

**Community Futures
Lesser Slave Lake Region**

Financial Statements

March 31, 2015

Community Futures Lesser Slave Lake Region

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Allan J. Grykuliak, C.A.*
Scott T. Mockford, C.A.*

* Operates as a Professional Corporation

AUDITORS' REPORT

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

We have audited the accompanying financial statements of the **Community Futures Lesser Slave Lake Region** which comprise the statement of financial position as at March 31, 2015 and the statements of capital asset fund, operations and change in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

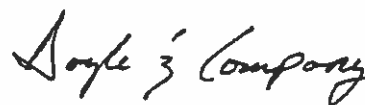
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Community Futures Lesser Slave Lake Region as at March 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Edmonton, Alberta

June 22, 2015



Chartered Accountants

Community Futures Lesser Slave Lake Region

Statement of Financial Position

As at March 31, 2015

	Operating Fund \$	General \$	Investment Fund Disabled \$	Youth \$	Total 2015 \$	Total 2014 \$
Current assets						
Cash	44,418	-	-	-	44,418	247,980
Restricted cash (Note 2)	-	809,669	37,707	229,738	1,077,114	710,511
Investments (Note 3)	200,000	577,362	-	-	777,362	558,908
Accounts receivable	2,818	-	-	-	2,818	4,771
Prepaid expenses	3,464	-	-	-	3,464	1,700
Interfund receivable	-	-	-	31,238	31,238	25,423
	250,700	1,387,031	37,707	260,976	1,936,414	1,549,293
Loans receivable (Note 4)	-	1,660,230	19,512	19,686	1,699,428	2,109,875
Capital assets (Note 5)	16,920	-	-	-	16,920	17,594
	267,620	3,047,261	57,219	280,662	3,652,762	3,676,762
Current liabilities						
Accounts payable	15,111	-	-	-	15,111	17,203
Deferred contributions	-	-	-	-	-	25,830
Interfund payable	11,192	17,921	2,125	-	31,238	25,423
	26,303	17,921	2,125	-	46,349	68,456
Repayable grants (Note 6)	-	-	55,094	280,662	335,756	334,730
	26,303	17,921	57,219	280,662	382,105	403,186
Fund balances						
Unrestricted	38,788	-	-	-	38,788	(1,086)
Internally restricted fund (Note 7)	189,609	3,029,340	-	-	3,218,949	3,257,068
Invested in capital assets	12,920	-	-	-	12,920	17,594
	241,317	3,029,340	-	-	3,270,657	3,273,576
	267,620	3,047,261	57,219	280,662	3,652,762	3,676,762

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 Assets

For the year ended March 31, 2015

	Unrestricted	Internally	Invested in	2015	2014
	\$	Restricted	Capital Assets	Total	Total
	\$	\$	\$	\$	\$
Balance, beginning of year	(1,086)	3,257,068	17,594	3,273,576	3,120,782
Excess (deficiency) of revenues over expenditures	39,874	(37,093)	(4,674)	(1,893)	152,794
Inter-fund transfers	-	(1,026)	-	(1,026)	-
Balance, end of year	38,788	3,218,949	12,920	3,270,657	3,273,576

The accompanying notes form part of these financial statements.

Community Futures Lesser Slave Lake Region
Statement of Operations and Change in Fund Balances

For the year ended March 31, 2015

	Operating Fund	Investment Fund (Schedule 1)	Total 2015	Total 2014
	\$	\$	\$	\$
Revenue				
Contributions	309,963	-	309,963	309,963
Interest income	1,126	149,420	150,546	127,409
Fees and other income	13,315	-	13,315	2,089
	324,404	149,420	473,824	439,461
Expenses				
Amortization	4,674	-	4,674	5,233
Bad debts (recovery)	-	185,456	185,456	(11,950)
Insurance	2,973	-	2,973	2,947
Interest and bank charges	508	1,057	1,565	1,066
Office	19,112	-	19,112	19,848
Professional fees	29,584	-	29,584	21,966
Publications and advertising	9,507	-	9,507	4,373
Rent	29,833	-	29,833	28,969
Repairs and maintenance	2,072	-	2,072	2,470
Telephone and utilities	15,007	-	15,007	14,451
Travel				
Board	4,897	-	4,897	5,546
Staff	6,672	-	6,672	11,518
Wages and employee benefits	164,365	-	164,365	180,230
	289,204	186,513	475,717	286,667
Excess of revenues over expenses	35,200	(37,093)	(1,893)	152,794

