

**COMMUNITY FUTURES LLOYDMINSTER AND REGION DEVELOPMENT CORPORATION**

**FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2015**

**COMMUNITY FUTURES LLOYDMINSTER AND REGION DEVELOPMENT  
CORPORATION**

**FINANCIAL STATEMENTS  
MARCH 31, 2015**

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## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS COMMUNITY FUTURES LLOYDMINSTER AND REGION DEVELOPMENT CORPORATION LLOYDMINSTER, ALBERTA

We have audited the accompanying financial statements of Community Futures Lloydminster and Region Development Corporation, which comprise the statement of financial position as at March 31, 2015 and the statements of operations and changes 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 generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the financial statements are free of 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 preparation 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, these financial statements present fairly, in all material respects, the statement of financial position of Community Futures Lloydminster and Region Development Corporation as at March 31, 2015 and their results of operations and changes in fund balances and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Wilkinson Livingston Stevens LLP*

Lloydminster, Alberta  
June 17, 2015

Chartered Accountants

**COMMUNITY FUTURES LLOYDMINSTER AND REGION DEVELOPMENT CORPORATION**

**STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2015**

	2015				2014
	General	Investment (Page 6)	Self Employment	Total	Total
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash	132,151	947,685	186,419	1,266,255	1,253,566
Accounts receivable	3,472	53	-	3,525	6,435
Prepaid expenses	<u>10,790</u>	<u>-</u>	<u>-</u>	<u>10,790</u>	<u>9,664</u>
	<u>146,413</u>	<u>947,738</u>	<u>186,419</u>	<u>1,280,570</u>	<u>1,269,665</u>
<b>Property, Plant &amp; Equip (Note 5)</b>	<u>6,922</u>	<u>-</u>	<u>-</u>	<u>6,922</u>	<u>11,056</u>
<b>Other Assets</b>					
Loans receivable (Note 6)	-	773,826	-	773,826	724,059
Loans receivable - SBLA	266,722	-	-	266,722	114,040
Other investments (Note 4)	<u>2,815</u>	<u>236,136</u>	<u>157,302</u>	<u>396,253</u>	<u>383,680</u>
	<u>269,537</u>	<u>1,009,962</u>	<u>157,302</u>	<u>1,436,801</u>	<u>1,221,779</u>
	<u>\$ 422,872</u>	<u>\$ 1,957,700</u>	<u>\$ 343,721</u>	<u>\$ 2,724,293</u>	<u>\$ 2,502,500</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Current Liabilities</b>					
Accounts payable	22,996	-	-	22,996	44,914
WED loans repayable (Note 8)	-	900,000	-	900,000	900,000
Loans repayable - SBLA	300,979	-	-	300,979	133,836
Interfund balance	58,930	103	(59,033)	-	-
Deferred project revenue	<u>-</u>	<u>-</u>	<u>2,666</u>	<u>2,666</u>	<u>25,555</u>
	<u>382,905</u>	<u>900,103</u>	<u>(56,367)</u>	<u>1,226,641</u>	<u>1,104,305</u>
<b>Fund Balances (Page 4)</b>	<u>39,967</u>	<u>1,057,597</u>	<u>400,088</u>	<u>1,497,652</u>	<u>1,398,195</u>
	<u>\$ 422,872</u>	<u>\$ 1,957,700</u>	<u>\$ 343,721</u>	<u>\$ 2,724,293</u>	<u>\$ 2,502,500</u>

Approved On Behalf Of The Board

Director



Director



Commitments (Note 9)

