

**Community Futures
Lesser Slave Lake Region
Financial Statements
March 31, 2023**

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, 2023, 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, 2023, 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

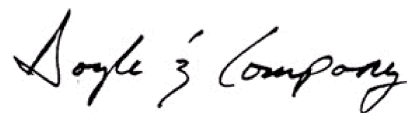
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting 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

July 25, 2023
11210 - 107 Avenue NW
Edmonton, Alberta T5H 0Y1



Chartered Professional Accountants

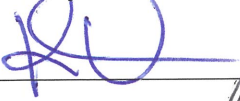
Community Futures Lesser Slave Lake Region

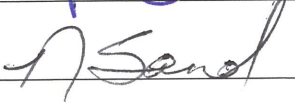
Statement of Financial Position

As at March 31, 2023

	Investment Fund					Total 2023 \$	Total 2022 \$
	WD Operating Fund \$	WD Non- repayable Investment Fund \$	WD Conditionally Repayable Investment Fund \$	WD Conditionally Repayable EDP Fund \$	RRRF & CGI Investment/ Loan Fund \$		
Current assets							
Cash	206,282	-	-	-	-	206,282	258,085
Restricted cash (Note 2)	-	663,695	894	64,249	317,674	1,046,512	840,666
Investments (Note 3)	15,000	2,246,476	93,163	-	-	2,354,639	2,307,606
Accounts receivable (Note 4)	11,803	242	-	-	-	12,045	7,969
Prepaid expenses	40,549	-	-	-	-	40,549	49,688
Interfund receivable	-	19,231	45,370	-	500	65,101	33,878
	273,634	2,929,644	139,427	64,249	318,174	3,725,128	3,497,892
Loans receivable (Note 5)	-	551,195	149,249	-	2,085,750	2,786,194	2,902,616
Capital assets (Note 6)	30,607	-	-	-	-	30,607	37,091
	304,241	3,480,839	288,676	64,249	2,403,924	6,541,929	6,437,599
Current liabilities							
Accounts payable (Note 7)	12,169	-	-	-	-	12,169	24,162
Deferred contributions	-	-	-	-	-	-	51,400
Interfund payable	19,231	45,870	-	-	-	65,101	33,878
	31,400	45,870	-	-	-	77,270	109,440
Repayable grants (Note 8)	-	-	288,676	64,249	-	352,925	326,853
RRRF & CGI Loan (Note 9)	66,960	-	-	-	2,395,500	2,462,460	2,451,210
	98,360	45,870	288,676	64,249	2,395,500	2,892,655	2,887,503
Net assets							
Unrestricted	175,275	-	-	-	-	175,275	154,739
Externally restricted (Note 10)	-	3,434,969	-	-	8,424	3,443,393	3,358,266
Invested in capital assets	30,606	-	-	-	-	30,606	37,091
	205,881	3,434,969	-	-	8,424	3,649,274	3,550,096
	304,241	3,480,839	288,676	64,249	2,403,924	6,541,929	6,437,599

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, 2023

	Unrestricted	Externally Restricted	Invested in Capital Assets	2023 Total	2022 Total
	\$	\$	\$	\$	\$
Balance, beginning of year	154,739	3,358,266	37,091	3,550,096	3,418,989
Excess (deficiency) of revenue over expenses	23,316	111,199	(9,265)	125,250	149,112
Additions to capital assets	(2,780)	-	2,780	-	-
Inter-fund transfers	-	(26,072)	-	(26,072)	(18,005)
Balance, end of year	175,275	3,443,393	30,606	3,649,274	3,550,096

The accompanying notes form part of these financial statements.

Community Futures Lesser Slave Lake Region

Statement of Operations

For the year ended March 31, 2023

	WD Operating Fund	RRRF Operating Fund	Investment Fund (Schedule 1)	Total 2023	Total 2022
		\$	\$	\$	\$
Revenue					
Contributions	309,963	-	-	309,963	309,963
Loan interest	-	-	53,847	53,847	64,742
Investment income	6,771	-	63,238	70,009	76,210
Fees and other income	165,298	-	-	165,298	26,791
	482,032	-	117,085	599,117	477,706
Expenses					
Amortization	9,265	-	-	9,265	10,325
Bad debt (recovery)	668	-	-	668	-
Insurance	2,816	-	-	2,816	6,108
Interest and bank charges	1,529	-	854	2,383	2,332
Office	43,415	-	-	43,415	37,510
Program expenses	53,969	-	-	53,969	129
Professional fees	13,156	-	5,032	18,188	17,324
Publications and advertising	46,053	-	-	46,053	9,105
Rent	15,000	-	-	15,000	19,462
Telephone and utilities	9,653	-	-	9,653	6,889
Travel					
Board	1,277	-	-	1,277	1,540
Staff	16,419	-	-	16,419	5,922
Wages and employee benefits	254,761	-	-	254,761	211,948
	467,981	-	5,886	473,867	328,594
Excess of revenue over expenses	14,051	-	111,199	125,250	149,112

