

NORTHWEST MANITOBA COMMUNITY FUTURES

DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2022

**NORTHWEST MANITOBA COMMUNITY FUTURES DEVELOPMENT
CORPORATION INC.**

YEAR ENDED MARCH 31, 2022

CONTENTS

	<u>Page</u>
AUDITOR'S REPORT	
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Cash Flow	5
Notes to Financial Statements	6

INDEPENDENT AUDITOR'S REPORT

To the Directors of Northwest Manitoba Community Futures Development Corporation Inc.

Opinion

We have audited the financial statements of Northwest Manitoba Community Futures Development Corporation Inc., which comprise the statement of financial position as at March 31, 2022 and the statement of operations, 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 and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Northwest Manitoba Community Futures Development Corporation Inc. as at March 31, 2022, 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 Northwest Manitoba Community Futures Development Corporation Inc. 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.

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.

In preparing the financial statements, management is responsible for assessing the Northwest Manitoba Community Futures Development Corporation Inc.'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 the Northwest Manitoba Community Futures Development Corporation Inc. or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Northwest Manitoba Community Futures Development Corporation Inc.'s financial reporting process.

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 aggregate, they could 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 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 Northwest Manitoba Community Futures Development Corporation Inc.'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 Northwest Manitoba Community Futures Development Corporation Inc.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Northwest Manitoba Community Futures Development Corporation Inc. 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 underlying transactions and events in a manner that achieves fair presentation.

We communicated 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.

Flin Flon, Manitoba
July 26, 2022

Baker Tilly HMA LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

NORTHWEST MANITOBA COMMUNITY FUTURES DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022

ASSETS

	General Admin Fund	General Investment Fund	Disabled Investment	Youth Funds	2022 Total	2021 Total
Current assets						
Bank	17,947	95,750	-	-	113,697	94,785
Accounts receivable	1,160	-	-	-	1,160	3,766
Interfund receivable	-	-	200,000	200,000	400,000	400,000
Prepaid expenses	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
	<u>19,107</u>	<u>95,750</u>	<u>200,000</u>	<u>200,000</u>	<u>514,857</u>	<u>498,551</u>
Investment loans (Note 5)	-	460,845	-	-	460,845	458,321
	<u>19,107</u>	<u>556,595</u>	<u>200,000</u>	<u>200,000</u>	<u>975,702</u>	<u>956,872</u>

LIABILITIES AND FUND BALANCES

Current Liabilities						
Accounts payable	13,502	-	-	-	13,502	11,325
Deferred Revenue	3,387	-	-	-	3,387	-
RRRF Loans Payable	-	226,480	-	-	226,480	160,000
Interfund payable	-	400,000	-	-	400,000	400,000
	<u>16,889</u>	<u>626,480</u>	<u>-</u>	<u>-</u>	<u>643,369</u>	<u>571,325</u>
Fund Balances						
Restricted Funds	-	107,364	200,000	200,000	507,364	507,364
Unrestricted Funds	2,218	(177,249)	-	-	(175,031)	(121,817)
	<u>2,218</u>	<u>(69,885)</u>	<u>200,000</u>	<u>200,000</u>	<u>332,333</u>	<u>385,547</u>
	<u>19,107</u>	<u>556,595</u>	<u>200,000</u>	<u>200,000</u>	<u>975,702</u>	<u>956,872</u>

Approved by the Board:

 Director

See accompanying notes.

Director

**NORTHWEST MANITOBA COMMUNITY FUTURES DEVELOPMENT
CORPORATION INC.**

**STATEMENT OF OPERATIONS
IN GENERAL ADMINISTRATION FUND BALANCE
YEAR ENDED MARCH 31, 2022**

	<u>2022</u>	<u>2021</u>
INCOME (Note 4)	\$ <u>396,120</u>	\$ <u>429,748</u>
OPERATING EXPENSES		
Advertising and promotion	1,893	990
Bank charges and interest	483	605
Insurance	678	644
Indigenous Development Building Project	-	10,000
Meetings	1,035	608
Membership dues	6,646	3,695
Miscellaneous Projects	400	318
Office	7,192	15,924
Personal Protective Equipment	2,476	4,957
Professional fees	2,000	2,000
Property taxes	3,183	2,281
Regional tourism strategy	6,368	7,937
Repairs and maintenance	9,956	5,755
Supplies	4,876	4,120
Telecommunications Project	2,289	1,951
Telephone	20,926	19,086
Training - board and staff	969	-
Travel - board	1,633	2,677
- staff	20,352	16,747
Utilities	13,535	12,965
Vehicle	697	2,459
Wages and benefits	<u>291,645</u>	<u>253,737</u>
	<u>399,232</u>	<u>369,456</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	\$ <u>(3,112)</u>	\$ <u>60,292</u>

See accompanying notes.