**COMMUNITY FUTURES LLOYDMINSTER AND REGION DEVELOPMENT CORPORATION**

**STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES  
YEAR ENDED MARCH 31, 2015**

	2015				2014
	General	Investment (Page 7)	Self Employment	Total	Total
<b>Revenue</b>					
Contract revenue	-	-	9,208	9,208	4,167
Fees & expense recovery	-	713	-	713	1,430
Interest Income	18,325	64,827	5,786	88,938	81,673
Gain (loss) on sale of assets	(84)	-	-	(84)	(562)
Grants	15,758	-	-	15,758	-
Miscellaneous	359	-	-	359	6,958
Technical and office services	12,847	-	-	12,847	18,972
WED Contributions	294,963	-	-	294,963	294,963
Projects	-	-	-	-	473
	<u>342,168</u>	<u>65,540</u>	<u>14,994</u>	<u>422,702</u>	<u>408,074</u>
<b>Expenses</b>					
Business start-up costs	-	-	2,035	2,035	-
Contract office services	9,833	-	-	9,833	8,607
Depreciation	4,051	-	-	4,051	7,233
Impaired loan charge (recovery) (Note 6)	-	9,745	-	9,745	(30,727)
Insurance	2,327	-	-	2,327	1,816
Interest and bank charges	1,689	573	-	2,262	721
Marketing and promotion	12,466	-	-	12,466	12,979
Memberships and fees	2,797	-	-	2,797	1,762
Postage and office supplies	7,803	-	-	7,803	8,368
Professional fees	19,216	-	-	19,216	13,386
Projects	13,454	-	-	13,454	661
Rent	29,212	-	-	29,212	29,212
Repairs - equipment	2,866	-	-	2,866	1,230
Resource material	608	-	-	608	2,175
Salaries and benefits	191,641	-	-	191,641	203,289
Telephone	4,750	-	-	4,750	7,822
Travel and meetings	8,179	-	-	8,179	5,851
	<u>310,892</u>	<u>10,318</u>	<u>2,035</u>	<u>323,245</u>	<u>274,385</u>
<b>Excess (deficiency) of Revenues Over Expenses</b>	31,276	55,222	12,959	99,457	133,689
<b>Fund Balances, beginning of year</b>	<u>8,691</u>	<u>1,002,375</u>	<u>387,129</u>	<u>1,398,195</u>	<u>1,264,506</u>
<b>Fund Balances, end of year</b>	<u>\$ 39,967</u>	<u>\$ 1,057,597</u>	<u>\$ 400,088</u>	<u>\$ 1,497,652</u>	<u>\$ 1,398,195</u>

**COMMUNITY FUTURES LLOYDMINSTER AND REGION DEVELOPMENT CORPORATION**

**STATEMENT OF CASH FLOWS  
YEAR ENDED MARCH 31, 2015**

	<b>2015</b>	<b>2014</b>
<b>Operating Activities</b>		
Cash received from services	13,263	28,264
Cash received from grants	300,510	319,325
Investment income received	27,279	8,960
Loans receivable income received	62,142	65,033
Cash paid to suppliers and organizations	(133,513)	(95,998)
Cash paid for salaries and benefits	<u>(198,885)</u>	<u>(195,894)</u>
	<u>70,796</u>	<u>129,690</u>
<b>Investing Activities</b>		
Net (increase) decrease in loans receivable	(212,677)	14,404
Net increase (decrease) in loan repayable - SBLA	167,143	133,840
Net (increase) decrease in investments	(12,573)	(9,421)
Purchase of property, plant and equipment	<u>-</u>	<u>(9,492)</u>
	<u>(58,107)</u>	<u>129,331</u>
<b>Net Increase (Decrease) In Cash</b>	12,689	259,021
Cash at beginning	<u>1,253,566</u>	<u>994,545</u>
<b>Cash At End</b>	<u>\$ 1,266,255</u>	<u>\$ 1,253,566</u>

**COMMUNITY FUTURES LLOYDMINSTER AND REGION DEVELOPMENT CORPORATION**

**STATEMENT OF FINANCIAL POSITION - INVESTMENT FUND  
MARCH 31, 2015**

	2015			2014	
	Repayable	Non Repayable	Disabled	Total	Total
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash	398,907	498,041	50,737	947,685	949,171
Accounts receivable	<u>53</u>	<u>-</u>	<u>-</u>	<u>53</u>	<u>597</u>
	<u>398,960</u>	<u>498,041</u>	<u>50,737</u>	<u>947,738</u>	<u>949,768</u>
<b>Other Assets</b>					
Loans receivable (Note 6)	36,200	692,969	44,657	773,826	724,059
Other investments	<u>112,766</u>	<u>123,370</u>	<u>-</u>	<u>236,136</u>	<u>228,534</u>
	<u>148,966</u>	<u>816,339</u>	<u>44,657</u>	<u>1,009,962</u>	<u>952,593</u>
	\$ <u>547,926</u>	\$ <u>1,314,380</u>	\$ <u>95,394</u>	\$ <u>1,957,700</u>	\$ <u>1,902,361</u>
 <b>LIABILITIES AND FUND BALANCES</b>					
<b>Current Liabilities</b>					
WED loans repayable (Note 8)	700,000	-	200,000	900,000	900,000
Interfund balance	<u>15,458</u>	<u>(15,026)</u>	<u>(329)</u>	<u>103</u>	<u>(14)</u>
	<u>715,458</u>	<u>(15,026)</u>	<u>199,671</u>	<u>900,103</u>	<u>899,986</u>
<b>Fund Balances (Page 7)</b>	<u>(167,532)</u>	<u>1,329,406</u>	<u>(104,277)</u>	<u>1,057,597</u>	<u>1,002,375</u>
	\$ <u>547,926</u>	\$ <u>1,314,380</u>	\$ <u>95,394</u>	\$ <u>1,957,700</u>	\$ <u>1,902,361</u>

