic seating and custom requirements.

Sales to other government departments were $6.9 million, down slightly from last year and representing 18% of total manufacturing sales. This drop was, in part, due to our decision to focus our limited year-end production capacity on CSC and DND.

Sales outside the federal government, primarily to business alliance partners and not-for-profit organisations, dropped to $3 million for the year, or about 8% of the total.

The manufacturing business line operates in 19 sites across Canada and represents 53% of our total business revenues. With its high infrastructure and fixed costs, the line is very volume dependent and we are constantly searching for new clients and business partners to maintain our excellent growth record. During the year we added Calstone as a business alliance partner, and signed an MOU with DND to provide architectural drawing services. Both represent long-term opportunities for CORCAN, and help ensure the volume of work we require to fulfill our mandate.

Sales Highlights

The charts that follow indicate revenues by major client group for this year and the previous year.

The year-over-year growth of about $10 million is primarily due to the increased demands from CSC for manufacturing and textile products and construction services. CSC now accounts for over 45% of our total operating revenues, up from 37% last year.

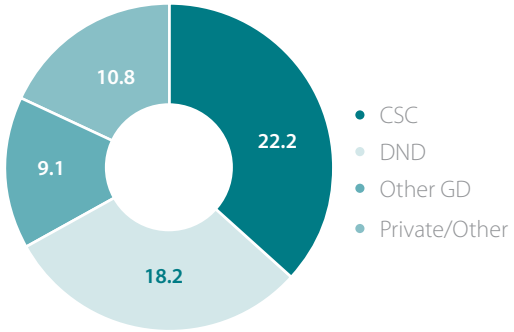
Sales to DND grew by over $1 million but, due to the CSC surge in demand, revenues as a percentage of the total have dropped from 30% to 27%.

Sales to other government departments dropped slightly in dollars to $8.3 million, or about 12% of the total. This was due, in part, to allocating available capacity, particularly at year-end, to our CSC and DND clients.

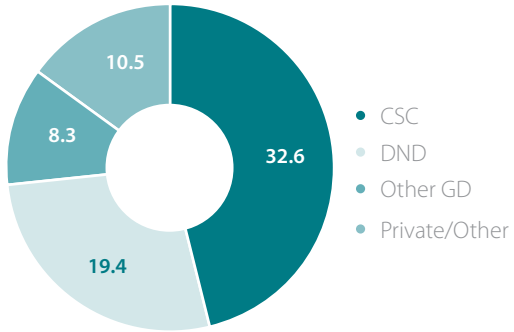
Sales to clients outside the federal government remained flat year-over-year and represent a shrinking portion of our total sales activity, now at about 15%.

Sales Revenue by Major Customer ($ x 1 million)

2006–2007



2007–2008



Construction

The construction business grew by almost $2 million to $13 million for the year. Cost overruns on some projects resulted in a drop in net contribution for the business line of $0.6 million when compared to the previous year. The increased activity did provide additional offender training opportunities in key labour market areas.

Most work is undertaken on behalf of CSC through Public Works and Government Services Canada, representing over 95% of the total CORCAN construction business. The MOUs and operating regimes put in place across the country are allowing CSC and CORCAN to effectively identify projects for CORCAN to manage.

CORE CONSTRUCTION TRAINING—WOMEN COME FIRST

CORCAN PACIFIC IN PARTNERSHIP WITH VANCOUVER REGIONAL CONSTRUCTION ASSOCIATION

In the Pacific Region, CORCAN offered CORE Construction training starting with a 6-week program for women at Fraser Valley Institution, and then for men at maximum and medium security.

CORCAN Construction had been active at the Fraser Valley Women's Institution during various building phases at the site, providing opportunities for women with an interest and aptitude to gain some basic knowledge and experience in construction. Contact was made with the Vancouver Regional Construction Association, which had already been working closely with the provincial Industry Training Authority to develop modularized training in support of the demand for labour and skills development.

The six women who completed the pilot CORE Construction training achieved third-party certification in forklift, traffic control, first aid, construction safety (CSTS) and fall protection, in addition to certified recognition from the Vancouver Regional Construction Association for their completion of the overall program. Pending results from a more formal review, anecdotal evidence from the graduates of the program suggests that their confidence regarding competency for this type of work and their overall confidence in pursuing employment upon release was greatly improved through the program.

