

**Community Futures
Lesser Slave Lake Region
Financial Statements
March 31, 2021**

Community Futures Lesser Slave Lake Region

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of the **Community Futures Lesser Slave Lake Region** (the Organization), which comprise the statement of financial position as at March 31, 2021, and the results of its operations, changes in its net financial assets and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Community Futures Lesser Slave Lake Region as at March 31, 2021, the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations and accounting principles set out in Note 1.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than from one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.



INDEPENDENT AUDITORS' REPORT - continued

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Scott Mockford, CPA, CA

Doyle & Company

11210 - 107 Avenue NW
Edmonton, Alberta
T5H 0Y1

June 22, 2021

Chartered Professional Accountants

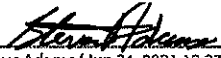
Community Futures Lesser Slave Lake Region


Statement of Financial Position

As at March 31, 2021

	Investment Fund					Total 2021 \$	Total 2020 \$
	WD Operating Fund \$	WD Non- repayable Investment Fund \$	WD Conditionally Repayable Investment Fund \$	WD Conditionally Repayable EDP Fund \$	RRRF Investment/ Loan Fund \$		
Current assets							
Cash	150,101	-	-	-	-	150,101	183,273
Restricted cash (Note 2)	-	378,119	866	62,217	243,183	684,385	301,204
Investments (Note 3)	-	2,144,886	88,950	-	-	2,233,836	2,040,370
Accounts receivable (Note 4)	8,389	-	-	-	-	8,389	5,789
Prepaid expenses	25,692	-	-	-	-	25,692	22,927
Interfund receivable	-	18,481	-	-	-	18,481	18,481
	184,182	2,541,486	89,816	62,217	243,183	3,120,884	2,572,044
Loans receivable (Note 5)	-	693,593	156,815	-	2,135,750	2,986,158	939,415
Capital assets (Note 6)	40,426	-	-	-	-	40,426	45,074
	224,608	3,235,079	246,631	62,217	2,378,933	6,147,468	3,556,533
Current liabilities							
Accounts payable (Note 7)	22,650	-	-	-	-	22,650	17,919
Deferred contributions	-	-	-	-	-	-	25,830
Interfund payable	18,481	-	-	-	-	18,481	18,481
	41,131	-	-	-	-	41,131	62,230
Repayable grants (Note 8)	-	-	246,631	62,217	-	308,848	298,581
RRRF Loan (Note 9)	-	-	-	-	2,378,500	2,378,500	-
	41,131	-	246,631	62,217	2,378,500	2,728,479	360,811
Net assets							
Unrestricted	143,051	-	-	-	-	143,051	149,758
Externally restricted (Note 10)	-	3,235,079	-	-	433	3,235,512	3,000,889
Invested in capital assets	40,426	-	-	-	-	40,426	45,075
	183,477	3,235,079	-	-	433	3,418,989	3,195,722
	224,608	3,235,079	246,631	62,217	2,378,933	6,147,468	3,556,533

Approved by the Board:

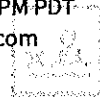

 Steve Adams (Jun 24, 2021 13:37 MDT) Director


 Walter Dyck (Jun 28, 2021 15:59 PDT) Director

Steve Adams
 E-signed 2021-06-24 01:37PM MDT
 steve@remaxslavelake.com



Walter Dyck
 E-signed 2021-06-28 03:59PM PDT
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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, 2021

	Unrestricted	Externally	Invested in	2021	2020
	\$	Restricted	Capital Assets	Total	Total
	\$	\$	\$	\$	\$
Balance, beginning of year	149,758	3,000,889	45,075	3,195,722	3,181,780
Excess (deficiency) of revenue over expenses	(251)	244,890	(11,105)	233,534	22,082
Additions to capital assets	(6,456)	-	6,456	-	-
Inter-fund transfers	-	(10,267)	-	(10,267)	(8,140)
Balance, end of year	143,051	3,235,512	40,426	3,418,989	3,195,722

The accompanying notes form part of these financial statements.



Community Futures Lesser Slave Lake Region

Statement of Operations

For the year ended March 31, 2021

	WD Operating Fund	RRRF Operating Fund \$	Investment Fund (Schedule 1) \$	Total 2021 \$	Total 2020 \$
Revenue					
Contributions	309,963	130,531	-	440,494	309,963
Loan interest	-	-	49,761	49,761	55,150
Investment income	1,286	-	195,665	196,951	(13,456)
Fees and other income	10,556	-	-	10,556	27,520
	321,805	130,531	245,426	697,762	379,177
Expenses					
Amortization	11,105	-	-	11,105	12,101
Bad debt (recovery)	573	-	-	573	(18,004)
Insurance	3,196	-	-	3,196	2,668
Interest and bank charges	615	-	373	988	400
Office	46,308	16,200	-	62,508	54,551
Program expenses	-	32,000	-	32,000	-
Professional fees	11,548	-	163	11,711	61,638
Publications and advertising	13,273	42,286	-	55,559	28,300
Rent	18,075	-	-	18,075	15,336
Telephone and utilities	6,479	-	-	6,479	6,317
Travel					
Board	-	-	-	-	660
Staff	408	-	-	408	13,956
Wages and employee benefits	221,581	40,045	-	261,626	179,172
	333,161	130,531	536	464,228	357,095
Excess of revenue over expenses	(11,356)	-	244,890	233,534	22,082

The accompanying notes form part of these financial statements.

