

**COMMUNITY FUTURES LAKELAND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING MARCH 31, 2021**

**INDEX**

	<b>Page</b>
Independent Practitioner's Reasonable Assurance Report on Compliance	1-2
Independent Auditor's Report	3-4
Statement of Financial Position	5
Statement of Operations	6
Statement of Changes in Fund Balances	7
Statement of Cash Flows	8
Notes to the Financial Statements	9-15
Schedule of Operating Expenses	16

## INDEPENDENT PRACTITIONER'S REASONABLE ASSURANCE REPORT ON COMPLIANCE

To Western Economic Diversification Canada:

We have undertaken a reasonable assurance governance engagement of Community Future Lakeland's compliance during the period April 1, 2020 to March 31, 2021, with the requirements set out in the Contribution Agreement between Western Economic Diversification Canada and Community Futures Lakeland dated March 21, 2018.

### *Management's Responsibility*

Management is responsible for Community Futures Lakeland's compliance with the specified requirements. Management is also responsible for such internal control as management determines necessary to enable Community Future Lakeland's compliance with the specified requirements.

### *Our Responsibility*

Our responsibility is to express a reasonable assurance opinion on Community Futures Lakeland's compliance based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Canadian Standard on Assurance Engagements 3531, Direct Engagements to Report on Compliance. This standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the entity complied with the specified requirements, in all significant respects.

Reasonable assurance is a high level of assurance but is not a guarantee that an engagement conducted in accordance with this standard will always detect a significant instance of non-compliance with specified requirements when it exists. Instances of non-compliance can arise from fraud or error and are considered significant if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of our report. A reasonable assurance compliance reporting engagement involves performing procedures to obtain evidence about the entity's compliance with the specified requirements. The nature, timing and extent of procedures selected depends on our professional judgment, including an assessment of the risks of significant non-compliance, whether due to fraud or error.

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

### *Our Independence and Quality Control*

We have complied with the independence and other ethical requirements of the Rules of Professional Conduct of Alberta, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Canadian Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

*Opinion*

In our opinion, Community Futures Lakeland complied with the specified requirements set out in the Contribution Agreement during the period April 1, 2020 to March 31, 2021, in all significant respects.

We do not provide a legal opinion on Community Futures Lakeland's compliance with the specified requirements.

*Restriction on Distribution and Use of Our Report*

Our report is intended solely for Community Futures Lakeland and Western Economic Diversification Canada and should not be distributed to or used by parties other than Community Futures Lakeland or Western Economic Diversification Canada.

St. Paul, Alberta  
June 30, 2021

*JMD Group LLP*  
Chartered Professional Accountants



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INDEPENDENT AUDITOR'S REPORT

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To the Members of Community Futures Lakeland

**Report on the Audit of the Financial Statements**

*Opinion*

We have audited the financial statements of Community Futures Lakeland, which comprise the statement of financial position as at March 31, 2021, and the statements of operations, changes in fund balances, and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information, and a schedule of operating expenses.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*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 Corporation 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 those 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 the 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 misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation'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 liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 the audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 Corporation'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 Corporation'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 disclosure 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 Corporation 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.

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.

St. Paul, Alberta  
June 30, 2021



Chartered Professional Accountants

COMMUNITY FUTURES LAKELAND  
STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2021

