

**Community Futures
Lesser Slave Lake Region
Financial Statements
March 31, 2022**

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, 2022, 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, 2022, 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.

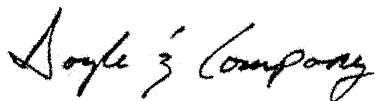
INDEPENDENT AUDITORS' REPORT - continued

- 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



11210 - 107 Avenue NW
Edmonton, Alberta
T5H 0Y1

June 21, 2022

Chartered Professional Accountants

Community Futures Lesser Slave Lake Region

Statement of Financial Position

As at March 31, 2022

	Investment Fund					Total 2022 \$	Total 2021 \$
	WD Operating Fund \$	WD Non- repayable Investment Fund \$	Conditionally Repayable Investment Fund \$	WD Conditionally Repayable EDP Fund \$	RRRF Investment/ Loan Fund \$		
Current assets							
Cash	258,085	-	-	-	-	258,085	150,101
Restricted cash (Note 2)	-	639,625	868	62,385	137,788	840,666	684,385
Investments (Note 3)	-	2,215,718	91,888	-	-	2,307,606	2,233,836
Accounts receivable (Note 4)	7,969	-	-	-	-	7,969	8,389
Prepaid expenses	49,688	-	-	-	-	49,688	25,692
Interfund receivable	-	18,481	14,897	-	500	33,878	18,481
	315,742	2,873,824	107,653	62,385	138,288	3,497,892	3,120,884
Loans receivable (Note 5)	-	499,301	156,815	-	2,246,500	2,902,616	2,986,158
Capital assets (Note 6)	37,091	-	-	-	-	37,091	40,426
	352,833	3,373,125	264,468	62,385	2,384,788	6,437,599	6,147,468
Current liabilities							
Accounts payable (Note 7)	24,162	-	-	-	-	24,162	22,650
Deferred contributions	51,400	-	-	-	-	51,400	-
Interfund payable	18,481	15,397	-	-	-	33,878	18,481
	94,043	15,397	-	-	-	109,440	41,131
Repayable grants (Note 8)	-	-	264,468	62,385	-	326,853	308,848
RRRF Loan (Note 9)	66,960	-	-	-	2,384,250	2,451,210	2,378,500
	161,003	15,397	264,468	62,385	2,384,250	2,887,503	2,728,479
Net assets							
Unrestricted	154,739	-	-	-	-	154,739	143,051
Externally restricted (Note 10)	-	3,357,728	-	-	538	3,358,266	3,235,512
Invested in capital assets	37,091	-	-	-	-	37,091	40,426
	191,830	3,357,728	-	-	538	3,550,096	3,418,989
	352,833	3,373,125	264,468	62,385	2,384,788	6,437,599	6,147,468

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, 2022

	Unrestricted	Externally	Invested in	2022	2021
	\$	Restricted	Capital Assets	Total	Total
	\$	\$	\$	\$	\$
Balance, beginning of year	143,051	3,235,512	40,426	3,418,989	3,195,722
Excess (deficiency) of revenue over expenses	18,678	140,759	(10,325)	149,112	233,534
Additions to capital assets	(6,990)	-	6,990	-	-
Inter-fund transfers	-	(18,005)	-	(18,005)	(10,267)
Balance, end of year	154,739	3,358,266	37,091	3,550,096	3,418,989

The accompanying notes form part of these financial statements.

Community Futures Lesser Slave Lake Region

Statement of Operations

For the year ended March 31, 2022

	WD Operating Fund	RRRF Operating Fund \$	Investment Fund (Schedule 1) \$	Total 2022 \$	Total 2021 \$
Revenue					
Contributions	309,963	-	-	309,963	440,494
Loan interest	-	-	64,742	64,742	49,761
Investment income	652	-	75,558	76,210	196,951
Fees and other income	25,721	-	1,070	26,791	10,556
	336,336	-	141,370	477,706	697,762
Expenses					
Amortization	10,325	-	-	10,325	11,105
Bad debt (recovery)	-	-	-	-	573
Insurance	6,108	-	-	6,108	3,196
Interest and bank charges	1,721	-	611	2,332	988
Office	37,510	-	-	37,510	62,508
Program expenses	129	-	-	129	32,000
Professional fees	17,324	-	-	17,324	11,711
Publications and advertising	9,105	-	-	9,105	55,559
Rent	19,462	-	-	19,462	18,075
Telephone and utilities	6,889	-	-	6,889	6,479
Travel					
Board	1,540	-	-	1,540	-
Staff	5,922	-	-	5,922	408
Wages and employee benefits	211,948	-	-	211,948	261,626
	327,983	-	611	328,594	464,228
Excess of revenue over expenses	8,353	-	140,759	149,112	233,534

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, 2022

	2022	2021
	\$	\$
Operating Activities		
Cash received from grants	309,963	440,494
Cash received from interest and other income	134,761	244,401
Cash paid to suppliers and employees	(325,356)	(451,156)
	119,368	233,739
Financing Activities		
Increase (decrease) in deferred contributions	51,400	(25,830)
Increase in repayable contributions	18,005	10,267
Increase Regional Relief and Recovery Fund (RRRF) loan	72,710	2,378,500
	142,115	2,362,937
Investing Activities		
Increase in investments	(73,770)	(193,466)
Additions in capital assets	(6,990)	(6,458)
Decrease (increase) in loans receivable	83,542	(2,046,743)
	2,782	(2,246,667)
Increase in Cash	264,265	350,009
Cash, beginning of year	834,486	484,477
Cash, end of year	1,098,751	834,486
Cash is comprised of:		
Cash	258,085	150,101
Restricted cash	840,666	684,385
	1,098,751	834,486

The accompanying notes form part of these financial statements.