**COMMUNITY FUTURES LLOYDMINSTER AND REGION DEVELOPMENT CORPORATION**  
**STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES - INVESTMENT FUND**  
**YEAR ENDED MARCH 31, 2015**

	2015			2014	
	Repayable	Non Repayable	Disabled	Total	Total
<b>Revenue</b>					
Fees & expense recovery	500	213	-	713	1,430
Interest income	<u>7,340</u>	<u>62,294</u>	<u>(4,807)</u>	<u>64,827</u>	<u>73,138</u>
	<u>7,840</u>	<u>62,507</u>	<u>(4,807)</u>	<u>65,540</u>	<u>74,568</u>
<b>Expenses (Recovery)</b>					
Impaired loan charge (recovery) (Note 6)	(18,627)	28,372	-	9,745	(30,727)
Interest and bank charges	-	450	-	450	468
Postage and office	<u>123</u>	<u>-</u>	<u>-</u>	<u>123</u>	<u>-</u>
	<u>(18,504)</u>	<u>28,822</u>	<u>-</u>	<u>10,318</u>	<u>(30,259)</u>
<b>Excess (deficiency) of Revenues over Expenses</b>	26,344	33,685	(4,807)	55,222	104,827
<b>Fund Balances, beginning of year</b>	<u>(193,876)</u>	<u>1,295,721</u>	<u>(99,470)</u>	<u>1,002,375</u>	<u>897,548</u>
<b>Fund Balances, end of year</b>	<u>\$ (167,532)</u>	<u>\$ 1,329,406</u>	<u>\$ (104,277)</u>	<u>\$ 1,057,597</u>	<u>\$ 1,002,375</u>



# COMMUNITY FUTURES LLOYDMINSTER AND REGION DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2015

### 1. Purpose of the Organization

Community Futures Lloydminster and Region Development Corporation operates programs aimed at strengthening the regional economy and reducing unemployment by building on the region's economic strengths and diversifying local employment opportunities. The Corporation is incorporated in the province of Saskatchewan as a not-for-profit organization and is extra-provincially registered under the Business Corporations Act in the province of Alberta. The Corporation is not subject to income tax.

### 2. Significant Accounting Policies

These financial statements have been prepared for management in accordance with Canadian accounting standards for not-for-profit organizations. The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of estimates and approximations which have been made using careful judgments. Actual results could differ from those estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

#### Fund Accounting

Community Futures Lloydminster and Region Development Corporation follows the restricted method of accounting for contributions. Transfers between the funds are made when it is considered appropriate and authorized by the Board. These interfund transfers are recorded in the Statement of Operations and Changes in Fund Balances.

The General Fund accounts for the Corporation's operating costs and general revenues.

The Loan Investment Fund reports 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. The Corporation is restricted in the types of loans that can be made according to its agreement with the federal government.

The Self Employment Program is administered by the Community Futures Lloydminster and Region Development Corporation and Saskatchewan Advanced Education Employment and Immigration.

#### Interfund Balances

At certain points in time, the Corporation may have amounts owed between certain funds. These interfund balances are non-interest bearing and have no fixed terms of repayment.

#### Loans Receivable and Allowance for Impaired Loans

Loans receivable are recorded at original principal plus accrued interest, less repayment and charge for loan impairment. A loan is classified as impaired when there is reasonable doubt as to the collection of some portion of principal or interest. A loan, where payment is contractually past due 90 days, is classified as impaired unless there is no reasonable doubt as to the collectability of all interest and principal.