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, 2015

	2015	2014
	\$	\$
Operating Activities		
Cash received from grants	309,963	309,963
Cash received from interest and other income	165,814	127,107
Cash paid to suppliers and employees	(475,925)	(275,554)
	(148)	161,516
Financing Activities		
Increase (decrease) in deferred contributions	(25,830)	25,830
Increase in repayable contributions	1,026	2,223
	(24,804)	28,053
Investing Activities		
Decrease (increase) in investments	(218,454)	189,089
Additions in capital assets	(4,000)	-
Decrease (increase) in loans receivable	410,447	(438,820)
	187,993	(249,731)
Increase (Decrease) in Cash	163,041	(60,162)
Cash, beginning of year	958,491	1,018,653
Cash, end of year	1,121,532	958,491
Cash is comprised of:		
Cash	44,418	247,980
Restricted cash	1,077,114	710,511
	1,121,532	958,491

The accompanying notes form part of these financial statements.

Community Futures Lesser Slave Lake Region

Notes to the Financial Statements

March 31, 2015

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) 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%

b) Investments

Investments are recorded at fair market value.

c) 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.

d) 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.

e) Financial Instruments

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

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.

Community Futures Lesser Slave Lake Region

Notes to the Financial Statements

March 31, 2015

1. Significant Accounting Policies - continued

(f) Measurement Uncertainty

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

2. Restricted Cash

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

The portion of cash and investments held by the operating fund that is restricted is \$189,609 (2014 - \$189,609). This amount has been allocated to various projects and is included with internally restricted funds.

3. Investments

	2015	2014
	\$	\$
Guaranteed Investment Certificate	200,000	-
C-Flip Investment Funds	577,362	558,908
	777,362	558,908

The Guaranteed Investment Certificate matures October, 2015 and earns interest at 1.19%.

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

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

4. Loans Receivable

The Community Futures Lesser Slave Lake Region has a portfolio of 51 (2014 - 45) loans outstanding with no loan balance in excess of \$200,000. An allowance for doubtful accounts of \$401,302 (2014 - \$215,846) has been provided on specific accounts.

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

Community Futures Lesser Slave Lake Region

Notes to the Financial Statements

March 31, 2015

5. Capital Assets

	2015			2014
	Cost \$	Accumulated Amortization \$	Net Book Value \$	Net Book Value \$
Computer equipment	32,214	24,932	7,282	5,546
Furniture and equipment	98,354	88,716	9,638	12,048
	130,568	113,648	16,920	17,594

6. Conditionally Repayable Loan Funds

	Disabled \$	Youth \$	Total 2015 \$	Total 2014 \$
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, 2015	30,369	90,877	121,246	120,220
Loan write-offs	(193,223)	(20,245)	(213,468)	(213,468)
Approved transfers to operating	-	8,180	8,180	8,180
	55,094	280,662	335,756	334,730

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 16; or
- v. An event of default occurs, as described in Section 17 of the Agreement; or
- vi. The Minister does not approve terms and conditions to extend the project beyond the completion date.

Community Futures Lesser Slave Lake Region

Notes to the Financial Statements

March 31, 2015

7. Internally Restricted Fund Balances

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

	2015	2014
	\$	\$
Projects Fund	140,434	140,434
Capital Replacement Fund	49,175	49,175
General Investment Fund	3,029,340	3,067,459
	3,218,949	3,257,068

8. Economic Dependence

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

Community Futures Lesser Slave Lake Region
Schedule of Investment Fund Programs - Schedule 1
March 31, 2015

	General Investment \$	Disabled \$	Youth \$	Total 2015 \$	Total 2014 \$
Revenue					
Loan interest	126,284	1,107	1,219	128,610	105,396
Investment interest	20,810	-	-	20,810	20,671
	147,094	1,107	1,219	149,420	126,067
Expenses					
Bad debts (recovery)	175,812	-	9,644	185,456	(11,950)
Interest and bank charges	976	81	-	1,057	592
	176,788	81	9,644	186,513	(11,358)
Excess revenues over expenses	(29,694)	1,026	(8,425)	(37,093)	137,425
Transfers surplus to repayable grants	-	(1,026)	-	(1,026)	(2,223)
Excess revenues over expenses after Transfers	(29,694)	-	(8,425)	(38,119)	135,202

The accompanying notes form part of these financial statements.