

COMMUNITY FUTURES EAST INTERLAKE INC.
Financial Statements
Year Ended March 31, 2019

COMMUNITY FUTURES EAST INTERLAKE INC.

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Year Ended March 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Members of Community Futures East Interlake Inc.

Opinion

We have audited the financial statements of Community Futures East Interlake Inc. (the Organization), which comprise the statement of financial position as at March 31, 2019, and the statements of revenues and expenditures, changes in net assets 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 the Organization as at March 31, 2019, 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 Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with 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 misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Organization's financial reporting

(continues)

process.


Auditor's Responsibilities 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 the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Winnipeg, MB
June 17, 2019



CHARTERED PROFESSIONAL ACCOUNTANTS

COMMUNITY FUTURES EAST INTERLAKE INC.**Statement of Financial Position****March 31, 2019**

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 589,271	\$ 624,256
Term deposits	1,145,619	1,092,093
Accounts receivable	26,732	30,208
Interest receivable	157,666	154,879
Goods and services tax recoverable	1,314	1,361
Bank deposits - loan guarantees	103,000	83,000
	2,023,602	1,985,797
TANGIBLE CAPITAL ASSETS (Note 5)	382,876	382,876
LONG-TERM INVESTMENTS	992,986	908,886
CFIF INVESTMENT	346,877	346,877
	\$ 3,746,341	\$ 3,624,436
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 11,351	\$ 25,248
Wages payable	12,879	16,729
Employee deductions payable	9,406	20
Deferred income	53,176	40,512
	86,812	82,509
REPAYABLE INVESTMENT FUND	475,000	475,000
	561,812	557,509
NET ASSETS		
General fund	1,714,841	1,597,239
Investment in capital assets	382,876	382,876
Contributed surplus	1,086,812	1,086,812
	3,184,529	3,066,927
	\$ 3,746,341	\$ 3,624,436

ON BEHALF OF THE BOARD_____
*Director*_____
*Director**Thornton & Co.*

See notes to financial statements

COMMUNITY FUTURES EAST INTERLAKE INC.**Statement of Revenues and Expenditures****Year Ended March 31, 2019**

	2019	2018
REVENUES		
Western Diversification Contributions	\$ 296,116	\$ 296,116
Interest income	114,517	113,378
Citizenship and Immigration Canada	43,738	42,501
BIGR Project revenue	17,988	22,000
NEICOM Inc revenue	15,000	15,000
Miscellaneous revenue and expense recovery	6,128	42,914
Elevate program revenue	14,304	10,500
Project revenue and workshops	12,403	4,033
SEA Program and small business training	6,200	14,000
CBDC contribution	3,000	3,238
Income from prior year deferred	9,012	2,050
Service income	-	875
	538,406	566,605
EXPENSES		
Administration contributions	5,598	5,545
Advertising and promotion	2,996	3,805
Annual General Meeting	397	342
Awards dinner	-	250
Bad debts	12,474	3,950
Business taxes, licenses and memberships	12,216	12,845
Credit checks	1,375	1,886
Delivery assistance tools	3,911	4,354
Equipment leases and purchases	5,192	6,576
GST expense	47	41
Insurance	1,425	1,388
Interest and bank charges	123	109
Miscellaneous	2,287	384
Office	4,173	4,411
Professional fees	10,294	10,247
Project and workshop costs	39,261	27,801
Property taxes	2,159	2,861
SEA program and small business training	-	168
Telecommunications	3,066	3,474
Training and development	5,995	6,558
Travel	23,396	29,737
Utilities and maintenance	22,094	24,683
Wages and benefits	262,325	257,670
	420,804	409,085
EXCESS OF REVENUES OVER EXPENSES	\$ 117,602	\$ 157,520

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See notes to financial statements

COMMUNITY FUTURES EAST INTERLAKE INC.

Statement of Changes in Net Assets

Year Ended March 31, 2019

	General Fund	Investment in Capital Assets	Contributed Surplus	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 1,597,239	\$ 382,876	\$ 1,086,812	\$ 3,066,927	\$ 2,909,407
EXCESS OF REVENUES OVER EXPENSES	117,602	-	-	117,602	157,520
NET ASSETS - END OF YEAR	\$ 1,714,841	\$ 382,876	\$ 1,086,812	\$ 3,184,529	\$ 3,066,927

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See notes to financial statements

COMMUNITY FUTURES EAST INTERLAKE INC.**Statement of Cash Flows****Year Ended March 31, 2019**