The Corporation records specific allowances based on management's regular review of individual loans to reduce their book values to estimated realizable amounts. The net amount represents management's best estimate of the future value of the payments it will receive on each loan. When management cannot determine the loan's future cash flow, it bases its estimate on the estimated market value of the loan's security or value as determined from other pertinent information. The Corporation records changes to the estimated realizable value of the loan as a charge or credit for loan impairment.

## COMMUNITY FUTURES LLOYDMINSTER AND REGION DEVELOPMENT CORPORATION

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2015

#### 2. Significant Accounting Policies (con't)

##### Property, Plant and Equipment

Purchased property, plant and equipment are recorded at cost. Depreciation is provided for using the declining balance method over the estimated useful life of the assets, with the exception of leasehold improvements depreciating straight line over the term of the lease. Annual rates of depreciation are 20-50% on office equipment and furniture and 20% on leaseholds.

##### Financial Instruments

The Corporation initially measures its financial assets and financial liabilities at fair value. The Corporation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

##### Revenue Recognition

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest income on the Investment Fund is recognized as revenue when received.

Investment income earned on general and restricted funds is recognized as revenue of the appropriate fund when earned.

#### 3. Financial Instruments

##### Interest rate risk

Interest rate risk is the risk to the Corporation's earnings that arise from fluctuations in interest rates and the degree of volatility of these rates. See Note 6.

##### Credit risk

The Corporation is exposed to credit risk on loans to its clients. In order to reduce its credit risk, the Corporation has adopted credit and lending policies which include the analysis of the financial position of its clients. Credit risk is increased due to the nature of the Corporation's operations as a lender to high risk clients and to clients who cannot obtain financing from conventional lending institutions.

##### Liquidity risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. It stems from the possibility of a delay in realizing the fair value of financial instruments. The Corporation manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

**COMMUNITY FUTURES LLOYDMINSTER AND REGION DEVELOPMENT CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2015**

**4. Other Investments**

	2015	2014
Credit Union Equity	13,284	12,952
CFLIP Investments (Book value \$380,846 (2014 - \$371,596))	<u>382,969</u>	<u>370,728</u>
	<u>\$ 396,253</u>	<u>\$ 383,680</u>

**5. Property, Plant and Equipment**

	2015			2014
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Office furniture	11,710	10,956	754	944
Office equipment	58,388	52,620	5,768	9,513
Leaseholds	<u>11,781</u>	<u>11,381</u>	<u>400</u>	<u>599</u>
	<u>\$ 81,879</u>	<u>\$ 74,957</u>	<u>\$ 6,922</u>	<u>\$ 11,056</u>
Depreciation charged to operations			<u>\$ 4,051</u>	<u>\$ 7,233</u>

**6. Loans Receivable**

	2015				2014
	Repayable	Non Repayable	Disabled	Total	Total
Loans receivable	59,622	820,683	44,657	924,962	880,456
Accrued interest	557	8,390	-	8,947	12,168
Allowance for impaired loans	<u>(23,979)</u>	<u>(136,104)</u>	<u>-</u>	<u>(160,083)</u>	<u>(168,565)</u>
	<u>\$ 36,200</u>	<u>\$ 692,969</u>	<u>\$ 44,657</u>	<u>\$ 773,826</u>	<u>\$ 724,059</u>

**Allowance for Impaired Loans**

Balance at beginning of year	168,565	199,292
Charge for (recovery of) loan impairment	9,745	(30,727)
Net amounts written off	<u>(18,227)</u>	<u>-</u>
Balance at end of year	<u>\$ 160,083</u>	<u>\$ 168,565</u>

**7. Economic Dependence**

The Corporation is primarily funded by Western Economic Diversification under the community futures program and relies on this funding for its continued operation. This agreement has been extended to March 31, 2015.

**8. WED Loans Repayable**

The loans payable to Western Economic Diversification have no set terms of repayment and there is no provision for interest.

COMMUNITY FUTURES LLOYDMINSTER AND REGION DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2015

9. Commitments

The Corporation has entered into an agreement to lease property to December 31, 2017. Future minimum payments under this operating lease follow:

2016	33,258
2017	<u>25,777</u>
	<u>\$ 59,035</u>

10. Comparative Amounts

Certain 2014 comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year. The reclassifications resulted in no effect on reported net income.