

**Community Futures
Lesser Slave Lake Region**

Financial Statements

March 31, 2013

Community Futures Lesser Slave Lake Region

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AUDITORS' REPORT

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, 2013 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.

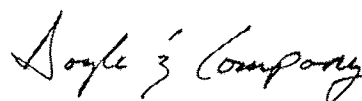
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2013, 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

July 31, 2013



Chartered Accountants

Community Futures Lesser Slave Lake Region

Statement of Financial Position

As at March 31, 2013

	Operating Fund \$	General \$	Investment Fund Disabled \$	Youth \$	Total 2013 \$	Total 2012 \$
Current assets						
Cash	95,644	-	-	-	95,644	125,336
Restricted cash (Note 3)	-	755,735	26,711	140,563	923,009	1,314,008
Investments (Note 4)	101,503	544,991	-	101,503	747,997	735,029
Accounts receivable	2,380	-	-	-	2,380	920
Prepaid expenses	3,600	-	-	-	3,600	4,909
Interfund receivable	-	27,836	-	-	27,836	12,165
	203,127	1,328,562	26,711	242,066	1,800,466	2,192,367
Loans receivable (Note 5)	-	1,601,471	29,824	39,760	1,671,055	1,229,013
Capital assets (Note 6)	22,098	-	-	-	22,098	24,526
	225,225	2,930,033	56,535	281,826	3,493,619	3,445,906
Current liabilities						
Accounts payable	10,272	-	-	-	10,272	14,115
Interfund payable	24,204	-	2,467	1,164	27,835	12,165
	34,476	-	2,467	1,164	38,107	26,280
Repayable grants (Note 7)	-	-	54,068	280,662	334,730	330,751
	34,476	-	56,535	281,826	372,837	357,031
Fund balances						
Unrestricted	(20,958)	-	-	-	(20,958)	39,252
Internally restricted fund (Note 8)	189,609	2,930,033	-	-	3,119,642	3,025,097
Invested in capital assets	22,098	-	-	-	22,098	24,526
	190,749	2,930,033	-	-	3,120,782	3,088,875
	225,225	2,930,033	56,535	281,826	3,493,619	3,445,906

Approved by the Board:

_____ Director

_____ Director

The accompanying notes form part of these financial statements.

Community Futures Lesser Slave Lake Region

Statement of Capital Asset Fund

For the year ended March 31, 2013

	2013	2012
	\$	\$
Fund balance, beginning of year	24,526	24,988
Amortization	(6,194)	(6,377)
Capital asset additions	3,766	5,915
Fund balance, end of year	22,098	24,526

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, 2013

	Operating Fund	Investment Fund (Schedule 1)	Total 2013	Total 2012
	\$	\$	\$	\$
Revenue				
Contributions	309,963	-	309,963	309,963
Interest income	-	101,088	101,088	119,858
Technical and other income	6,369	2,236	8,605	4,944
	316,332	103,324	419,656	434,765
Expenses				
Bad debts	-	3,782	3,782	157,766
Insurance	2,766	-	2,766	4,456
Interest and bank charges	638	477	1,115	726
Office	38,484	-	38,484	44,709
Professional fees	30,171	541	30,712	28,111
Publications and advertising	14,232	-	14,232	11,657
Rent	24,969	-	24,969	32,542
Repairs and maintenance	4,876	-	4,876	4,999
Telephone and utilities	17,101	-	17,101	15,594
Travel	19,024	-	19,024	15,491
Wages and employee benefits	220,515	-	220,515	190,851
	372,776	4,800	377,576	506,902
Excess of revenues over expenses	(56,444)	98,524	42,080	(72,137)
Fund balances, beginning of year	39,252	2,835,488	2,874,740	2,957,675
Interfund transfers	(3,766)	-	(3,766)	(5,915)
Transfer excess to repayable grants	-	(3,979)	(3,979)	(4,883)
Fund balance, end of year	(20,958)	2,930,033	2,909,075	2,874,740

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, 2013

	2013	2012
	\$	\$
Operating Activities		
Cash received from grants	309,963	309,963
Cash received from interest and other income	108,233	135,181
Cash paid to suppliers and employees	(384,090)	(517,636)
	34,106	(72,492)
Financing Activities		
Increase in repayable contributions	3,979	4,883
Investing Activities		
Increase in investments	(12,968)	(19,904)
Additions in capital assets	(3,766)	(5,915)
Decrease (increase) in loans receivable	(442,042)	105,622
	(458,776)	79,803
Increase (Decrease) in Cash	(420,691)	12,194
Cash, beginning of year	1,439,344	1,427,150
Cash, end of year	1,018,653	1,439,344
Cash is comprised of:		
Cash	95,644	125,336
Restricted cash	923,009	1,314,008
	1,018,653	1,439,344

The accompanying notes form part of these financial statements.