	2019	2018
OPERATING ACTIVITIES		
excess of revenues over expenses	\$ 117,602	\$ 157,520
Changes in non-cash working capital:		
Accounts receivable	3,476	5,886
Interest receivable	(2,787)	(2,912)
Accounts payable	(13,897)	(2,949)
Deferred income	12,664	(19,064)
Goods and services tax payable	47	597
Wages payable	(3,850)	297
Employee deductions payable	9,386	20
	5,039	(18,125)
Cash flow from operating activities	122,641	139,395
INVESTING ACTIVITY		
Long-term investments	(84,100)	22,588
FINANCING ACTIVITY		
Bank deposits - loan guarantees	(20,000)	(13,000)
INCREASE IN CASH FLOW	18,541	148,983
Cash - beginning of year	1,716,349	1,567,366
CASH - END OF YEAR	\$ 1,734,890	\$ 1,716,349
CASH CONSISTS OF:		
Cash	\$ 589,271	\$ 624,256
Term deposits	1,145,619	1,092,093
	\$ 1,734,890	\$ 1,716,349

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See notes to financial statements

COMMUNITY FUTURES EAST INTERLAKE INC.

Notes to Financial Statements

Year Ended March 31, 2019

1. DESCRIPTION OF ORGANIZATION

Community Futures East Interlake Inc. is a community based organization that provides loans and financial services to small businesses in the East Interlake Region of Manitoba that are otherwise unable to obtain financing, and also provides community economic development services. The program which is being funded by the Community Futures Program was formed to foster the economic development of the region. The Corporation was incorporated under the Manitoba Companies Act as a non-profit organization on April 20, 1985. It is exempt from income taxes under the Income Tax Act section 149 (d) as a non-profit organization.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments and other non-cash assets

All gains and losses from the sale, collection, or other disposition of investments and other non-cash assets are accounted for in the fund that owned the assets

Ordinary income from investments, receivables, and other similar assets is accounted for in the fund owning the assets.

Measurement uncertainty

When preparing financial statements according to ASNPO, management makes estimates and assumptions relating to:

- reported amounts of revenues and expenses
- reported amounts of assets and liabilities
- disclosure of contingent assets and liabilities.

Estimates are based on a number of factors including historical experience, current events and actions that the organization may undertake in the future, and other assumptions that management believes are reasonable under the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results could differ. In particular, estimates are used in accounting for certain items such as revenues, allowance for doubtful accounts, useful lives of capital assets, asset impairments, legal and tax contingencies, employee compensation plans, employee benefit plans, retained interest in securitized receivables, income taxes, and goodwill impairment.

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COMMUNITY FUTURES EAST INTERLAKE INC.

Notes to Financial Statements

Year Ended March 31, 2019

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

Net assets

- a) Net assets invested in property and equipment represents the organization's net investment in property and equipment which is comprised of the unamortized amount of property and equipment purchased with restricted funds.
- b) Internally restricted net assets are funds which have been designated for a specific purpose by the organization's Board of Directors.
- c) Unrestricted net assets comprise the excess of revenue over expenses accumulated by the organization each year, not of transfers, and are available for general purposes.

Revenue recognition

The organization recognizes revenues when they are earned, specifically when all the following conditions are met:

- services are provided or products are delivered to customers
- there is clear evidence that an arrangement exists
- amounts are fixed or can be determined
- the ability to collect is reasonably assured.

Tangible capital assets

Tangible capital assets are stated at cost less recoverable GST. Tangible capital assets are expensed in the year of purchase and added back to the Statement of Financial Position with an offsetting entry to Investment in Tangible Capital Assets. No amortization is taken on the tangible capital assets.

The Organization regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital asset cost.

COMMUNITY FUTURES EAST INTERLAKE INC.**Notes to Financial Statements****Year Ended March 31, 2019****4. LOAN GUARANTEES**

Loan guarantees are term deposits that have been committed as security for client loans at various financial institutions for the purpose represented by the Board of Directors in its Organizational Mandate. These term deposits are therefore subject to potential loss. As of March 31, 2019, loan guarantees total \$103,000 (2018- \$83,000).

	Loan Guarantee	Provision for Doubtful Loans	Balance
Investment Fund	\$ 45,000	\$ -	\$ 45,000
Disabled Entrepreneurs Fund	30,000	-	30,000
Repayable Fund	10,000	-	10,000
Youth Fund	18,000	-	18,000
	<u>\$ 103,000</u>	<u>\$ -</u>	<u>\$ 103,000</u>

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Land	\$ 11,820	\$ -	\$ 11,820	\$ 11,820
Buildings	190,738	-	190,738	190,738
Equipment	180,318	-	180,318	180,318
	<u>\$ 382,876</u>	<u>\$ -</u>	<u>\$ 382,876</u>	<u>\$ 382,876</u>

6. CONTRIBUTED SURPLUS - INVESTMENT FUND

Contributed surplus consists of grants from the Community Futures Program to be used for the purpose of local employment through loans, loan guarantees and equity investments.