CORCAN ADVISORY BOARD

Third-party examinations and endorsements of what we do at CORCAN are powerful ways to gain understanding and support in the community. When citizens understand better what we do at CSC, 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 comprising prominent citizens from a variety of sectors. This could include representatives from 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 Director General of Community Development with Indian and Northern Affairs Canada (INAC). Mr. Brooks has over 30 years experience with the private and public sectors, both internationally and domestically—primarily in the areas of economic development, institutional development and infrastructure. He has been with INAC for the past 10 years and was transferred to the Community Development Branch this past April.

BERNARD CORMIER

Bernard Cormier is a partner in the human resources consulting firm, the Bedford Group, and is the former Vice President of Human Resources for The Home Depot Canada. 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, New Brunswick, Mr. Cormier has held various senior positions in human resources with General Electric, Bombardier Aerospace and, prior to joining The Home Depot Canada, was Vice President of Human Resources with Molson in Canada, the United States. and China.

Mr. Cormier received his Bachelor of Commerce from the University of Moncton, and has 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. The 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.

Mr. Crowell has owned and operated a number of retail businesses, including growing nursery stock.

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, Mr. Dillon 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 for the following organizations: Ontario Construction Secretariat (OCS), the Construction Safety Association of Ontario (CSAO), the Construction Sector Council of Canada, and the De Novo Treatment Centre. Mr. Dillon also served on the Hamilton Harbour Commission.

In addition, Mr. Dillon is active in his hometown of Hamilton, where he is an avid curler and golfer.

SERGE DOUCET

Serge Doucet is the Executive Director of Enterprise South East in Shediac, New Brunswick, one of 15 community economic development agencies. He is responsible for leading and coordinating community economic development activities of regional partners providing financial and functional support to a not-for-profit community economic development agency. Mr. Doucet provides advice and guidance to Enterprise South East in strategic economic planning, business counseling and other services to local small and medium-sized enterprises, 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, New Brunswick, with major responsibilities related to business development, special projects and initiatives, regional economic development commissions and partnerships.

He is also a member of the executive of the New Brunswick Enterprise Network—currently as chairman of the management committee. The network is the association of all 15 economic development agencies in New Brunswick. Mr. Doucet is a member and co-chair of Westmorland Institution Citizens' 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. Hill is keenly interested in contributing to his community in a variety of ways, particularly in the area of affordable housing. He is currently a 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. Hill has a Bachelor of Arts (1981) and a Bachelor of Laws (1984), both from the University of Saskatchewan. He was admitted to the Law Society of Saskatchewan in 1985 and to the Law Society of Alberta in 1988.

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. 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 Sainte-Anne-des-Plaines Institution is located.

Mr. LeBorgne is the architect of the Capital Connexion website (www.capital-connexion.com), a local (Quebec) database network specializing in venture capital, as well as Real Estate Connexion (www.realestate-connexion.com), an online database for commercial and industrial real estate in Quebec.

Mr. LeBorgne has also chaired the fund-raising campaign for the Collège Lionel-Groulx's Fondation Charles-Joseph-Ducharme. In 1998, Mr. LeBorgne was named Quebec Economic Development Professional of the Year by the Association of Economic Development Professionals of Quebec, and Person of the Year 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. After completing his MBA in 1993, he 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 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, "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 majority in senior and ownership roles—Mr. Verhesen specializes in applying engineering principles to a variety of project types.

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

Mr. Verhesen has a BSc Civil Engineering from the University of Alberta and Professional Engineering certification (APEGGA).

MEL ZAJAC

Mel Zajac began working in the building supply business in Vancouver in 1949 and entered the construction industry in Vancouver in 1954. 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 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 Zajac—who lost their lives in separate sporting accidents. The Foundation is dedicated to the enrichment and enhancement of the quality of life across all generations, with particular focus on persons with special needs.

The objective of their 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 as a member of the Order of Canada for his philanthropy in a ceremony in Ottawa on February 21, 2007.