Community Futures Lesser Slave Lake Region

Notes to the Financial Statements

March 31, 2022

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, 2022

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, 2022

3. Investments

	2022	2021
	\$	\$
C-Flip Investment Funds	2,307,606	2,233,836

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

	2022	2021
	\$	\$
Trade	2,338	300
GST rebate	5,631	8,089
	7,969	8,389

5. Loans Receivable

	Loans Receivable	Less: Allowance for doubtful accounts	2022	2021
	\$	\$	\$	\$
WD Non-repayable Investment Fund	499,301	-	499,301	693,593
WD Conditionally Repayable Investment Fund	156,815	-	156,815	156,815
RRRF Investment/Loan Fund	2,246,500	-	2,246,500	2,135,750
	2,902,616	-	2,902,616	2,986,158

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.

During the year, there were the following changes in the allowance for doubtful accounts:

	Beginning Balance	Write-offs	2022	2021
	\$	\$	\$	\$
WD Non-repayable Investment Fund	64,351	(64,351)	-	64,351

Community Futures Lesser Slave Lake Region

Notes to the Financial Statements

March 31, 2022

6. Capital Assets

	2022		
	Cost	Accumulated	Net Book
	\$	Amortization	Value
	\$	\$	\$
Computer equipment	62,919	48,635	14,284
Furniture and equipment	143,920	121,113	22,807
	206,839	169,748	37,091

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

7. Accounts Payable

	2022	2021
	\$	\$
Trade	20,492	20,637
Government remittances	3,670	2,013
	24,162	22,650

8. Conditionally Repayable Loan Funds

	Disabled	Youth	Total	Total
	\$	\$	2022	2021
	\$	\$	\$	\$
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, 2022	36,026	140,981	177,007	159,002
Loan write-offs	(191,589)	(78,363)	(269,952)	(269,952)
	62,385	264,468	326,853	308,848

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

Community Futures Lesser Slave Lake Region

Notes to the Financial Statements

March 31, 2022

8. Conditionally Repayable Loan Funds - Continued

- 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.

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) and repayment is not required until December 31, 2022. Any available portion of the RRRF loan that has not been loaned by the Corporation by December 31, 2022 is due to CFA on that date. Repayment of the Corporations RRRF investment fund loans are repayable to CFA as they are received. This loan may only be used to make loans or provide loan supports to Canadian Small and Medium-Sized Enterprises.

Repayments received prior to December 31, 2022 are eligible for forgiveness at a rate of 25% of the first \$40,000 and 50% of amounts above \$40,000 and up to \$60,000. The repayable balance will be reduced by any amounts loaned by the Corporation that are determined to be uncollectible, in accordance with the RRRF loan agreement terms. The full amount of the RRRF loan is due on expiry of the RRRF loan agreement on December 31, 2025.

The RRRF loan proceeds received, net of amount forgiven, to March 31, 2022, is as follows:

	2022	2021
	\$	\$
Total net loan proceeds	2,491,210	2,378,500
Total amount forgiven on repayment	(40,000)	-
	2,451,210	2,378,500

10. Externally Restricted Fund Balances

	2022	2021
	\$	\$
WD Non-repayable Investment Fund - contributions	1,550,000	1,550,000
WD Non-repayable Investment Fund - earned	1,807,728	1,685,079
RRRF Investment/Loan Fund - earned	538	433
	3,358,266	3,235,512

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.

Community Futures Lesser Slave Lake Region

Notes to the Financial Statements

March 31, 2022

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:

	\$
2023	1,798
2024	899
	<hr/> 2,697 <hr/>

(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:

	\$
2023	18,900
2024	18,900
2025	4,725
	<hr/> 42,525 <hr/>

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, 2022

	WD Non- Repayable Investment Fund \$	WD Conditionally Repayable Investment Fund \$	WD Conditionally Repayable EDP Fund \$	RRRF Investment/ Loan Fund \$	Total 2022 \$	Total 2021 \$
Revenue						
Loan interest	49,845	14,897	-	-	64,742	49,761
Investment income	72,147	2,940	168	303	75,558	195,665
Other revenue	1,070	-	-	-	1,070	-
	123,062	17,837	168	303	141,370	245,426
Expenses						
Interest and bank charges	413	-	-	198	611	373
Professional fees	-	-	-	-	-	163
	413	-	-	198	611	536
Excess of revenue over expenses before transfers	122,649	17,837	168	105	140,759	244,890
Transfers surplus to repayable grants	-	(17,837)	(168)	-	(18,005)	(14,815)
Excess of revenue over expenses	122,649	-	-	105	122,754	230,075