7. LONG-TERM INVESTMENTS

	Loans receivable	Provision for Doubtful Loans	Balance
Investment Fund	\$ 798,977	\$ 50,141	\$ 748,836
Disabled Entrepreneur Fund	199,929	-	199,929
Repayable Fund	34,578	17,952	16,626
	<u>\$ 1,033,484</u>	<u>\$ 68,093</u>	<u>\$ 965,391</u>

Thornton & Co.

COMMUNITY FUTURES EAST INTERLAKE INC.**Notes to Financial Statements****Year Ended March 31, 2019****8. PROVISION FOR DOUBTFUL LOANS**

The Board of Directors and management have agreed upon and created an account for potential doubtful accounts. The Board of Directors and management review outstanding loan receivables and loan guarantees annually or as necessary. Loans that are determined to be uncollectible will be offset against the Provision for Doubtful Loans.

9. SUMMARY OF SURPLUS BY FUND

Fund	General Fund	Investment in Capital Assets	Contributed Surplus	2019	2018
Administration	\$ 30,969	\$ 382,876	\$ -	\$ 413,845	\$ 399,676
Interlake Immigrant Settlement Services	(476)	-	-	(476)	(476)
Investment Fund	1,435,532	-	1,086,812	2,522,344	2,439,986
Youth Fund	139,408	-	-	139,408	131,605
Disabled Entrepreneurs Fund	126,236	-	-	126,236	113,138
Repayable Fund	(24,549)	-	-	(24,549)	(24,723)
B.I.G. Project	7,721	-	-	7,721	7,721
	\$ 1,714,841	\$ 382,876	\$ 1,086,812	\$ 3,184,529	\$ 3,066,927

10. LOAN WRITE-OFF

There are non-performing loans which have been reviewed by the Board of Directors and management and are determined to be uncollectible.

COMMUNITY FUTURES EAST INTERLAKE INC.

Notes to Financial Statements

Year Ended March 31, 2019

11. REPAYABLE TO W.E.D.

The Organization is in receipt of monies from the Government of Canada to provide loans to specific groups in their mandate area. These were:

1. \$75,000 to provide a repayable investment fund
2. \$200,000 to provide a repayable disabled entrepreneur investment fund
3. \$200,000 to provide a repayable youth investment fund

The repayment commencement date has not been determined under the terms and conditions of the agreement with the Government of Canada.

	Principle	Total Repayable
Repayable investment loan	\$ 75,000	\$ 75,000
Disable Entrepreneurs loan	200,000	200,000
Youth loan	200,000	200,000
	<hr/>	<hr/>
	\$ 475,000	\$ 475,000

12. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2019.

(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 from customers. In order to reduce its credit risk, the organization reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization has a significant number of customers which minimizes concentration of credit risk.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

13. ECONOMIC DEPENDENCE

Community Futures East Interlake Inc. receives at least 80% of its operating revenue from the Department of Western Economic Diversification, a sub-division of the federal government, and is economically dependent on it. The present contract the Organization has with the Department expires March 31, 2021.

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COMMUNITY FUTURES EAST INTERLAKE INC.

Notes to Financial Statements

Year Ended March 31, 2019

14. INTEREST ANALYSIS

	Long-term investments	Short-term investments	2019	2018
Investment fund	\$ 60,988	\$ 28,267	\$ 89,255	\$ 89,907
Youth fund	3,904	3,899	7,803	5,704
Disabled Entrepreneurs fund	12,618	2,551	15,169	14,201
Repayable loan fund	2,290	-	2,290	3,321
	<u>\$ 79,800</u>	<u>\$ 34,717</u>	<u>\$ 114,517</u>	<u>\$ 113,133</u>

15. COMMITTED FUNDS

As part of the Build Interlake Growth Program, funding has been committed to the following projects:

	2019
<u>2017/18 Approved projects</u>	
Gimli Pavilion community commercial kitchen	\$ 5,000
Stonewall Kinsman lake splash pad	5,000
	<u>10,000</u>
<u>2018/19 Approved projects</u>	
Gimli Film Festival	5,000
Rosser Central CC Gym re-purposing	5,000
RM of Armstrong Interpretive Signage Project	5,000
	<u>15,000</u>
Grand total	<u>\$ 25,000</u>

As of March 31, 2019, these projects were not to the point of completion where the funds could be considered due and payable and therefore are not reflected in the financial statements.

16. COMMUNITY FUTURES INVESTMENT FUND

Community Futures East Interlake Inc. has contributed to the Community Futures Investment Fund, a fund administered by Community Futures Manitoba Inc. to provide loans to regional Community Futures organizations. As of March 31, 2019, Community Futures East Interlake Inc. has \$346,877 principal (\$346,877 - 2018), plus accrued interest of \$135,951 invested in the fund.