FINANCIAL STATEMENTS

CORCAN Revolving Fund

March 31, 2008

AUDITORS' REPORT

To the Commissioner, Correctional Service Canada

We have audited the statement of financial position of **CORCAN Revolving Fund** as at March 31, 2008 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's 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 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, 2008 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, 2008.

CORCAN Revolving Fund

STATEMENT OF FINANCIAL POSITION

As at March 31
[in thousands of dollars]

	2008 $	2007 $ [restated - see note 3]
ASSETS		
Current		
Accounts receivable *[note 5]*	**4,727**	5,225
Inventories *[note 6]*	**9,670**	9,215
Other	**5**	181
	14,402	14,621
Capital assets *[note 7]*	**11,978**	10,467
	26,380	25,088
LIABILITIES		
Current		
Accounts payable *[note 8]*	**10,778**	8,476
Deferred revenue	**334**	727
Vacation pay and salary accrual	**2,978**	2,447
	14,090	11,650
Long-term		
Employee termination benefits *[note 9]*	**5,246**	5,145
Commitments and contingencies *[notes 10 and 14]*		
Net assets *[note 11]*	**7,044**	8,293
	26,380	25,088

See accompanying notes

CORCAN Revolving Fund

STATEMENT OF OPERATIONS AND NET ASSETS

Year ended March 31
[in thousands of dollars]

	2008 $	2007 $ [restated - see note 3]
Revenues *[note 12]*	**70,588**	60,307
Cost of goods sold *[note 12]*	**75,587**	66,253
	(4,999)	(5,946)
OTHER REVENUES		
Training and correctional fees *[note 4]*	**23,308**	22,262
Miscellaneous	**459**	332
	23,767	22,594
EXPENSES		
National/regional headquarters *[note 13]*	**9,218**	8,746
Employment and employability programs *[note 13]*	**3,561**	3,331
Selling and marketing *[note 13]*	**2,693**	2,172
	15,472	14,249
Net results	**3,296**	2,399
Net assets, beginning of year as originally reported	**8,622**	9,188
Restatement of prior year figures *[note 3]*	**(329)**	(621)
Net assets, beginning of year as restated	**8,293**	8,567
Net financial resources used (provided) and change in the ANCAFA account during the year	**(4,545)**	(2,673)
Net assets, end of year *[note 11]*	**7,044**	8,293

See accompanying notes

CORCAN Revolving Fund

STATEMENT OF CASH FLOWS

Year ended March 31
[in thousands of dollars]

	2008 $	2007 $
		[restated - see note 3]
OPERATING ACTIVITIES		
Net results	**3,296**	2,399
Adjustments for non-cash items:		
Termination benefits expense	**681**	409
Amortization	**1,669**	1,516
Loss (gain) on disposal of capital assets	**145**	3
Other	**183**	—
	5,974	4,327
Changes in non-cash working capital:		
Accounts receivable	**498**	242
Inventories	**(455)**	646
Other	**176**	50
Employee termination benefits	**(580)**	(201)
Accounts payable	**2,302**	440
Deferred revenue	**(393)**	443
Vacation pay and salary accrual	**531**	141
Net financial resources provided by operating activities	**8,053**	6,088
INVESTING ACTIVITIES		
Capital asset acquisitions	**(3,557)**	(3,419)
Proceeds on disposal of capital assets	**49**	4
Net financial resources used by investing activities	**(3,508)**	(3,415)
Net financial resources provided (used) and change in accumulated net charge against the Fund's authority	**4,545**	2,673
Accumulated net charge against the Fund's authority, beginning of year	**14,380**	11,707
Accumulated net charge against the Fund's authority, end of year	**18,925**	14,380

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

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 the Treasury Board. CORCAN Revolving 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. The significant accounting policies are as follows:

Basis of accounting

These financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the Treasury Board of Canada reporting requirements for revolving funds prescribed by the Receiver General for Canada. The basis of accounting used in these financial statements differs from Canadian generally accepted accounting principles as follows:

- Employee's vacation pay liability is based on management's estimates of the liability. Termination benefits liability is based on valuations provided by Treasury Board to management;

- Funding for capital assets received from Treasury Board at inception of the Fund is recorded as contributed capital and not as a reduction of the cost of capital assets.