	Operating Funds		Loan Investment Funds			RRRF	2021	2020
	General	RRRF	Non-Repayable	Repayable	Disabled			
<b>Current assets</b>								
Cash in bank	\$ 10,918	\$ --	\$ 309,144	\$ 250,074	\$ 214,554	\$ 144,305	\$ 928,995	\$ 1,872,842
GST receivable	3,682	--	--	--	--	--	3,682	3,370
Accounts receivable	17,128	--	--	--	--	--	17,128	8,071
Due from general fund	--	--	--	--	--	--	--	17,415
Due from investment fund	15,442	--	2,050	--	--	--	17,492	100
Prepaid expenses	7,105	1,435	--	--	--	--	8,540	6,660
Current portion of investment loans	--	--	<u>182,758</u>	<u>105,834</u>	<u>32,433</u>	--	<u>321,025</u>	<u>479,701</u>
	54,275	1,435	493,952	355,908	246,987	144,305	1,296,862	2,388,159
<b>Long term investments (note 3)</b>	2,705	--	1,010,000	709,500	--	--	1,722,205	22,665
<b>Capital assets (note 4)</b>	5,644	7,188	--	--	--	--	12,832	8,086
<b>Investment loans receivable (notes 5-7)</b>	--	--	924,285	179,706	81,784	--	1,185,775	1,705,511
<b>Loans receivable - RRRF</b>	--	--	--	--	--	<u>2,039,980</u>	<u>2,039,980</u>	--
	<u>\$ 62,624</u>	<u>\$ 8,623</u>	<u>\$ 2,428,237</u>	<u>\$ 1,245,114</u>	<u>\$ 328,771</u>	<u>\$ 2,184,285</u>	<u>\$ 6,257,654</u>	<u>\$ 4,124,421</u>

**LIABILITIES AND FUND BALANCES**

<b>Current liabilities</b>								
Payables and accrued liabilities	\$ 34,300	\$ --	\$ 212	\$ --	\$ --	\$ --	\$ 34,512	\$ 31,828
Government remittances	4,262	--	--	--	--	--	4,262	5,668
Due to general fund	--	--	12,427	--	560	1	12,988	100
Due to investment fund	--	--	--	4,504	--	--	4,504	17,415
Deferred revenue (note 9)	<u>35,794</u>	--	--	--	--	--	<u>35,794</u>	<u>28,580</u>
	74,356	--	12,639	4,504	560	1	92,060	83,591
<b>Loans repayable - RRRF</b>	--	--	--	--	--	<u>2,184,284</u>	<u>2,184,284</u>	--
	<u>74,356</u>	--	<u>12,639</u>	<u>4,504</u>	<u>560</u>	<u>2,184,285</u>	<u>2,276,344</u>	<u>83,591</u>
<b>Fund balances</b>								
Invested in capital assets	5,644	7,188	--	--	--	--	12,832	8,086
Externally restricted (note 8)	--	--	2,415,598	1,240,610	328,211	--	3,984,419	4,058,398
Unrestricted	<u>(17,376)</u>	<u>1,435</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(15,941)</u>	<u>(25,654)</u>
	<u>(11,732)</u>	<u>8,623</u>	<u>2,415,598</u>	<u>1,240,610</u>	<u>328,211</u>	<u>--</u>	<u>3,981,310</u>	<u>4,040,830</u>
	<u>\$ 62,624</u>	<u>\$ 8,623</u>	<u>\$ 2,428,237</u>	<u>\$ 1,245,114</u>	<u>\$ 328,771</u>	<u>\$ 2,184,285</u>	<u>\$ 6,257,654</u>	<u>\$ 4,124,421</u>

Approved on Behalf of The Board: \_\_\_\_\_ Chairman \_\_\_\_\_ Treasurer \_\_\_\_\_

COMMUNITY FUTURES LAKELAND  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED MARCH 31, 2021

	Operating Funds		Loan Investment Funds			RRRF	2021	2020
	General	RRRF	Non-Repayable	Repayable	Disabled			
<b>Revenue</b>								
Federal contracts	\$ 294,963	\$ 120,375	\$ --	\$ --	\$ --	\$ --	\$ 415,338	\$ 294,963
Investment interest	--	--	90,026	29,360	5,718	--	125,104	198,952
Other revenue	17,006	--	--	--	--	--	17,006	61,767
Bank interest	<u>68</u>	<u>--</u>	<u>1,982</u>	<u>1,124</u>	<u>68</u>	<u>--</u>	<u>3,242</u>	<u>2,885</u>
	<u>312,037</u>	<u>120,375</u>	<u>92,008</u>	<u>30,484</u>	<u>5,786</u>	<u>--</u>	<u>560,690</u>	<u>558,567</u>
<b>Expenses</b>								
Operating expenses (schedule)	346,201	111,752	--	--	--	--	457,953	408,153
Provision for (recovery of) investment losses	--	--	160,636	(1,306)	2,927	--	162,257	94,751
	<u>346,201</u>	<u>111,752</u>	<u>160,636</u>	<u>(1,306)</u>	<u>2,927</u>	<u>--</u>	<u>620,210</u>	<u>502,904</u>
<b>Excess (deficiency) of revenue over expenses</b>	<u>\$ (34,164)</u>	<u>\$ 8,623</u>	<u>\$ (68,628)</u>	<u>\$ 31,790</u>	<u>\$ 2,859</u>	<u>\$ --</u>	<u>\$ (59,520)</u>	<u>\$ 55,663</u>

