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CEDAR LAKE COMMUNITY FUTURES  
DEVELOPMENT CORPORATION  
FINANCIAL STATEMENTS  
MARCH 31, 2022

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# CEDAR LAKE COMMUNITY FUTURES DEVELOPMENT CORPORATION

## INDEX TO FINANCIAL STATEMENTS

MARCH 31, 2022

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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT PRACTITIONER'S REASONABLE ASSURANCE REPORT ON COMPLIANCE

BALANCE SHEET .....STATEMENT 1

STATEMENT OF REVENUE, EXPENDITURES AND SURPLUS

    OPERATING FUND .....STATEMENT 2

    INVESTMENT FUND .....STATEMENT 3

    R.M. OF KELSEY INVESTMENT FUND.....STATEMENT 4

    MICRO LOANS INVESTMENT FUND.....STATEMENT 5

    RRRF INVESTMENT FUND.....STATEMENT 6

STATEMENT OF CASH FLOWS .....STATEMENT 7

SCHEDULES OF REVENUES AND EXPENDITURES

    SUPPLEMENTARY PROJECTS .....SCHEDULE 1

NOTES TO FINANCIAL STATEMENTS

**INDEPENDENT AUDITOR'S REPORT**

To the Members  
Cedar Lake Community Futures Development Corporation

**Opinion**

We have audited the accompanying financial statements of Cedar Lake Community Futures Development Corporation, which comprise the balance sheet as at March 31, 2022, and the statements of revenue, expenditures and surplus and cash flows for the year 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 Cedar Lake Community Futures Development Corporation as at March 31, 2022, and its financial performance 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 Cedar Lake Community Futures Development 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 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 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 misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Cedar Lake Community Futures Development Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Cedar Lake Community Futures Development Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Cedar Lake Community Futures Development Corporation's financial reporting process.

*(continued.....)*

### **Auditors' 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 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 Cedar Lake Community Futures Development 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 Cedar Lake Community Futures Development 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 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 Cedar Lake Community Futures Development 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.

*Baker Tilly* HMA LLP  
Chartered Professional Accountants

The Pas, Manitoba  
July 27, 2022

**INDEPENDENT PRACTITIONER'S REASONABLE  
ASSURANCE REPORT ON COMPLIANCE**

To the members of Cedar Lake Community Futures Development:

We have undertaken a reasonable assurance engagement of Cedar Lake Community Futures Development Corporation's compliance during the period April 1, 2021 to March 31, 2022, with the criteria established in the Contribution Agreement between Prairies Economic Development Canada and the corporation for the period commencing on April 1, 2021 and ending March 31, 2026, dated March 26, 2021.

**Management's Responsibility**

Management is responsible for Cedar Lake Community Futures Development Corporation compliance with the specified requirements of the Agreement. Management is also responsible for such internal control as management determines necessary to enable Cedar Lake Community Futures Development Corporation compliance with the specified requirements.

**Our Responsibility**

Our responsibility is to express a reasonable assurance opinion on Cedar Lake Community Futures Development Corporation'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 that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Our Independence and Quality Control**

We have complied with the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

*(continued.....)*

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, during the period of April 1, 2021 to March 31, 2022, Cedar Lake Community Futures Development Corporation complied in all significant respects with the criteria established in the Contribution Agreement between Prairies Economic Development Canada and the corporation for the period commencing on April 1, 2021 and ending March 31, 2026, dated March 26, 2021.

We do not provide a legal opinion on Cedar Lake Community Futures Development Corporation's compliance with the specified requirements.

### **Restriction on Distribution and Use of Our Report**

Our report is intended solely for Cedar Lake Community Futures Development Corporation and Prairies Economic Development Canada and should not be distributed to or used by parties than Cedar Lake Community Futures Development Corporation or Prairies Economic Development Canada.