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, 2023

	2023	2022
	\$	\$
Operating Activities		
Cash received from grants	309,963	309,963
Cash received from interest and other income	227,782	134,761
Cash paid to suppliers and employees	(436,233)	(325,356)
	101,512	119,368
Financing Activities		
Increase (decrease) in deferred contributions	(51,400)	51,400
Increase in repayable contributions	26,072	18,005
Increase Regional Relief and Recovery Fund (RRRF) loan	11,250	72,710
	(14,078)	142,115
Investing Activities		
Increase in investments	(47,033)	(73,770)
Additions in capital assets	(2,780)	(6,990)
Decrease (increase) in loans receivable	116,422	83,542
	66,609	2,782
Increase in Cash	154,043	264,265
Cash, beginning of year	1,098,751	834,486
Cash, end of year	1,252,794	1,098,751
Cash is comprised of:		
Cash	206,282	258,085
Restricted cash	1,046,512	840,666
	1,252,794	1,098,751

The accompanying notes form part of these financial statements.

Community Futures Lesser Slave Lake Region

Notes to the Financial Statements

March 31, 2023

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, 2023

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, 2023

3. Investments

	2023	2022
	\$	\$
C-Flip Investment Funds	2,354,639	2,307,606

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

	2023	2022
	\$	\$
Trade	4,999	2,338
GST rebate	7,046	5,631
	12,045	7,969

5. Loans Receivable

	Loans Receivable	Less: Allowance for doubtful accounts	2023	2022
	\$	\$	\$	\$
WD Non-repayable Investment Fund	551,195	-	551,195	499,301
WD Conditionally Repayable Investment Fund	149,249	-	149,249	156,815
RRRF Investment/Loan Fund	2,015,750	-	2,015,750	2,246,500
CGI Investment/Loan Fund	70,000	-	70,000	-
	2,786,194	-	2,786,194	2,902,616

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.

Community Futures Lesser Slave Lake Region

Notes to the Financial Statements

March 31, 2023

6. Capital Assets

	2023		
	Cost \$	Accumulated Amortization \$	Net Book Value \$
Computer equipment	65,699	53,338	12,361
Furniture and equipment	143,920	125,674	18,246
	209,619	179,012	30,607

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

7. Accounts Payable

	2023 \$	2022 \$
Trade	10,786	20,492
Government remittances	1,383	3,670
	12,169	24,162

8. Conditionally Repayable Loan Funds

	Disabled \$	Youth \$	Total 2023 \$	Total 2022 \$
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, 2023	37,890	165,189	203,079	177,007
Loan write-offs	(191,589)	(78,363)	(269,952)	(269,952)
	64,249	288,676	352,925	326,853

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, 2023

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) and Capital Growth Initiative (CGI) 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, 2023. Any available portion of the RRRF loan that has not been loaned by the Corporation by December 31, 2023 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, 2023 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 Capital Growth Initiative (CGI) loan is low-interest loans designed specifically for women entrepreneurs. The loans have interest rate of prime + 2% for a 5-year term and 6 months of interest-only payments at the start of the loan. If 75% of the loan is repaid within the 5-year loan term, the remaining balance is forgiven.

The RRRF & CGI loan proceeds received, net of amount forgiven, to March 31, 2023, is as follows:

	2023	2022
	\$	\$
Total net loan proceeds	2,601,210	2,491,210
Total amount forgiven on repayment	(138,750)	(40,000)
	2,462,460	2,451,210

Community Futures Lesser Slave Lake Region

Notes to the Financial Statements

March 31, 2023

10. Externally Restricted Fund Balances

	2023	2022
	\$	\$
WD Non-repayable Investment Fund - contributions	1,550,000	1,550,000
WD Non-repayable Investment Fund - earned	1,884,969	1,807,728
RRRF & CGI Investment/Loan Fund - earned	8,424	538
	3,443,393	3,358,266

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:

	\$
2024	899

(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:

	\$
2024	18,900
2025	4,725
	23,625

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, 2023

	WD Non- Repayable Investment Fund \$	WD Conditionally Repayable Investment Fund \$	WD Conditionally Repayable EDP Fund \$	RRRF & CGI Investment/ Loan Fund \$	Total 2023 \$	Total 2022 \$
Revenue						
Loan interest	32,603	21,244	-	-	53,847	64,742
Investment income	50,246	2,964	1,864	8,164	63,238	75,558
Other revenue	-	-	-	-	-	1,070
	82,849	24,208	1,864	8,164	117,085	141,370
Expenses						
Interest and bank charges	576	-	-	278	854	611
Professional fees	5,032	-	-	-	5,032	-
	5,608	-	-	278	5,886	611
Excess of revenue over expenses before transfers	77,241	24,208	1,864	7,886	111,199	140,759
Transfers surplus to repayable grants	-	(24,208)	(1,864)	-	(26,072)	(18,005)
Excess of revenue over expenses	77,241	-	-	7,886	85,127	122,754