

**Community Futures  
Lesser Slave Lake Region**

**Financial Statements**

**March 31, 2017**

# Community Futures Lesser Slave Lake Region

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## AUDITORS' REPORT

### To the Members of Community Futures Lesser Slave Lake Region

We have audited the accompanying financial statements of the **Community Futures Lesser Slave Lake Region** which comprise the statement of financial position as at March 31, 2017 and the statements of change in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian audit standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

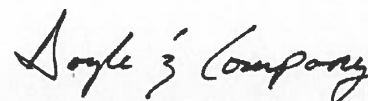
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparations and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Community Futures Lesser Slave Lake Region as at March 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Edmonton, Alberta  
June 27, 2017



Chartered Professional Accountants

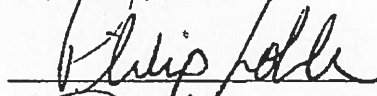
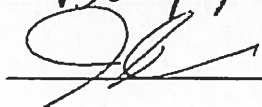
# Community Futures Lesser Slave Lake Region

## Statement of Financial Position

As at March 31, 2017

	Operating Fund \$	Investment Fund			Total 2017 \$	Total 2016 \$
		General \$	Disabled \$	Youth \$		
<b>Current assets</b>						
Cash	283,101	-	-	-	283,101	37,539
Restricted cash (Note 2)	-	1,438,156	49,334	217,419	1,704,909	1,369,200
Investments (Note 3)	-	617,634	-	-	617,634	789,122
Accounts receivable	2,102	-	-	-	2,102	2,743
Prepaid expenses	1,726	-	-	-	1,726	6,762
Interfund receivable	6,258	-	-	32,398	38,656	46,794
	293,187	2,055,790	49,334	249,817	2,648,128	2,252,160
Loans receivable (Note 4)	-	1,026,777	9,378	33,857	1,070,012	1,314,086
Capital assets (Note 5)	17,767	-	-	-	17,767	18,160
	310,954	3,082,567	58,712	283,674	3,735,907	3,584,406
<b>Current liabilities</b>						
Accounts payable (Note 6)	81,143	-	-	-	81,143	20,256
Advances on funding (Note 7)	25,830	-	-	-	25,830	-
Deferred contributions and contract revenue (Note 8)	3,340	-	-	-	3,340	25,725
Interfund payable	-	37,021	1,635	-	38,656	46,794
	110,313	37,021	1,635	-	148,969	92,775
Repayable grants (Note 9)	-	-	57,077	283,674	340,751	336,797
	110,313	37,021	58,712	283,674	489,720	429,572
<b>Net assets</b>						
Unrestricted	(6,645)	-	-	-	(6,645)	19,318
Internally restricted fund (Note 10)	189,609	3,045,546	-	-	3,235,155	3,117,356
Invested in capital assets	17,677	-	-	-	17,677	18,160
	200,641	3,045,546	-	-	3,246,187	3,154,834
	310,954	3,082,567	58,712	283,674	3,735,907	3,584,406

Approved by the Board:

  
 \_\_\_\_\_ Director  
  
 \_\_\_\_\_ Director

The accompanying notes form part of these financial statements.

# Community Futures Lesser Slave Lake Region

## Statement of Changes in Net Asset

For the year ended March 31, 2017

	Unrestricted	Internally	Invested in	2017	2016
		Restricted	Capital Assets	Total	Total
	\$	\$	\$	\$	\$
<b>Balance, beginning of year</b>	<b>19,318</b>	<b>3,117,356</b>	<b>18,160</b>	<b>3,154,834</b>	<b>3,270,657</b>
Excess (deficiency) of revenue over expenses	(33,096)	133,448	(5,045)	95,307	(114,782)
Additions to capital assets	(4,562)	-	4,562	-	-
Inter-fund transfers	11,695	(15,649)	-	(3,954)	(1,041)
<b>Balance, end of year</b>	<b>(6,645)</b>	<b>3,235,155</b>	<b>17,677</b>	<b>3,246,187</b>	<b>3,154,834</b>

The accompanying notes form part of these financial statements.