*Baker Tilly HMA LLP*  
Chartered Professional Accountants

The Pas, Manitoba  
July 27, 2022

# CEDAR LAKE COMMUNITY FUTURES DEVELOPMENT CORPORATION

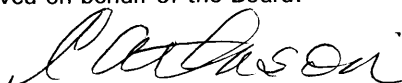
STATEMENT 1

## BALANCE SHEET

MARCH 31

	Operating Fund	RRRF Operating Fund	Investment Fund	R.M. of Kelsey Investment Fund	Micro Loans	RRRF Fund	Combined	
							2022	2021
<b>ASSETS</b>								
<b>CURRENT</b>								
Cash	\$ 186,855	\$ 10,497	\$ 694,180	\$ 64,287	\$ 62,774	\$	\$ 1,018,593	\$ 1,038,202
Accounts receivable	1,535						1,535	54,314
Prepaid expenses	7,005						7,005	6,317
Current portion of loans receivable	-	-	166,349	-	1,041	-	167,390	149,578
	<u>195,395</u>	<u>10,497</u>	<u>860,529</u>	<u>64,287</u>	<u>63,815</u>	<u>-</u>	<u>1,194,523</u>	<u>1,248,411</u>
LOANS RECEIVABLE (Note 3, 7)			356,152			407,000	763,152	707,528
CAPITAL ASSETS (Note 4)	<u>18,225</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,225</u>	<u>15,966</u>
	<u>\$ 213,620</u>	<u>\$ 10,497</u>	<u>\$ 1,216,681</u>	<u>\$ 64,287</u>	<u>\$ 63,815</u>	<u>\$ 407,000</u>	<u>\$ 1,975,900</u>	<u>\$ 1,971,905</u>
<b>LIABILITIES</b>								
<b>CURRENT</b>								
Accounts payable and accrued liabilities	\$ 10,085	\$	\$	\$	\$	\$	\$ 10,085	\$ 68,445
Repayable contribution from R.M. of Kelsey (Note 6)	-	-	-	35,143	-	-	35,143	35,143
	<u>10,085</u>	<u>-</u>	<u>-</u>	<u>35,143</u>	<u>-</u>	<u>-</u>	<u>45,228</u>	<u>103,588</u>
DUE TO COMMUNITY FUTURES INVESTMENT FUND INC. (Note 7)	-	-	-	-	-	407,000	407,000	407,000
	<u>10,085</u>	<u>-</u>	<u>-</u>	<u>35,143</u>	<u>-</u>	<u>407,000</u>	<u>452,228</u>	<u>510,588</u>
<b>SURPLUS</b>								
FUND SURPLUS	<u>203,535</u>	<u>10,497</u>	<u>1,216,681</u>	<u>29,144</u>	<u>63,815</u>	<u>-</u>	<u>1,523,672</u>	<u>1,461,317</u>
	<u>\$ 213,620</u>	<u>\$ 10,497</u>	<u>\$ 1,216,681</u>	<u>\$ 64,287</u>	<u>\$ 63,815</u>	<u>\$ 407,000</u>	<u>\$ 1,975,900</u>	<u>\$ 1,971,905</u>

Approved on behalf of the Board:

  
.....  
Director

# CEDAR LAKE COMMUNITY FUTURES DEVELOPMENT CORPORATION

STATEMENT 2

## STATEMENT OF REVENUE, EXPENDITURES AND SURPLUS

YEAR ENDED MARCH 31

OPERATING FUND	2022	2021
REVENUE		
Prairies Economic Development Canada <i>(Note 8)</i>	\$ <u>311,116</u>	\$ <u>311,116</u>
EXPENDITURES		
Advertising and promotion	15,859	3,550
Amortization of capital assets	7,171	4,044
Bank charges and interest	225	308
Community and economic development projects	54,027	
Insurance	2,446	2,473
Office and general	8,639	9,292
Professional fees	5,874	10,264
Rent	16,890	16,900
Telephone	3,630	3,978
Travel - board	11,022	5,465
Travel - staff	2,896	3,536
Wages and benefits	150,781	172,771
Workshops and conferences	<u>9,355</u>	<u>736</u>
	<u>288,815</u>	<u>233,317</u>
INCOME FROM OPERATIONS	22,301	77,799
OTHER INCOME		
Miscellaneous revenue	<u>-</u>	<u>2,650</u>
EXCESS OF REVENUE OVER EXPENDITURES BEFORE SUPPLEMENTARY PROJECTS	22,301	80,449
Supplementary Projects <i>(Schedule 1)</i>	<u>9,792</u>	<u>47,954</u>
EXCESS OF REVENUE OVER EXPENDITURES	32,093	128,403
SURPLUS, <i>beginning of year</i>	<u>171,442</u>	<u>43,039</u>
SURPLUS, <i>end of year</i>	\$ <u>203,535</u>	\$ <u>171,442</u>



# CEDAR LAKE COMMUNITY FUTURES DEVELOPMENT CORPORATION

STATEMENT 3

## STATEMENT OF REVENUE, EXPENDITURES AND SURPLUS

YEAR ENDED MARCH 31

INVESTMENT FUND	General	Disability	2 0 2 2	2 0 2 1
<b>REVENUE</b>				
Interest income	\$ 43,543	\$ 2,287	\$ 45,830	\$ 10,924
Other charges	<u>4,785</u>	<u>2,867</u>	<u>7,652</u>	<u>9,631</u>
	<u>48,328</u>	<u>5,154</u>	<u>53,482</u>	<u>20,555</u>
<b>EXPENDITURES</b>				
Other loan expenses	3,106	2,667	5,773	7,186
Provision for doubtful loans	<u>26,957</u>	<u>-</u>	<u>26,957</u>	<u>16,746</u>
	<u>30,063</u>	<u>2,667</u>	<u>32,730</u>	<u>23,932</u>
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)	18,265	2,487	20,752	( 3,377)
EARNED SURPLUS, <i>beginning of year</i>	<u>221,763</u>	<u>45,179</u>	<u>263,565</u>	<u>266,942</u>
EARNED SURPLUS, <i>end of year</i>	<u>\$ 240,028</u>	<u>\$ 47,666</u>	<u>\$ 284,317</u>	<u>\$ 263,565</u>
EARNED SURPLUS	\$ 240,028	\$ 47,666	\$ 284,317	\$ 263,565
FUNDED SURPLUS	<u>732,364</u>	<u>200,000</u>	<u>932,364</u>	<u>932,364</u>
TOTAL SURPLUS, <i>end of year</i>	<u>\$ 972,392</u>	<u>\$ 247,666</u>	<u>\$ 1,216,681</u>	<u>\$ 1,195,929</u>

# CEDAR LAKE COMMUNITY FUTURES DEVELOPMENT CORPORATION

STATEMENT 4

## STATEMENT OF REVENUE, EXPENDITURES AND SURPLUS

YEAR ENDED MARCH 31

### R.M. OF KELSEY INVESTMENT FUND

2022

2021

#### REVENUE

Interest income	\$ 76	\$ 54
Other charges	-	50
	<u>76</u>	<u>104</u>

#### EXPENDITURES

Professional fees	<u>784</u>	<u>784</u>
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#### EXCESS OF EXPENDITURES OVER REVENUE

( 708) ( 680)

#### EARNED SURPLUS, *beginning of year*

29,852 30,532

#### EARNED SURPLUS, *end of year*

\$ 29,144 \$ 29,852

#### EARNED SURPLUS

\$ 29,144 \$ 29,852

#### FUNDED SURPLUS

- -

#### TOTAL SURPLUS, *end of year*

\$ 29,144 \$ 29,852

# CEDAR LAKE COMMUNITY FUTURES DEVELOPMENT CORPORATION

STATEMENT 5

## STATEMENT OF REVENUE, EXPENDITURES AND SURPLUS

YEAR ENDED MARCH 31

### MICRO LOANS INVESTMENT FUND

2022

2021

#### REVENUE

Interest income

\$ 66

\$ 51

#### EXPENDITURES

Professional fees

113

112

EXCESS OF EXPENDITURES OVER REVENUE

( 47)