**NORTHWEST MANITOBA COMMUNITY FUTURES DEVELOPMENT
CORPORATION INC**

**STATEMENT OF OPERATIONS
INVESTMENT FUND
YEAR ENDED MARCH 31, 2022**

	<u>2022</u>	<u>2021</u>
INCOME		
Interest	\$ <u>6,551</u>	\$ <u>7,074</u>
OPERATING EXPENSES		
Bad debts (Note 1)	10,000	661,180
Bank charges and interest	79	91
Administration - Tea Training	479	470
Professional fees	<u>-</u>	<u>2,008</u>
	<u>10,558</u>	<u>663,749</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ (4,007)</u>	<u>\$ (656,675)</u>

See accompanying notes.

**NORTHWEST MANITOBA COMMUNITY FUTURES DEVELOPMENT
CORPORATION INC.**

**STATEMENT OF CHANGES IN NET ASSETS
IN GENERAL ADMINISTRATION FUND BALANCE
YEAR ENDED MARCH 31, 2022**

	<u>2022</u>	<u>2021</u>
Unrestricted net assets at beginning of year	\$ 51,425	\$ (8,867)
Repayment	(46,095)	-
Add: Excess of revenue over expenses for the year	<u>(3,112)</u>	<u>60,292</u>
UNRESTRICTED NET ASSETS AT END OF YEAR	<u>\$ 2,218</u>	<u>\$ 51,425</u>

See accompanying notes.

**NORTHWEST MANITOBA COMMUNITY FUTURES DEVELOPMENT
CORPORATION INC**

**STATEMENT OF CHANGES IN NET ASSETS
INVESTMENT FUND
YEAR ENDED MARCH 31, 2022**

	<u>2022</u>	<u>2021</u>
Surplus assets at beginning of year - general	\$ (65,878)	\$ 534,529
- youth	200,000	283,616
- disabled	200,000	172,652
Add: Excess of revenue over expenses		
for the year - general	(4,007)	(656,675)
Adjustments:		
- youth	-	(83,616)
- disabled	-	27,348
- general	<u>-</u>	<u>56,268</u>
UNRESTRICTED NET ASSETS AT END OF YEAR	\$ <u>330,115</u>	\$ <u>334,122</u>

See accompanying notes.

**NORTHWEST MANITOBA COMMUNITY FUTURES DEVELOPMENT
CORPORATION INC.**

STATEMENT OF CASH FLOW

YEAR ENDED MARCH 31, 2022

	<u>2022</u>	<u>2021</u>
FUNDS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Cash receipts from customers	\$ 398,726	\$ 430,733
Cash paid to suppliers and employees	(397,055)	(374,055)
Other cash received (paid)	3,387	(28,739)
Cash received from (paid to) related parties	<u>(46,095)</u>	<u>-</u>
Funds provided by (used in) operating activities	<u>(41,037)</u>	<u>27,939</u>
INCREASE (DECREASE) IN FUNDS	(41,037)	27,939
Cash and cash equivalents at beginning of year	<u>58,984</u>	<u>31,045</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u>17,947</u>	\$ <u>58,984</u>

Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

Cash	\$ <u>17,947</u>	\$ <u>58,984</u>
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See accompanying notes.

NORTHWEST MANITOBA COMMUNITY FUTURES DEVELOPMENT CORPORATION INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2022

1. PURPOSE OF THE ORGANIZATION

Northwest Manitoba Community Futures Development Corporation is a community based organization that provides loans and financial services to small businesses that are otherwise unable to obtain financing. The organization was formed by amalgamation of two non-profit organizations incorporated without share capital, and accordingly is non-taxable under Sec. 149 (1) (e) of the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

FUND ACCOUNTING

Northwest Manitoba Community Futures Development Corporation follows the restricted method of accounting for contributions.