# Community Futures Lesser Slave Lake Region

## Statement of Operations

For the year ended March 31, 2017

	Operating Fund	Investment Fund (Schedule 1)	Total 2017	Total 2016
	\$	\$	\$	\$
<b>Revenue</b>				
Contributions	309,963	-	309,963	307,586
Interest income	2,698	149,020	151,718	131,056
Fees and other income	50,219	1,645	51,864	18,310
Contract revenue deferred from subsequent year	11,035	-	11,035	-
WED contribution deferred from subsequent year	14,690	-	14,690	-
Contract revenue deferred to subsequent year	-	-	-	(14,690)
WED contribution deferred to subsequent year	-	-	-	(11,035)
	<b>388,605</b>	<b>150,665</b>	<b>539,270</b>	<b>431,227</b>
<b>Expenses</b>				
Amortization	5,045	-	5,045	4,940
Bad debts	-	16,467	16,467	228,836
Insurance	2,986	-	2,986	2,269
Interest and bank charges	91	750	841	1,155
Office	30,087	-	30,087	26,321
Professional fees	25,963	-	25,963	21,333
Publications and advertising	10,704	-	10,704	15,655
Rent	29,833	-	29,833	29,833
Repairs and maintenance	2,867	-	2,867	2,391
Telephone and utilities	16,778	-	16,778	12,107
Travel				
Board	4,155	-	4,155	33
Staff	4,950	-	4,950	6,672
Wages and employee benefits (Note 6)	293,287	-	293,287	194,464
	<b>426,746</b>	<b>17,217</b>	<b>443,963</b>	<b>546,009</b>
<b>Excess of revenue over expenses</b>	<b>(38,141)</b>	<b>133,448</b>	<b>95,307</b>	<b>(114,782)</b>

The accompanying notes form part of these financial statements.

# Community Futures Lesser Slave Lake Region

## Statement of Cash Flows

For the year ended March 31, 2017

	2017	2016
	\$	\$
<b>Operating Activities</b>		
Cash received from grants	335,688	307,586
Cash received from interest and other income	204,223	149,441
Cash paid to suppliers and employees	(377,039)	(565,988)
	162,872	(108,961)
<b>Financing Activities</b>		
Increase in deferred contributions and advances on funding	3,445	25,725
Increase in repayable contributions	3,954	1,041
	7,399	26,766
<b>Investing Activities</b>		
Decrease (increase) in investments	171,488	(11,760)
Additions in capital assets	(4,562)	(6,180)
Decrease in loans receivable	244,074	385,342
	411,000	367,402
<b>Increase in Cash</b>	<b>581,271</b>	<b>285,207</b>
<b>Cash, beginning of year</b>	<b>1,406,739</b>	<b>1,121,532</b>
<b>Cash, end of year</b>	<b>1,988,010</b>	<b>1,406,739</b>
<b>Cash is comprised of:</b>		
Cash	283,101	37,539
Restricted cash	1,704,909	1,369,200
	1,988,010	1,406,739

The accompanying notes form part of these financial statements.

# Community Futures Lesser Slave Lake Region

## Notes to the Financial Statements

March 31, 2017

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### **Purpose of the Organization**

The Community Futures Lesser Slave Lake Region is a community based non-profit corporation which supports the region's plans for community economic development and the generation of additional private sector employment. The corporation is incorporated under the Alberta Companies Act. These financial statements present the combined assets, liabilities and operations of all programs sponsored by the Community Futures Lesser Slave Lake Region. The corporation is exempt from income taxes under the Income Tax Act.

### **1. Significant Accounting Policies**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

#### **a) Cash and Cash Equivalents**

Cash and cash equivalents consists of bank accounts and temporary investments with maturities of three months or less.

#### **b) Amortization**

It is the corporation's policy to provide for amortization of capital assets using the declining balance method at the following rates:

Office equipment	20%
Computer equipment	30%

#### **c) Investments**

Investments are recorded at fair market value.

#### **d) Revenue Recognition**

The corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### **e) Fund Accounting**

The operating fund accounts for the corporation's program delivery and administrative activities.

The investment fund has been established to have money available to provide loans to new businesses in the Lesser Slave Lake and surrounding areas.



# Community Futures Lesser Slave Lake Region

## Notes to the Financial Statements

March 31, 2017

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### 1. Significant Accounting Policies - continued

#### f) Financial Instruments

The corporation's financial instruments consist of cash, investments, accounts receivable, loans receivable and accounts payable. Unless otherwise noted, it is management's opinion that the corporation is not exposed foreign currency risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

#### Credit Risk

The corporation is exposed to credit risk on the accounts receivable and loans receivable from its customers. In order to reduce its credit risk, the company has adopted credit policies which include an analysis of the financial position of its customers and the regular review of their credit limits.

#### Market Risk

The Corporation is exposed to risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of of interest rate risk and other price risk.

#### Interest Rate Risk

The corporation is exposed to risk that the fair value of financial instruments or future cashflows associated with the instrument will fluctuate due to changes in market interest rates.

#### (g) Measurement Uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### 2. Restricted Cash

The cash held by the investment fund is restricted for the purpose of that fund, mainly the issuance of general, disabled and youth loans.

The portion of cash and investments held by the operating fund that is restricted is \$189,609 (2016 - \$189,609). This amount has been allocated to various projects and is included with internally restricted funds.

# Community Futures Lesser Slave Lake Region

## Notes to the Financial Statements

March 31, 2017

### 3. Investments

	<b>2017</b>	<b>2016</b>
	\$	\$
Guaranteed Investment Certificate	-	200,000
C-Flip Investment Funds	617,634	589,122
	617,634	789,122

The C-Flip (Community Futures Lending and Investment Pool) Investment are funds administered by The Recordkeeper Inc. and managed by Royal Trust. Of the invested funds 50% are available to be lent back to Community Development Corporations with the remaining funds invested in money market funds.