( 61)

EARNED SURPLUS, *beginning of year*

3,862

3,923

EARNED SURPLUS, *end of year*

\$ 3,815

\$ 3,862

EARNED SURPLUS

\$ 3,815

\$ 3,862

FUNDED SURPLUS

60,000

60,000

TOTAL SURPLUS, *end of year*

\$ 63,815

\$ 63,862

# CEDAR LAKE COMMUNITY FUTURES DEVELOPMENT CORPORATION

STATEMENT 6

## STATEMENT OF REVENUE, EXPENDITURES AND SURPLUS

YEAR ENDED MARCH 31

RRRF FUND	RRRF		2022	
	Operating	Investment	2022	2021
<b>REVENUE</b>				
Prairies Economic Development Canada <i>(Note 8)</i>	\$ 11,880	\$ -	\$ 11,880	\$ 9,004
Interest	<u>9</u>	<u>-</u>	<u>9</u>	<u>270</u>
	<u>11,889</u>	<u>-</u>	<u>11,889</u>	<u>9,274</u>
<b>EXPENDITURES</b>				
Bank fees				95
Furniture and equipment				3,365
Information technology				2,591
Office and general				2,239
Professional fees	1,624		1,624	
Travel	<u>-</u>	<u>-</u>	<u>-</u>	<u>752</u>
	<u>1,624</u>	<u>-</u>	<u>1,624</u>	<u>9,042</u>
EXCESS OF REVENUE OVER EXPENDITURES	10,265		10,265	232
EARNED SURPLUS, <i>beginning of year</i>	<u>232</u>	<u>-</u>	<u>232</u>	<u>-</u>
EARNED SURPLUS, <i>end of year</i>	\$ <u>10,497</u>	\$ <u>-</u>	\$ <u>10,497</u>	\$ <u>232</u>
EARNED SURPLUS	\$ 10,497	\$ -	\$ 10,497	\$ 232
FUNDED SURPLUS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL SURPLUS, <i>end of year</i>	\$ <u>10,497</u>	\$ <u>-</u>	\$ <u>10,497</u>	\$ <u>232</u>

# CEDAR LAKE COMMUNITY FUTURES DEVELOPMENT CORPORATION

STATEMENT 7

## STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

### ALL FUNDS

2022

2021

#### CASH FLOW FROM

##### OPERATING ACTIVITIES

Cash received from funding sources and clients	\$ 385,567	\$ 310,538
Cash paid to suppliers and employees	( 375,946)	( 218,488)
Interest	<u>53,633</u>	<u>20,710</u>
	<u>63,254</u>	<u>112,760</u>

##### INVESTING ACTIVITIES

Purchase of capital assets	( 9,427)	( 18,173)
Repayment of loans	75,064	177,286
Issuance of loans	<u>( 148,500)</u>	<u>( 622,500)</u>
	<u>( 82,863)</u>	<u>( 463,387)</u>

##### FINANCING ACTIVITY

Loan amounts received	<u>-</u>	<u>407,000</u>
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NET INCREASE (DECREASE) IN CASH DURING YEAR ( 19,609) 56,373

CASH, *beginning of year* 1,038,202 981,829

CASH, *end of year* \$ 1,018,593 \$ 1,038,202

#### CASH COMPRISED OF

Cash \$ 1,018,593 \$ 1,038,202

# CEDAR LAKE COMMUNITY FUTURES DEVELOPMENT CORPORATION

SCHEDULE 1

## SCHEDULE OF REVENUE AND EXPENDITURES

YEAR ENDED MARCH 31

### SUPPLEMENTARY PROJECTS

2022

2021

#### REVENUE

NACCA and other project income  
Interest income

\$ 8,114	\$ 57,499
<u>1,678</u>	<u>1,111</u>
<u>9,792</u>	<u>58,610</u>

#### EXPENDITURES

Community and economic development projects  
Information technology  
Interest and bank charges  
Travel