17. LOANS RECEIVABLE

All loans issued by the Organization have been for the purpose represented by the Board of Directors in its mandate.

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COMMUNITY FUTURES EAST INTERLAKE INC.**Administration****(Schedule 1)****Year Ended March 31, 2019**

	2019	2018
REVENUE		
Western Diversification Contributions	\$ 296,116	\$ 296,116
NEICOM Inc. revenue	15,000	15,000
Elevate program revenue	14,304	10,500
Other	2,948	2,696
SEA Program and small business training	6,200	14,000
IBDS Pilot Project income	5,000	-
Project revenue and workshops	3,500	4,033
Skills Grant income	3,223	-
EDP Project income	3,000	3,238
Loan fees	1,804	1,385
Customer service training	680	-
Income from prior year deferred	9,012	2,050
Service income	-	875
	360,787	349,893
EXPENSES		
AGM	397	342
Advertising	2,746	3,555
Awards dinner	-	250
Bad debt expense	20	-
Credit checks	1,375	1,886
Equipment leases and purchases	5,192	6,576
Insurance	1,425	1,388
Interest and bank charges	115	110
Miscellaneous	2,287	384
Office	4,172	4,411
Professional fees	10,294	10,247
Project and workshop costs	21,274	5,801
Property tax	2,159	2,861
Repairs and maintenance	18,946	22,366
SEA program and small business training	-	168
Subscriptions & memberships	12,216	12,845
Telecommunications	3,066	3,474
Training and development	5,595	6,458
Travel	20,262	27,446
Utilities and maintenance	3,148	2,317
Wages and benefits	231,929	227,274
	346,618	340,159
INCOME FROM OPERATIONS	\$ 14,169	\$ 9,734

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See notes to financial statements

COMMUNITY FUTURES EAST INTERLAKE INC.**Interlake Immigrant Settlement Services****(Schedule 2)****Year Ended March 31, 2019**

	2019	2018
REVENUE		
Service income	\$ 43,738	\$ 42,501
EXPENSES		
Advertising	250	250
Administration expense	5,598	5,545
Delivery assistance tools	3,911	4,354
GST expense	47	41
Training and development	400	100
Travel - Director expense	3,136	2,291
Wages and benefits	30,396	30,396
	43,738	42,977
LOSS FROM OPERATIONS	\$ -	\$ (476)

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See notes to financial statements

COMMUNITY FUTURES EAST INTERLAKE INC.

Investment Fund

(Schedule 3)

Year Ended March 31, 2019

	2019	2018
REVENUE		
Interest income	\$ 89,256	\$ 89,908
Miscellaneous revenue and expense recovery	1,314	510
	<u>90,570</u>	<u>90,418</u>
EXPENSES		
Bad debts	8,209	3,766
Interest and bank charges	3	-
	<u>8,212</u>	<u>3,766</u>
INCOME FROM OPERATIONS	<u>\$ 82,358</u>	<u>\$ 86,652</u>

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See notes to financial statements

COMMUNITY FUTURES EAST INTERLAKE INC.

Investment Fund - Youth

(Schedule 4)

Year Ended March 31, 2019

	2019	2018
REVENUE		
Interest income	\$ 7,803	\$ 5,948

COMMUNITY FUTURES EAST INTERLAKE INC.

Investment Fund - Disabled Entrepreneurs

(Schedule 5)

Year Ended March 31, 2019

	2019	2018
REVENUE		
Miscellaneous revenue and expense recovery	\$ -	\$ 38,011
Interest income	15,169	14,265
	15,169	52,276
EXPENSES		
Bad debts	2,066	-
Interest and bank charges	5	-
	2,071	-
INCOME FROM OPERATIONS	\$ 13,098	\$ 52,276

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See notes to financial statements

COMMUNITY FUTURES EAST INTERLAKE INC.**Repayable Investment Fund****(Schedule 6)****Year Ended March 31, 2019**

	2019	2018
REVENUE		
Interest income	\$ 2,289	\$ 3,258
Miscellaneous revenue and expense recovery	64	312
	2,353	3,570
EXPENSES		
Bad debts	2,179	184
INCOME FROM OPERATIONS	\$ 174	\$ 3,386

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See notes to financial statements

COMMUNITY FUTURES EAST INTERLAKE INC.

Build Interlake Growth

(Schedule 7)

Year Ended March 31, 2019

	2019	2018
REVENUE		
BIGR Project revenue	\$ 17,988	\$ 22,000
EXPENSES		
Project and workshop costs	<u>17,988</u>	<u>22,000</u>
INCOME FROM OPERATIONS	<u>\$ -</u>	<u>\$ -</u>

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See notes to financial statements