The C-Flip Investment was started in June, 2000 and is invested largely in bonds which, during the past year, averaged a rate of return of about 4%.

### 4. Loans Receivable

The Community Futures Lesser Slave Lake Region has a portfolio of 41 (2016 - 46) loans outstanding with no loan balance in excess of \$150,000. An allowance for doubtful accounts of \$360,617 (2016 - \$417,299) has been provided on specific accounts.

Outstanding loans to entrepreneurs are interest bearing at fixed rates varying from 2.0 - 8.5% above prime with monthly blended principal and interest repayments amortized for terms between 12 and 120 months. Security is taken on these loans as appropriate to the situation and includes personal guarantees, general security agreements covering business assets and mortgages on land and building.

### 5. Capital Assets

	2017		2016	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Computer equipment	38,030	30,589	7,441	8,667
Furniture and equipment	103,369	93,043	10,326	9,493
	141,399	123,632	17,767	18,160

# Community Futures Lesser Slave Lake Region

## Notes to the Financial Statements

March 31, 2017

**6. Accounts Payable**

	2017	2016
	\$	\$
Trade	15,317	17,942
Government remittances	3,563	2,312
Labour settlement	62,263	-
	<b>81,143</b>	<b>20,254</b>

In May 2017 the Corporation settled a labour dispute with a former employee.

**7. Advances on Funding**

In March 2017 the Corporation received a 2017/2018 funding advance of \$25,830 from Western Economic Diversification Canada

**8. Deferred Contributions and Contract Revenue**

	2017	2016
	\$	\$
Town of Slave Lake	3,340	-
Western Economic Diversification Canada	-	11,035
Municipal District of Opportunity	-	14,690
	<b>3,340</b>	<b>25,725</b>

**9. Conditionally Repayable Loan Funds**

	Disabled	Youth	Total 2017	Total 2016
	\$	\$	\$	\$
Initial grant	200,000	200,000	400,000	400,000
1/2 interest earned to March 31, 2001	17,948	1,850	19,798	19,798
Surplus to March 31, 2017	32,352	93,889	126,241	122,287
Loan write-offs	(193,223)	(20,245)	(213,468)	(213,468)
Approved transfers to operating	-	8,180	8,180	8,180
	<b>57,077</b>	<b>283,674</b>	<b>340,751</b>	<b>336,797</b>

# Community Futures Lesser Slave Lake Region

## Notes to the Financial Statements

March 31, 2017

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### 9. Conditionally Repayable Loan Funds - continued

Under the terms and conditions of the contribution agreement with Western Economic Diversification, the Conditional Repayable Loan Funds are repayable if any of the following conditions occur:

- i. The Conditionally Repayable Investment Fund is not administered according to the terms and conditions specified in the Agreement; or
- ii. Based on reviews and evaluations of the operations and the Conditionally Repayable Investment Fund of the Corporation, the Conditionally Repayable Investment Fund is not providing a satisfactory level of benefits in terms of employment creation, the development of Community-owned or controlled businesses, and strengthening of the western Canadian economy; or
- iii. In the opinion of the Minister, the Conditionally Repayable Investment Fund is no longer necessary or relevant to the development of the western Canadian economy; or
- iv. The Agreement is Terminated as described in Section 7; or
- v. An event of default occurs, as described in Section 7 of the Agreement; or
- vi. The Minister does not approve terms and conditions to extend the project beyond the completion date.

### 10. Internally Restricted Fund Balances

These funds have been restricted by the Community Futures Lesser Slave Lake Region's Board of Directors and can only be used for purposes approved by the Board of Directors.

	2017	2016
	\$	\$
Projects Fund	140,434	140,434
Capital Replacement Fund	49,175	49,175
General Investment Fund	3,045,546	2,927,747
	<b>3,235,155</b>	<b>3,117,356</b>

### 11. Economic Dependence

The Corporation receives almost all of its operating revenues from the federal government and is economically dependent upon it.

# Community Futures Lesser Slave Lake Region

## Schedule of Investment Fund Programs - Schedule 1

March 31, 2017

	General Investment	Disabled	Youth	Total 2017	Total 2016
	\$	\$	\$	\$	\$
<b>Revenue</b>					
Loan interest	105,985	1,044	3,177	110,206	111,290
Investment interest	38,814	-	-	38,814	17,124
Other revenue	1,645	-	-	1,645	611
	146,444	1,044	3,177	150,665	129,025
<b>Expenses</b>					
Bad debts (recovery)	16,467	-	-	16,467	228,836
Interest and bank charges	483	102	165	750	941
	16,950	102	165	17,217	229,777
<b>Excess of revenue over expenses before transfers</b>	129,494	942	3,012	133,448	(100,752)
Transfers surplus to repayable grants	-	(942)	(3,012)	(3,954)	(1,041)
<b>Excess of revenue over expenses</b>	129,494	-	-	129,494	(101,793)

The accompanying notes form part of these financial statements.