	3,500
	4,920
	15
<u>-</u>	<u>2,221</u>
<u>-</u>	<u>10,656</u>

EXCESS OF REVENUE OVER EXPENDITURES

\$ <u>9,792</u>	\$ <u>47,954</u>
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# CEDAR LAKE COMMUNITY FUTURES DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

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### 1. PURPOSE OF ORGANIZATION

Cedar Lake Community Futures Development Corporation (CLCFDC) is a community based not-for-profit organization incorporated without share capital under the laws of the Province of Manitoba. The Government of Canada, through Prairies Economic Development Canada, provides financial assistance to the organization pursuant to an agreement. The purpose of the organization is to support community economic development, diversify the economy, support the creation and expansion of small and medium sized enterprises, maintain and create new employment and maintain the Minister's capacity to deliver business services to rural communities in Western Canada.

The organization is exempt from federal and provincial income taxes.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies adopted by CLCFDC include:

- a) CLCFDC follows the restricted fund method of accounting for contributions.

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

The Investment Fund reports restricted resources that are to be used for assistance to small business and entrepreneurs in the form of loans, loan guarantees or equity participation. The organization is restricted in the types of loans that can be made according to its agreement with the federal government. When all loans are collected, the remaining assets of the investment fund may be returned by CLCFDC, at the discretion of the Minister for Prairies Economic Development Canada.

#### i) **General Investment Fund**

A repayable contribution of \$732,364 by Prairies Economic Development Canada to be used for loans, loan guarantees and equity investment in a new business or expansion of an existing business. The maximum amount of the loan is \$150,000 for a term not exceeding 5 years. The corporation shall ensure that a minimum of 75% of its investment fund is maintained in active business loans at all times. Should the corporation have less than 75% in active business loans, the corporation must deposit excess amounts into the investment fund pool within 15 days of a request from their CF Association.

#### ii) **Disability Investment Fund**

A repayable contribution of \$200,000 by Prairies Economic Development Canada to be used for loans, loan guarantees and equity investment in businesses owned by disabled persons. The maximum amount of the loan is \$150,000 for a term not exceeding 5 years. The corporation shall ensure that a minimum of 75% of its investment fund is maintained in active business loans at all times. Should the corporation have less than 75% in active business loans, the corporation must deposit excess amounts into the investment fund pool within 15 days of a request from their CF Association.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

**iii) R.M. of Kelsey Investment Fund**

A repayable contribution of \$35,143 by the Rural Municipality of Kelsey to deliver and maintain a loan program. The R.M. of Kelsey Investment Fund follows the same investment fund guidelines as the General Investment Fund and the Disabled Entrepreneur Investment Fund. Loan amounts are to assist R.M. of Kelsey clients to start or expand a business. Repaid capital and interest is to be lent out to other clients.

**iv) Micro Loans Investment Fund**

A contribution of \$60,000 by the Manitoba Innovation, Energy, Mines (MIEM) to be used for loans. The micro loan investment fund follows the same investment fund guidelines as the general investment fund and the disabled entrepreneur investment fund. Repaid capital and interest is to be reinvested into the fund to be lent to other clients.

- b) Loans receivable are stated at net realizable value.
- c) Accrued interest on loans is recognized to the extent the accrual does not exceed 24 months interest. Accrued interest on loans for which an allowance for doubtful loans has been established is written off as a reduction in loan interest income in the period in which collectibility of the loan first becomes doubtful.
- d) Foreclosed property is valued at the lower of cost and net realizable value. Changes to the asset's net realizable value are recorded as a charge to loan impairment.
- e) Capital assets are stated at the cost less accumulated amortization. Amortization is recorded on the diminishing balance method using the following rates:

Equipment and furnishings	20%
Computer equipment	55%

One-half of these rates are used in the year of acquisition.