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Community Futures Lesser Slave Lake Region

Statement of Cash Flows

For the year ended March 31, 2021

	2021	2020
	\$	\$
Operating Activities		
Cash received from grants	440,494	309,963
Cash received from interest and other income	244,401	72,322
Cash paid to suppliers and employees	(451,156)	(350,140)
	233,739	32,145
Financing Activities		
Increase (decrease) in deferred contributions	(25,830)	25,830
Increase (decrease) in repayable contributions	10,267	8,140
Increase Regional Relief and Recovery Fund (RRRF) loan	2,378,500	-
	2,362,937	33,970
Investing Activities		
Increase in investments	(193,466)	(1,385,383)
Additions in capital assets	(6,458)	(6,648)
Increase in loans receivable	(2,046,743)	(220,868)
	(2,246,667)	(1,612,899)
Increase (Decrease) in Cash	350,009	(1,546,784)
Cash, beginning of year	484,477	2,031,261
Cash, end of year	834,486	484,477
Cash is comprised of:		
Cash	150,101	183,273
Restricted cash	684,385	301,204
	834,486	484,477

The accompanying notes form part of these financial statements.

Community Futures Lesser Slave Lake Region

Notes to the Financial Statements

March 31, 2021

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, 2021

1. Significant Accounting Policies - continued

f) Financial Instruments

The corporation initially measures financial assets and financial liabilities at their fair value. It subsequently measures its financial assets and financial liabilities, other than investments, at amortized cost. The financial assets subsequently measured at amortized cost include cash and cash equivalents and accounts receivable. The financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities. Investments are recorded at fair value.

The corporation risk exposures related to its financial instruments are outlined as follows:

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 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 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.

Accounts receivable and loan receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible and intangible capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in the revenue and expenses in the years in which they become known. 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.

Community Futures Lesser Slave Lake Region

Notes to the Financial Statements

March 31, 2021

3. Investments

	2021	2020
	\$	\$
C-Flip Investment Funds	2,233,836	2,040,370

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. Accounts Receivable

	2021	2020
	\$	\$
Trade	300	2,091
GST rebate	8,089	3,698
	8,389	5,789

5. Loans Receivable

	Loans Receivable	Less: Allowance for doubtful accounts	2021	2020
			\$	\$
WD Non-repayable Investment Fund	757,944	(64,351)	693,593	789,415
WD Conditionally Repayable Investment Fund	156,815	-	156,815	150,000
RRRF Investment/Loan Fund	2,135,750	-	2,135,750	-
	3,050,509	(64,351)	2,986,158	939,415

Outstanding loans to entrepreneurs are interest bearing at fixed rates varying from 5.0 - 9.5% 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.

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Community Futures Lesser Slave Lake Region

Notes to the Financial Statements

March 31, 2021

6. Capital Assets

	2021		Net Book Value \$	2020
	Cost \$	Accumulated Amortization \$		Net Book Value \$
Computer equipment	55,929	44,012	11,917	12,640
Furniture and equipment	143,920	115,411	28,509	32,434
	199,849	159,423	40,426	45,074

7. Accounts Payable

	2021 \$	2020 \$
Trade	19,236	15,906
Government remittances	3,414	2,013
	22,650	17,919

8. Conditionally Repayable Loan Funds

	Disabled \$	Youth \$	Total 2021 \$	Total 2020 \$
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, 2021	35,858	123,144	159,002	148,735
Loan write-offs	(191,589)	(78,363)	(269,952)	(269,952)
	62,217	246,631	308,848	298,581

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.

W.D.

Community Futures Lesser Slave Lake Region

Notes to the Financial Statements

March 31, 2021

9. Regional Relief and Recovery Fund (RRRF) Loan

The Regional Relief and Recovery Fund (RRRF) loan is an interest-free loan from the Community Futures Association (CFA). This loan may only be used to make loans or provide loan supports to Canadian Small and Medium-Sized Enterprises. The loan losses reduce the amount to be repaid to the CFA.

10. Externally Restricted Fund Balances

	2021	2020
	\$	\$
WD Non-repayable Investment Fund - contributions	1,550,000	1,550,000
WD Non-repayable Investment Fund - earned	1,685,079	1,450,889
RRRF Investment/Loan Fund - earned	433	-
	3,235,512	3,000,889

Loan investment funds are restricted to loans to businesses.

11. Economic Dependence

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

12. Lease Commitments

(a) The photocopier lease with Xerox Canada Ltd. is for five and half years commencing March, 2018.

The corporation is committed to annual future minimum lease payments under the lease as follows:

	\$
2022	1,798
2023	1,798
2024	899
	4,495

(b) The lease term with Allarie Enterprises Ltd. is for five years commencing July, 2019. The lease is for the rental of space required to operate the corporation.

The corporation is committed to annual future minimum lease payments under the lease as follows:

	\$
2022	18,900
2023	18,900
2024	18,900
2025	4,725
	61,425

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation.

Community Futures Lesser Slave Lake Region

Schedule 1

Statement of Operations - Investment Fund

March 31, 2021

	WD Non- Repayable Investment Fund \$	WD Conditionally Repayable Investment Fund \$	WD Conditionally Repayable EDP Fund \$	RRRF Investment/ Loan Fund \$	Total 2021 \$	Total 2020 \$
Revenue						
Loan interest	42,946	6,815	-	-	49,761	55,150
Investment income	186,995	7,708	292	670	195,665	(17,992)
	229,941	14,523	292	670	245,426	37,158
Expenses						
Bad debt (recovery)	-	-	-	-	-	(18,004)
Interest and bank charges	136	-	-	237	373	235
Professional fees	163	-	-	-	163	17,544
	299	-	-	237	536	(225)
Excess of revenue over expenses before transfers	229,642	14,523	292	433	244,890	37,383
Transfers surplus to repayable grants	-	(14,523)	(292)	-	(14,815)	(8,140)
Excess of revenue over expenses	229,642	-	-	433	230,075	29,243

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Walter Dyck

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