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

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 construction contracts, 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.

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.

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.

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.

Inventories

Raw materials, finished goods and work in process 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.

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

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

Employee future benefits

Pension plan

Employees of the Fund are covered by the Public Service Retirement Pension Plan (the Plan) administered by the Government of Canada. Under present legislation, contributions made by the Fund to the Plan are limited to an amount equal to the employee's contributions on account of current service. These contributions represent the total pension obligations of the Fund and are charged to operations on a current basis. The Fund is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account and/or with respect to charges to the Consolidated Revenue Fund for the indexation of payments under the *Supplementary Retirement Benefits Act*.

Pension benefits

Eligible employees participate in the Public Service Pension Plan, a multiemployer administered by the Government of Canada. The department's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. Current legislation does not require the department to make contributions for any actuarial deficiencies of the Plan.

Severance benefits

Employees of CORCAN Revolving Fund are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary. 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.

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

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 and the useful life of 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.

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.

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. RESTATEMENT OF PRIOR YEAR FIGURES

Changes in accounting policy

In 2007-2008, the Fund changed its accounting policy for employee termination benefits. Prior to April 1, 1992, the Fund inception date, termination benefits were funded in full by Treasury Board, and continued to be for a period of 15 years. Effective April 1, 2007, employee termination benefits related to the pre April 1, 1992 period are now recorded as a liability of the Fund. In accordance with Treasury Board Guidelines for Revolving Funds section 6140, *Termination Benefits,* all changes are applied retrospectively as a change in accounting policy.

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

Accordingly, the Fund has retrospectively restated its financial position as at March 31, 2007 as well as its results of operations and cash flow for the year then ended. As a result of this change, the 2006-2007 opening net asset balance decreased by $1,335,000, operating expenses decreased by $80,000, and the employee termination benefits increased by $1,255,000 as of March 31, 2007.

Recovery of severance benefits

In 2007-2008, the Fund received $926,000 from Treasury Board relating to severance benefits earned by employees for services rendered prior to 1992 and paid by the Fund. At the time of payment the Fund was not legally responsible for these termination benefits, and therefore recognized a higher expense than it was obligated. Accordingly, the Fund has restated its financial position as at March 31, 2007 as well as its results of operation and cash flow for the year then ended. As a result of this correction of an error, the 2006-2007 opening net assets increased by $714,000, operating expenses were reduced by $212,000, and accounts receivable (Government of Canada) was increased by $926,000 as at March 31, 2007. The $926,000 balance was collected in full in fiscal 2008-2009.

4. 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 Revolving Fund 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 is not included as an expense in 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.

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

CORCAN Revolving Fund entered into the following transactions with the Correctional Service Canada ["CSC"] and all other government departments:

	2008 $	2007 $
	[In thousands of dollars]	
Correctional Service Canada		
Trade revenues	**26,523**	14,524
Training, correctional and other fees	**23,308**	22,262
Other Government Departments		
Trade revenues	**34,134**	34,964
	83,965	71,750

5. ACCOUNTS RECEIVABLE

	2008 $	2007 $
		[restated – note 3]
	[In thousands of dollars]	
Government of Canada	**2,381**	2,108
Outside parties	**2,687**	3,315
	5,068	5,423
Allowance for doubtful accounts	**(341)**	(198)
	4,727	5,225

6. INVENTORIES

Inventories consist of the following:

	2008 $	2007 $
	[In thousands of dollars]	
Raw materials	**4,857**	3,963
Work-in-progress	**435**	439
Finished goods	**4,040**	3,869
Agribusiness inventory	**995**	1,222
	10,327	9,493
Provision for obsolete inventory	**(657)**	(278)
	9,670	9,215

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

7. CAPITAL ASSETS AND ACCUMULATED AMORTIZATION

Capital assets consist of the following:

	Cost			
	Opening balance $	**Acquisitions** $	**Disposals and write-offs** $	**Closing balance** $
	[in thousands of dollars]			
Equipment	**27,511**	**2,589**	**1,867**	**28,233**
Leasehold improvement	**1,300**	**112**	**—**	**1,412**
Vehicle fleet	**1,395**	**852**	**174**	**2,073**
Other	**323**	**4**	**288**	**39**
	30,529	**3,557**	**2,329**	**31,757**

	Accumulated amortization			
	Opening balance $	**Amortization** $	**Disposals and write-offs** $	**Closing balance** $
	[in thousands of dollars]			
Equipment	**18,936**	**1,303**	**1,632**	**18,607**
Leasehold improvement	**77**	**123**	**—**	**200**
Vehicle fleet	**883**	**230**	**165**	**948**
Other	**166**	**13**	**155**	**24**
	20,062	**1,669**	**1,952**	**19,779**

	2008 Net book value $	**2007 Net book value** $
	[in thousands of dollars]	
Equipment	**9,626**	8,575
Leasehold improvement	**1,212**	1,223
Vehicle fleet	**1,125**	512
Other	**15**	157
	11,978	10,467

The amortization expense for the year was $1,669,000 [2007 – $1,516,000].

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

8. ACCOUNTS PAYABLE

	2008 $	2007 $
	[in thousands of dollars]	
Government of Canada	**902**	1,628
Outside parties	**9,876**	6,848
	10,778	8,476

9. EMPLOYEE FUTURE BENEFITS

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 2007-2008 expense amounts to $3,619,000 ($3,364,000 in 2006-2007), 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.

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

	2008 $	2007 $ [restated - note 3]
	[in thousands of dollars]	
Accrued benefit obligation, beginning of the year	**5,145**	4,937
Expense for the year	**681**	409
Benefits paid during the year	**(580)**	(201)
	5,246	5,145

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

10. COMMITMENTS

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 Revolving Fund is committed under the terms of various lease agreements including an amount of $8,796,000 relating to the Kingston warehouse. The lease was entered into on September 2006 and expires in August 2016.

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

	$
	[in thousands of dollars]
2009	1,137
2010	1,245
2011	1,235
2012	1,224
2013 and thereafter	4,877
	9,718

11. NET ASSETS

	2008	**2007**
	$	$
		[restated - note 3]
	[in thousands of dollars]	
Contributed capital	**30,542**	30,542
Accumulated net charge against the Fund's authority	**(18,925)**	(14,380)
Accumulated deficit	**(4,573)**	(7,869)
Net assets, end of year	**7,044**	8,293

Contributed capital represents the value of capital assets financed from contributed capital at the inception of the Fund.

Accumulated Net charge against the Fund's authority represents the amount of the fund's non-lapsing authority that has been used (provided) since inception of the Fund.

The accumulated deficit is an accumulation of each year's surpluses (losses).

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

12. REVENUES AND COST OF GOODS SOLD

Year ended March 31, 2008

	Revenues	Cost of goods sold	Gross margin
	$	$	$
		[in thousands of dollars]	
Agribusiness and forestry	**7,534**	**11,647**	**(4,113)**
Services	**5,312**	**5,524**	**(212)**
Textile	**7,203**	**6,939**	**264**
Manufacturing	**37,524**	**38,275**	**(751)**
Construction	**13,015**	**13,202**	**(187)**
	70,588	**75,587**	**(4,999)**

Year ended March 31, 2007

	Revenues	Cost of goods sold	Gross margin
	$	$	$
		[in thousands of dollars]	
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)

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

13. EXPENSES

The following table presents details of expenses by category:

	2008 $	2007 $
	[in thousands of dollars]	
Salaries and employee benefits	**9,268**	8,360
Transportation and communication	**886**	943
Information	**104**	65
Professional and special services	**3,653**	3,335
Rentals	**877**	1,049
Purchased repair and maintenance	**63**	71
Utilities, materials and supplies	**347**	276
Other expenditures	**274**	150
	15,472	14,249

14. CONTINGENCIES

In the normal course of operations, CORCAN Revolving Fund becomes involved in various claims and legal proceedings. It is the opinion of management that no claims exist at March 31, 2008.

15. COMPARATIVE INFORMATION

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