- f) Capital asset grants are accounted for in reduction of their cost.
- g) The charge for loan impairment includes the current year's allowance for loan principal deemed uncollectible, less collections of principal and interest on loans allowed for in prior years and the write-down of foreclosed assets.
- h) The preparation of the financial statements requires management to make estimates and assumptions that affect reported assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Significant estimates include the provision for doubtful loans.



# CEDAR LAKE COMMUNITY FUTURES DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

i) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is at amortized cost except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Classification

Cash	Amortized cost
Accounts receivable	Amortized cost
Loans receivable	Amortized cost
Accounts payable and accrued charges	Amortized cost
Repayable contribution from R.M. of Kelsey	Amortized cost

### 3. LOANS RECEIVABLE

	Micro Loans	General	Disability	RRRF Loans	TOTAL	
					2 0 2 2	2 0 2 1
Loans receivable	\$ 1,041	\$ 564,555	\$ 53,007	\$ 407,000	\$ 1,025,603	\$ 925,210
Loan provision for doubtful loans	<u>-</u>	<u>( 95,061)</u>	<u>-</u>	<u>-</u>	<u>( 95,061)</u>	<u>( 68,104)</u>
	1,041	469,494	53,007	407,000	930,542	857,106
Less current portion	<u>1,041</u>	<u>156,511</u>	<u>9,838</u>		<u>167,390</u>	<u>149,578</u>
	<u>\$ -</u>	<u>\$ 312,983</u>	<u>\$ 43,169</u>	<u>\$ 407,000</u>	<u>\$ 763,152</u>	<u>\$ 707,528</u>

During the year, there were the following changes in the allowance for doubtful accounts:

	Beginning Balance	Provisions	Write-offs	Reversals	2 0 2 2	2 0 2 1
General investment fund	\$ <u>68,104</u>	\$ <u>26,957</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>95,061</u>	\$ <u>68,104</u>

Outstanding loans to entrepreneurs are interest bearing at fixed rates varying from 6% to 12% with monthly blended principal and interest repayments amortized for terms up to 60 months. Security is taken on these loans as appropriate to the situation and includes personal guarantees, general and specific security agreements covering business assets and mortgages on land and building.

There were no loans over \$150,000 with the total outstanding balance of such loans being NIL. (2021 - None / NIL)

# CEDAR LAKE COMMUNITY FUTURES DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

### 4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value	
			2022	2021
Furniture, fixtures and equipment	\$ 71,175	\$ 57,858	\$ 13,317	\$ 8,302
Computer and electronic equipment	<u>26,697</u>	<u>21,789</u>	<u>4,908</u>	<u>7,664</u>
	\$ <u>97,872</u>	\$ <u>79,647</u>	\$ <u>18,225</u>	\$ <u>15,966</u>

### 5. LINE OF CREDIT

CLCFDC has an authorized line of credit with Westoba Credit Union to a maximum of \$25,000 at bank prime rate plus 1.0%, which remained unused as at March 31, 2022 (2021 - NIL).

### 6. R.M. OF KELSEY INVESTMENT FUND

Repayable funds are available from CLCFDC to start or expand small business within the Rural Municipality of Kelsey.

The R.M.'s contribution of \$35,143 is repayable on demand with a 2 month notice as follows:

- a) the cash balance of the fund, and
- b) the rights to the loan receivable portfolio will be assigned.