COMMUNITY FUTURES LAKELAND  
STATEMENT OF CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED MARCH 31, 2021

	Operating Funds		Loan Investment Funds			RRRF	2021	2020
	General	RRRF	Non-Repayable	Repayable	Disabled			
<b>Equity in capital assets, beginning of year</b>	\$ 8,086	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 8,086	\$ 10,740
Purchase of capital assets	--	7,188	--	--	--	--	7,188	--
Amortization	(2,442)	--	--	--	--	--	(2,442)	(2,654)
Proceeds from sale of capital assets	--	--	--	--	--	--	--	--
Gain (loss) on sale of capital assets	--	--	--	--	--	--	--	--
<b>Equity in capital assets, end of year</b>	<u>5,644</u>	<u>7,188</u>	--	--	--	--	<u>12,832</u>	<u>8,086</u>
<b>Externally restricted funds, beginning of year</b>	--	--	2,519,826	1,213,220	325,352	--	4,058,398	4,021,393
Excess (deficiency) of revenue over expenses	--	--	(68,628)	31,790	2,859	--	(33,979)	107,005
Interfund transfer (note 11)	--	--	(35,600)	(4,400)	--	--	(40,000)	(70,000)
<b>Externally restricted funds, end of year</b>	--	--	<u>2,415,598</u>	<u>1,240,610</u>	<u>328,211</u>	--	<u>3,984,419</u>	<u>4,058,398</u>
<b>Unrestricted funds, beginning of year</b>	(25,654)	--	--	--	--	--	(25,654)	(46,966)
Excess (deficiency) of revenue over expenses	(34,164)	8,623	--	--	--	--	(25,541)	(51,342)
Purchase of capital assets	--	(7,188)	--	--	--	--	(7,188)	--
Amortization	2,442	--	--	--	--	--	2,442	2,654
Proceeds from sale of capital assets	--	--	--	--	--	--	--	--
Loss (gain) on sale of capital assets	--	--	--	--	--	--	--	--
Interfund transfer (note 11)	<u>40,000</u>	--	--	--	--	--	<u>40,000</u>	<u>70,000</u>
<b>Unrestricted funds, end of year</b>	<u>(17,376)</u>	<u>1,435</u>	--	--	--	--	<u>(15,941)</u>	<u>(25,654)</u>
	<u>\$ (11,732)</u>	<u>\$ 8,623</u>	<u>\$ 2,415,598</u>	<u>\$ 1,240,610</u>	<u>\$ 328,211</u>	<u>\$ --</u>	<u>\$ 3,981,310</u>	<u>\$ 4,040,830</u>



COMMUNITY FUTURES LAKELAND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2021

