

**Community Futures
Lesser Slave Lake Region
Financial Statements
March 31, 2024**

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, 2024, 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, 2024, 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

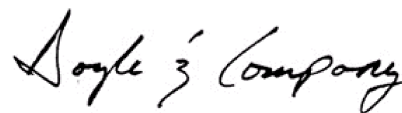
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting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

June 20, 2024
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, 2024

	Investment Fund					Total 2024 \$	Total 2023 \$
	WD Operating Fund \$	WD Non- repayable Investment Fund \$	Conditionally Repayable Investment Fund \$	WD Conditionally Repayable EDP Fund \$	RRRF & CGI Investment/ Loan Fund \$		
Current assets							
Cash	506,989	-	-	-	-	506,989	206,282
Restricted cash (Note 2)	-	383,647	813	69,561	970,710	1,424,731	1,046,512
Investments (Note 3)	15,000	2,369,938	98,283	-	-	2,483,221	2,354,639
Accounts receivable (Note 4)	70,082	305	-	-	-	70,387	12,045
Prepaid expenses	50,909	-	-	-	-	50,909	40,549
Interfund receivable	-	12,490	75,153	-	-	87,643	65,101
	642,980	2,766,380	174,249	69,561	970,710	4,623,880	3,725,128
Loans receivable (Note 5)	-	789,970	133,164	-	1,127,023	2,050,157	2,786,194
Capital assets (Note 6)	26,783	-	-	-	-	26,783	30,607
	669,763	3,556,350	307,413	69,561	2,097,733	6,700,820	6,541,929
Current liabilities							
Accounts payable (Note 7)	48,433	-	-	-	-	48,433	12,169
Deferred contributions	261,650	-	-	-	-	261,650	-
Interfund payable	60,895	-	-	-	26,748	87,643	65,101
	370,978	-	-	-	26,748	397,726	77,270
Repayable grants (Note 8)	-	-	307,413	69,561	-	376,974	352,925
RRRF & CGI Loan (Note 9)	66,960	-	-	-	2,030,042	2,097,002	2,462,460
	437,938	-	307,413	69,561	2,056,790	2,871,702	2,892,655
Net assets							
Unrestricted	205,042	-	-	-	-	205,042	175,275
Externally restricted (Note 10)	-	3,556,350	-	-	40,943	3,597,293	3,443,393
Invested in capital assets	26,783	-	-	-	-	26,783	30,606
	231,825	3,556,350	-	-	40,943	3,829,118	3,649,274
	669,763	3,556,350	307,413	69,561	2,097,733	6,700,820	6,541,929

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, 2024

	Unrestricted	Externally Restricted	Invested in Capital Assets	2024 Total	2023 Total
	\$	\$	\$	\$	\$
Balance, beginning of year	175,275	3,443,393	30,606	3,649,274	3,550,096
Excess (deficiency) of revenue over expenses	(41,075)	252,949	(7,981)	203,893	125,250
Additions to capital assets	(4,158)	-	4,158	-	-
Inter-fund transfers	75,000	(99,049)	-	(24,049)	(26,072)
Balance, end of year	205,042	3,597,293	26,783	3,829,118	3,649,274

The accompanying notes form part of these financial statements.

Community Futures Lesser Slave Lake Region

Statement of Operations

For the year ended March 31, 2024

	WD Operating Fund	RRRF Operating Fund	Investment Fund (Schedule 1)	Total 2024	Total 2023
		\$	\$	\$	\$
Revenue					
Contributions	309,963	-	-	309,963	309,963
Loan interest	-	-	66,892	66,892	53,847
Investment income	12,969	-	188,485	201,454	70,009
Fees and other income	524,203	-	-	524,203	165,298
	847,135	-	255,377	1,102,512	599,117
Expenses					
Amortization	7,981	-	-	7,981	9,265
Bad debt (recovery)	-	-	-	-	668
Insurance	5,287	-	-	5,287	2,816
Interest and bank charges	1,438	-	1,881	3,319	2,383
Office	61,506	-	-	61,506	43,415
Program expenses	215,970	-	-	215,970	53,969
Professional fees	134,171	-	547	134,718	18,188
Publications and advertising	71,635	-	-	71,635	46,053
Rent	18,000	-	-	18,000	15,000
Telephone and utilities	9,670	-	-	9,670	9,653
Travel					
Board	30,273	-	-	30,273	1,277
Staff	14,722	-	-	14,722	16,419
Wages and employee benefits	325,538	-	-	325,538	254,761
	896,191	-	2,428	898,619	473,867
Excess (deficiency) of revenue over expenses	(49,056)	-	252,949	203,893	125,250