### 7. REGIONAL RELIEF AND RECOVERY FUND (RRRF)

Repayable funds are available from CLCFDC to help small and medium sized business who require financial assistance due to the economic strain of COVID-19. The funding was provided to CLCFDC from Community Futures Investment Fund Inc. (CFIF) and all funding is repayable to CFIF. As of March 31, 2021 CFIF had loaned \$407,000 to CLCFDC. All funds had been disbursed to clients as of March 31, 2021. Repayment terms are as follows:

- a) Initial repayment term is December 31, 2023; no interest shall be charged on amounts that are repaid prior to December 31, 2023. As well, if the loan is repaid to 75% of each original loan amount, the remaining 25% of the loan will become forgivable.
- b) Extended repayment term is from January 1, 2024 to December 31, 2025. During this time interest will accrue on the loan funds and a fixed repayment schedule will be established with each individual client. If repayment goes into the extended term the entire loan amount will be repayable with no forgivable portion.

# CEDAR LAKE COMMUNITY FUTURES DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

### 8. ECONOMIC DEPENDENCE

The current year operating funding approved by Prairies Economic Development Canada was \$311,116. CLCFDC is economically dependent upon Prairies Economic Development Canada for annual contributions to fund eligible operating expenditures of CLCFDC. The current agreement expires on March 31, 2026. The 5 year agreement was signed on March 26, 2021 for the period of April 1, 2021 to March 31, 2026.

	2 0 2 2	2 0 2 1
Operating costs	\$ 311,116	\$ 270,190
Northern & remote allowance		15,000
RRRF operating costs	11,880	69,563
Deferred revenue		25,926
Repayment of unused RRRF operating funds	<u>-</u>	<u>( 60,559)</u>
	<u>\$ 322,996</u>	<u>\$ 320,120</u>

### 9. COMMITMENT

CLCFDC has entered into an annual lease for office space expiring February 28, 2023 with a minimum annual payment of \$15,600.

### 10. FINANCIAL INSTRUMENTS

In the normal course of business, CLCFDC is exposed to credit risk, liquidity risk and market risk. CLCFDC does not undertake hedging transactions to manage risk. As part of its overall risk assessment process, management takes steps to identify and mitigate undue concentrations of risk.

#### *CREDIT RISK*

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Financial instruments that subject CLCFDC to concentrations of credit risk consist of cash, accounts receivable and loans receivable. The maximum exposure to credit risk at the balance sheet date is the fair value of these instruments.

CLCFDC's primary exposure to credit risk arises from its lending activities. To reduce its exposure to credit risk on lending activities CLCFDC:

- Adheres to internal policies and procedures related to credit risk management
- Obtains promissory notes, security agreements and life insurance coverage from borrowers
- Has implemented prescribed maximum loan amounts for individual borrowers
- Conducts and documents on-going monitoring and review procedures

CLCFDC has a concentration of credit risk in the Northwestern Manitoba region. A general decline in regional economic conditions would increase overall credit risk exposure.

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2022**

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10. FINANCIAL INSTRUMENTS *(continued)*

*INTEREST RATE RISK*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

CLCFDC's loans receivable bear interest at fixed rates and all other financial assets and liabilities are non-interest bearing. Consequently, management does not believe that the near term cash flow impact of interest rate fluctuations will be significant. Assuming all other factors hold constant if an immediate and sustained increase or decrease in interest rates were to occur the loan portfolio would be subject to a corresponding increase or decrease in fair value based on the magnitude of the interest rate change and weighted average duration of the loan portfolio at that time.

11. COMPARATIVE FIGURES FOR THE PRIOR YEAR

Certain comparative figures for the prior year have been reclassified in order to conform with the financial statement presentation adopted for the current year.

12. COVID-19

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. This outbreak may also cause staff shortages, reduced demand, increased government regulations or interventions, all of which may negatively impact the financial condition or results of operations of CLCFDC. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments.

The management of CLCFDC suspended interest and principal payments on the loan portfolio in March 2020 to help protect the cash flows of its loan clients. As of April 1, 2021 all loan clients were informed that interest and principal payments on the loan portfolio were required to resume.