Community Futures Lesser Slave Lake Region

Notes to the Financial Statements

March 31, 2013

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

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, 2013

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. Canadian Accounting Standards for Not-For-Profit Organizations

Effective April 1, 2012, the organization adopted the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook - Accounting ("Part III"), electing to adopt the new accounting framework: Canadian Accounting Standards for Not-for-Profit Organizations. These are the organization's first financial statements prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations and the transitional provisions, requiring retrospective application of the accounting standards. The accounting policies set out in the significant accounting policy note have been applied in preparing the financial statements for the year ended March 31, 2013, the comparative information for the year ended March 31, 2012.

The organization issued financial statements for the year ended March 31, 2012 using generally accepted accounting principles prescribed by CICA Handbook. The adoption of Canadian Accounting Standards for Not-for-Profit Organizations results in no adjustments to the previously reported assets, liabilities, equity, deficiency of revenue over expenditures and cash flows of the organization.

With no adjustments required to the previous balances in the statement of financial position, the amounts at April 1, 2012 were not included on this financial statement.

3. 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 (2012 - \$189,609). This amount ha

s been allocated to various projects and is included with internally restricted funds.

Community Futures Lesser Slave Lake Region

Notes to the Financial Statements

March 31, 2013

4. Investments

	2013	2012
	\$	\$
Guaranteed Investment Certificates	203,005	203,005
C-Flip Investment Funds	544,992	532,024
	747,997	735,029

The Guaranteed Investment Certificates have maturity dates of one year with annual interest rates of 1.3%.

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%.

5. Loans Receivable

The Community Futures Lesser Slave Lake Region has a portfolio of 38 (2012 - 31) loans outstanding with no loan balance in excess of \$200,000. An allowance for doubtful accounts of \$227,796 (2012 - \$224,809) has been provided on specific accounts.

Outstanding loans to entrepreneurs are interest bearing at fixed rates varying from 2.0 - 6.5% 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.

6. Capital Assets

	2013			2012
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Computer equipment	27,485	20,447	7,038	8,472
Furniture and equipment	98,354	83,294	15,060	16,054
	125,839	103,741	22,098	24,526

Community Futures Lesser Slave Lake Region

Notes to the Financial Statements

March 31, 2013

7. Conditionally Repayable Loan Funds

	Disabled	Youth	Total	Total
			2013	2012
	\$	\$	\$	\$
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, 2013	29,343	90,877	120,220	116,241
Loan write-offs	(193,223)	(20,245)	(213,468)	(213,468)
Approved transfers to operating	-	8,180	8,180	8,180
	54,068	280,662	334,730	330,751

During the year the Department of Western Economic Diversification amended the terms and conditions of its contribution agreement with the Corporation. Under the revised terms and conditions 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, 2013

8. 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.

	2013	2012
	\$	\$
Projects Fund	140,434	140,434
Capital Replacement Fund	49,175	49,175
General Investment Fund	2,930,033	2,835,488
	3,119,642	3,025,097

9. 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, 2013

	General Investment	Disabled	Youth	Total 2013	Total 2012
	\$	\$	\$	\$	\$
Revenue					
Interest income	97,109	952	3,027	101,088	118,555
Technical and other income	2,236	-	-	2,236	1,165
	99,345	952	3,027	103,324	119,720
Expenses					
Bad debts	3,782	-	-	3,782	152,766
Interest and bank charges	477	-	-	477	139
Professional fees	541	-	-	541	5,867
	4,800	-	-	4,800	158,772
Excess revenues over expenses	94,545	952	3,027	98,524	(39,052)
Transfers surplus to repayable grants	-	(952)	(3,027)	(3,979)	(4,478)
Excess revenues over expenses after Transfers	94,545	-	-	94,545	(43,530)

The accompanying notes form part of these financial statements.