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, 2024

	2024	2023
	\$	\$
Operating Activities		
Cash received from grants	309,963	309,963
Cash received from interest and other income	687,616	227,782
Cash paid to suppliers and employees	(842,192)	(436,233)
	155,387	101,512
Financing Activities		
Increase (decrease) in deferred contributions	261,650	(51,400)
Increase in repayable contributions	24,049	26,072
Increase Regional Relief and Recovery Fund (RRRF) loan	(365,458)	11,250
	(79,759)	(14,078)
Investing Activities		
Increase in investments	(128,582)	(47,033)
Additions in capital assets	(4,157)	(2,780)
Decrease (increase) in loans receivable	736,037	116,422
	603,298	66,609
Increase in Cash	678,926	154,043
Cash, beginning of year	1,252,794	1,098,751
Cash, end of year	1,931,720	1,252,794
Cash is comprised of:		
Cash	506,989	206,282
Restricted cash	1,424,731	1,046,512
	1,931,720	1,252,794

The accompanying notes form part of these financial statements.

Community Futures Lesser Slave Lake Region

Notes to the Financial Statements

March 31, 2024

Purpose of the Organization

The Community Futures Lesser Slave Lake Region (the "Organization") 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 Organization 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 Organization'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, 2024

1. Significant Accounting Policies - continued

f) Financial Instruments

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

Credit Risk

The Organization 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 Organization 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 Organization 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.

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, 2024

3. Investments

	2024	2023
	\$	\$
C-Flip Investment Funds	2,483,221	2,354,639

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

	2024	2023
	\$	\$
Trade	57,190	4,999
GST rebate	13,197	7,046
	70,387	12,045

5. Loans Receivable

	Loans Receivable	Less: Allowance for doubtful accounts	2024	2023
	\$	\$	\$	\$
WD Non-repayable Investment Fund	789,970	-	789,970	551,195
WD Conditionally Repayable Investment Fund	133,164	-	133,164	149,249
RRRF Investment/Loan Fund	1,032,078	-	1,032,078	2,015,750
CGI Investment/Loan Fund	94,945	-	94,945	70,000
	2,050,157	-	2,050,157	2,786,194

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, 2024

6. Capital Assets

	2024		
	Cost \$	Accumulated Amortization \$	Net Book Value \$
Computer equipment	69,857	57,670	12,187
Furniture and equipment	143,920	129,324	14,596
	213,777	186,994	26,783

	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

7. Accounts Payable

	2024 \$	2023 \$
Trade	30,370	10,786
Government remittances	18,063	1,383
	48,433	12,169

8. Conditionally Repayable Loan Funds

	Disabled \$	Youth \$	Total 2024 \$	Total 2023 \$
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, 2024	43,202	183,926	227,128	203,079
Loan write-offs	(191,589)	(78,363)	(269,952)	(269,952)
	69,561	307,413	376,974	352,925

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 Organization, 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, 2024

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 Organization by December 31, 2023 is due to CFA on that date. Repayment of the Organization's 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 Organization 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, 2024, is as follows:

	2024	2023
	\$	\$
Total net loan proceeds	2,601,210	2,601,210
Total amount forgiven on repayment	(504,208)	(138,750)
	2,097,002	2,462,460

Community Futures Lesser Slave Lake Region

Notes to the Financial Statements

March 31, 2024

10. Externally Restricted Fund Balances

	2024	2023
	\$	\$
WD Non-repayable Investment Fund - contributions	1,550,000	1,550,000
WD Non-repayable Investment Fund - earned	2,081,350	1,884,969
RRRF & CGI Investment/Loan Fund - earned	40,943	8,424
	3,672,293	3,443,393

Loan investment funds are restricted to loans to businesses.

11. Economic Dependence

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

12. Lease Commitments

(a) 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:

	\$
2025	4,725

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, 2024

	WD Non- Repayable Investment Fund \$	WD Conditionally Repayable Investment Fund \$	WD Conditionally Repayable EDP Fund \$	RRRF & CGI Investment/ Loan Fund \$	Total 2024 \$	Total 2023 \$
Revenue						
Loan interest	41,176	13,698	3,796	8,222	66,892	53,847
Investment income	157,264	5,153	1,653	24,415	188,485	63,238
	198,440	18,851	5,449	32,637	255,377	117,085
Expenses						
Interest and bank charges	1,129	114	137	501	1,881	854
Professional fees (recovery)	930	-	-	(383)	547	5,032
	2,059	114	137	118	2,428	5,886
Excess of revenue over expenses before transfers	196,381	18,737	5,312	32,519	252,949	111,199
Transfers surplus to repayable grants	-	(18,737)	(5,312)	-	(24,049)	(26,072)
Excess of revenue over expenses	196,381	-	-	32,519	228,900	85,127