	Operating Funds		Loan Investment Funds			RRRF	2021	2020
	General	RRRF	Non-Repayable	Repayable	Disabled			
<b>Sources of cash</b>								
Federal contracts	\$ 266,383	\$ 120,375	\$ --	\$ --	\$ --	\$ --	\$ 386,758	\$ 294,963
RRRF funding	--	--	--	--	2,196,000	--	2,196,000	--
Bank interest (expense) and fees	28	--	2,000	4,114	528	--	6,670	(10,293)
Investment income	--	--	93,254	31,380	5,893	--	130,527	196,496
Other	43,743	--	--	580	--	--	44,323	111,635
RRRF loans collected	--	--	--	--	--	20,020	20,020	--
Investment loan repayments	--	--	360,632	105,544	60,606	--	526,782	579,054
	<u>310,154</u>	<u>120,375</u>	<u>455,886</u>	<u>141,618</u>	<u>67,027</u>	<u>2,216,020</u>	<u>3,311,080</u>	<u>1,171,855</u>
<b>Uses of cash</b>								
Salaries and benefits	221,999	--	--	--	--	--	221,999	272,804
Materials and services	124,707	113,187	--	--	--	--	237,894	160,317
Purchase of capital assets	--	7,188	--	--	--	--	7,188	--
Investment loan advances	--	--	9,797	2,500	4,334	--	16,631	463,466
Repayment of RRRF loans	--	--	--	--	--	11,716	11,716	--
RRRF loans issued	--	--	--	--	--	2,060,000	2,060,000	--
CFLIP investment purchased	--	--	1,000,000	699,500	--	--	1,699,500	--
	<u>346,706</u>	<u>120,375</u>	<u>1,009,797</u>	<u>702,000</u>	<u>4,334</u>	<u>2,071,716</u>	<u>4,254,928</u>	<u>896,587</u>
<b>Net increase (decrease) in cash</b>	<u>(36,552)</u>	--	<u>(553,911)</u>	<u>(560,382)</u>	<u>62,693</u>	<u>144,304</u>	<u>(943,848)</u>	<u>275,268</u>
Cash, beginning of year	36,971	--	873,555	810,455	151,861	--	1,872,842	1,597,574
Interfund transfer (note 11)	<u>10,499</u>	--	<u>(10,500)</u>	--	--	<u>1</u>	--	--
Cash, end of year	<u>\$ 10,918</u>	<u>\$ --</u>	<u>\$ 309,144</u>	<u>\$ 250,073</u>	<u>\$ 214,554</u>	<u>\$ 144,305</u>	<u>\$ 928,994</u>	<u>\$ 1,872,842</u>

COMMUNITY FUTURES LAKELAND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021

**Purpose of the Organization**

Community Futures Lakeland is a community-based organization that provides loans and financial services to small businesses that are otherwise unable to obtain financing. The corporation is incorporated under the Alberta Companies Act as a non-profit organization. It is exempt from income taxes under the Income Tax Act as a non-profit organization.

**1. Significant Accounting Policies**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant policies:

**a) Fund accounting**

Community Futures Lakeland follows the restricted method of accounting for contributions and uses the following funds:

The General Fund accounts for the organization's operating costs and general revenues. This fund reports unrestricted resources and restricted operating grants.

The Loan Investment Funds report restricted resources that are to be used for assistance to small businesses and entrepreneurs in the form of loans, loan guarantees or equity participation. Loans from the Loan Investment Fund for the Disabled are limited to businesses owned and operated by disabled entrepreneurs. Loans from the Loan Investment Fund for RRRF are for small and medium sized businesses to recover from the adverse impacts of the COVID-19 pandemic.

The organization is restricted in the types of loans that can be made according to its agreement with the federal government.

**b) Financial Instruments**

The organizations financial instruments consist of cash, receivables, payables and accrued liabilities. All financial instruments are initially recognized at fair value and subsequently measured at amortized cost. Transaction costs and financial fees associated with financial instruments carried at amortized cost are recorded as adjustments to the initial fair value recognized and amortized over the life of the financial instrument.

**c) Cash in Bank**

Cash in bank is defined as cash in chequing accounts adjusted for outstanding cheques and deposits.

**d) Long Term Investments**

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported in revenue. Investments for which there is not an active market are carried at amortized cost except when it is established that their value is impaired.

COMMUNITY FUTURES LAKELAND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021

**1. Significant Accounting Policies (continued)**

**e) Capital Assets**

Purchased capital assets are recorded at cost. Amortization is provided on a straight-line basis over the assets' estimated useful lives which are as follows:

Leasehold improvements	3 years
Office furniture	10 years
Office equipment	5 years
Computer equipment	3 years

No amortization is taken in the year of acquisition except for leasehold improvements which are amortized over the term of the lease. Amortization is recorded in the operating funds.

**f) Revenue Recognition**

Community Futures Lakeland follows the deferral method of accounting for revenue. 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.

**g) Measurement Uncertainty**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Such estimates include the amortization of capital assets and the provision for investment losses. These estimates are reviewed periodically and as adjustments become necessary, they are reported as earnings in the period in which they become known.

**2. Economic Dependence**

The organization received 96.1% (2020 – 82.7%) of its operating revenue from the federal government and is economically dependent on these revenues.

**3. Long-Term Investments**

Long-term investments consist of Credit Union Equity of \$22,705 (2020 – \$22,665) and Community Futures Lending and Investment Pool (C-Flip) Investments of \$1,699,500 (2020 - nil). The C-Flip Investments 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.

COMMUNITY FUTURES LAKELAND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021

**4. Capital Assets**

	2021			2020
	Cost	Accumulated Amortization	NBV	NBV
Leasehold improvements	\$ 74,116	\$ 74,116	\$ --	\$ --
Office furniture	18,713	13,883	4,830	5,872
Office equipment	11,872	11,872	--	--
Computer equipment	32,734	31,920	814	2,214
Computer equipment (RRRF)	<u>7,188</u>	<u>--</u>	<u>7,188</u>	<u>--</u>
	<u>\$ 144,623</u>	<u>\$ 131,791</u>	<u>\$ 12,832</u>	<u>\$ 8,086</u>

**5. Impaired Loans**

Impaired loans and the related allowance for credit losses are as follows:

	Gross Amount	General Allowance	Specific Allowance	Carrying Value	
				2021	2020
Loans to small business	\$ <u>1,284,305</u>	\$ <u>--</u>	\$ <u>720,924</u>	\$ <u>563,381</u>	\$ <u>387,581</u>

**6. Allowance for Credit Losses**

An allowance for losses on investment loans is made based on expected loan default rates, potential loss ratios and review of loans portfolio, as determined by management, as follows:

	2020 Ending Balance	Write offs (net of Recoveries)	Provision for Credit Losses	2021 Ending Balance
Loan Investment Fund - Non-repayable	\$ 406,596	\$ 1,477	\$ 160,636	\$ 565,755
Loan Investment Fund - Repayable	155,895	(580)	(1,306)	155,169
Loan Investment Fund - Disability	<u>31,800</u>	<u>34,727</u>	<u>2,927</u>	<u>--</u>
	<u>\$ 594,291</u>	<u>\$ 35,624</u>	<u>\$ 162,257</u>	<u>\$ 720,924</u>

Actual write-offs, net of recoveries, are deducted from the allowance for credit losses. The provision for credit losses in the statement of income and changes in fund balances is charged with an amount sufficient to keep the balance in the allowance for credit losses adequate to absorb all credit related losses.

COMMUNITY FUTURES LAKELAND  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED MARCH 31, 2021

**7. Investment Loans Receivable**

Outstanding loans to entrepreneurs are interest bearing at fixed rates varying from 5% to 9% with monthly blended principal and interest repayments amortized for terms between twelve months and sixteen 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 buildings.

At yearend, the corporation had not approved any additional loans pending certain conditions.

At yearend, the corporation had 2 non-repayable loans with a balance outstanding of more than \$150,000. At March 31, 2021 the balance outstanding on these loans is \$462,122. The allowance for credit losses relating to these two loans at year-end is \$179,005.

**8. Externally Restricted Funds**

Major categories of externally imposed restrictions on net assets are as follows:

	<u>2021</u>	<u>2020</u>
Non-Repayable Investment	\$ 2,415,598	\$ 2,519,826
Repayable Investment	1,240,610	1,213,220
Disabled Investment	<u>328,211</u>	<u>325,352</u>
	<u>\$ 3,984,419</u>	<u>\$ 4,058,398</u>

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 Conditionally Repayable Loan investment funding of \$875,000 is 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 this 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 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 March 31, 2021 or Community Futures Lakeland does not agree to extend the project beyond March 31, 2021.

COMMUNITY FUTURES LAKELAND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021

**9. Deferred Revenue**

The organization received funding that relates to the subsequent year and is therefore deferred. Deferred funding consists of the following:

	<u>2021</u>	<u>2020</u>
WD Funding	\$ -	\$ 28,580
Business Resiliency	10,794	--
Incubator	10,000	--
Alberta I-Market	<u>15,000</u>	<u>--</u>
	<u>\$ 35,794</u>	<u>\$ 28,580</u>

**10. Lease Commitments**

The organization has signed a three-year lease for office space and has leased office equipment with the following annual minimum lease payments:

	<u>Rent</u>	<u>Equipment</u>
2022	\$ 35,725	\$ 5,468
2023	35,725	4,048

**11. Inter Fund Transfers**

Approved interest transfers:

2020/21	<u>\$ 40,000</u>
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During the year \$25,000 was transferred from the general operating fund to the non-repayable fund to repay amounts from the prior year. The non-repayable fund also repaid the general operating fund \$10,000 for an amount owing from previous years. There was also \$1 transferred from the general operating fund to the RRRF investment fund.

In the current year, \$25,500 of the \$40,000 approved interest transfer was paid from the non-repayable fund to the general operating fund. The balance of the 2020/2021 interest transfer will be paid subsequent to year-end (\$4,400 from the repayable fund and \$10,100 from non-repayable fund).

**12. Non-Balance Sheet Items**

To meet the needs of its clients and fulfill its purpose, the investment funds participate in various non-balance sheet instruments which these financial statements do not fully reflect. These instruments are subject to the investment funds normal credit and financial procedures and consist of:

- i) Loan guarantees which represent irrevocable assurances that the investment funds will pay if a client cannot meet his obligations to a third party; and
- ii) Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans.

COMMUNITY FUTURES LAKELAND  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED MARCH 31, 2021

**12. Non-Balance Sheet Items (continued)**

As at March 31, the investment fund had the following amounts outstanding:

	<u>2021</u>	<u>2020</u>
Letters of credit	\$ 18,100	\$ 18,100
Commitments to extend credit	155,000	9,392

**13. Financial Instruments**

**a) Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk on the loans receivable from its clients. In order to reduce such risk, the organization has adopted extensive credit and approval policies that include the regular review of client accounts and credit worthiness. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts.

**b) Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its policy of setting loan terms of less than 16 months.

**c) Liquidity risk**

The organizations exposure to liquidity risk is dependent on the collection of accounts receivable and obligations or raising of funds to meet commitments and sustain operations. The system controls liquidity risk by management of working capital, cash flows and the availability of borrowing facilities.

**d) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is minimal.

**e) Currency risk**

It is management's opinion that the organization is not exposed to significant currency risk arising from its financial instruments as they are all in Canadian dollars.

COMMUNITY FUTURES LAKELAND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021

**14. Continuing Economic Event**

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

Management is uncertain of the effects this economic event will have on its financial statements as there is uncertainty about the length of this pandemic.

As a result, we are unable to estimate the potential impact on the organization's operations as at the date of these financial statements.



COMMUNITY FUTURES LAKELAND  
SCHEDULE OF OPERATING EXPENSES  
FOR THE YEAR ENDED MARCH 31, 2021

Operating expenses	Operating Fund		2021	2020
	General	RRRF		
Salaries and benefits	\$ 225,255	\$ --	\$ 225,255	\$ 240,103
Special projects	4,192	73,907	78,099	13,174
Office rent and utilities	44,501	--	44,501	42,716
Contract services	11,311	8,205	19,516	15,452
Advertising and promotion	2,248	17,054	19,302	24,475
Professional fees	16,827	--	16,827	16,292
Office supplies	6,016	5,704	11,720	6,011
Telephone and internet	7,779	--	7,779	11,655
Maintenance and repairs	3,825	2,000	5,825	4,548
Equipment rental	5,690	--	5,690	5,690
Information technology	2,020	1,357	3,377	2,278
Memberships	3,311	--	3,311	2,447
Board member expenses	2,599	--	2,599	3,479
Insurance	2,489	--	2,489	2,404
Amortization expense	2,442	--	2,442	2,654
Conferences/workshops	1,905	1,273	3,178	3,673
Meeting expenses	941	1,270	2,211	1,677
Bank charges	1,295	608	1,903	1,533
Staff travel	1,340	--	1,340	7,658
Postage and delivery	<u>215</u>	<u>374</u>	<u>589</u>	<u>234</u>
	\$ <u>346,201</u>	\$ <u>111,752</u>	\$ <u>457,953</u>	\$ <u>408,153</u>