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

The 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 and the Loan Investment Fund for Youth are limited to businesses owned and operated by disabled and youth entrepreneurs respectively. The organization is restricted in the types of loans that can be made according to its agreement with the federal government.

PLANT AND EQUIPMENT

The organization capitalizes capital assets as acquired in the Capital Fund. Capital assets are expensed in the Administration Fund when the payment is made for the asset or when the capital asset loan principal repayments are made. The total expense in 2022 was \$nil (2021 - \$nil) for assets acquired. As amortization is not an allowable expense by the funding agency, no provision for amortization has been provided in these financial statements.

REVENUE RECOGNITION

The organization recognizes its receipts of revenue when received or receivable if the amount to be received can be reasonably estimated and collection if reasonably assured. Investment income is recognized as revenue when earned.

FINANCIAL INSTRUMENTS

i. The organization initially measures its financial assets and liabilities at fair value adjusted by, in the use of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The organization subsequently measures all its financial assets and liabilities 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 statements of operations in the period incurred.

Financial assets measured at amortized cost include cash and term deposits.

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

NORTHWEST MANITOBA COMMUNITY FUTURES DEVELOPMENT CORPORATION INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2022

ii. Impairment

At the end of each reporting period Northwest Manitoba Community Futures Development Corporation Inc. assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that come to the attention of the organization, including but not limited to the following events: significant financial difficulty of the issuer; a breach of contract such as a default or delinquency in interest or principal payments or bankruptcy or other financial reorganization proceedings.

When there is an indication of impairment, the organization determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset.

When the organization identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the asset to the highest of the following:

- i) the present value of the cash flow expected to be generated by holding the asset discounted using a current market rate of interest appropriate to the asset,
- ii) the amount that could be realized by selling the asset at the statement of financial position date and
- iii) the amount the organization expects to realize by exercising its rights to any collateral held to secure repayment of the asset net of all necessary to exercise those rights.

The carrying amount of the asset is reduced directly or through the use of an allowance amount. The amount of the reduction is recognized as an impairment loss in the statement of operations.

When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement directly or by adjusting the allowance account. The amount of the reversal is recognized in the statements of operations in the period the reversal occurs.

MANAGEMENT ESTIMATES

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

DEFERRED CONTRIBUTIONS

The organization uses the deferral method of accounting whereby restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred. Contributions received pertaining to depreciable assets are recorded on the balance sheet as "Deferred contributions" and are amortized using the same method and rate as the plant or equipment funded by the contribution.

**NORTHWEST MANITOBA COMMUNITY FUTURES DEVELOPMENT
CORPORATION INC.**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2022

3. LONG-TERM DEBT

	<u>2022</u>	<u>2021</u>
Loan payable - RRRF Loan Payable, non interest bearing. Due 2023.	\$ <u>226,480</u>	\$ <u>160,000</u>

4. INCOME

	<u>2022</u>	<u>2021</u>
Grant - Western Economic Diversification		
CF Program	\$ 344,871	\$ 344,871
RRRF Covid Relief	-	66,000
Manitoba Education and Training	44,704	18,409
Other	<u>6,545</u>	<u>468</u>
	<u>\$ 396,120</u>	<u>\$ 429,748</u>

5. INVESTMENT LOANS

	<u>2022</u>	<u>2021</u>
General	\$ 857,256	\$ 864,732
Equity	<u>134,769</u>	<u>134,769</u>
	992,025	999,501
RRRF Loans	<u>180,000</u>	<u>160,000</u>
	1,172,025	1,159,501
Less: allowance for doubtfuls	<u>711,180</u>	<u>701,180</u>
	<u>\$ 460,845</u>	<u>\$ 458,321</u>

The majority of loans are currently non-performing loans, a specific allowance in the amount of \$651,180, and a non-specific allowance in the amount of \$60,000 has been set-up to account for uncollectibles. Management has taken a number of steps to collect on outstanding accounts.

6. ECONOMIC DEPENDENCE

The organization derives 98.35% of its revenues from the Western Economic Diversification and Province of Manitoba Training Program (2021 - 99.89%).

7. OPERATING AND FUNDING

To March 31, 2010, Western Economic Diversification has provided repayable funding as follows:

Youth Investment Fund	200,000
Disabled Investment Fund	200,000
Investment Fund	107,364

These amounts have no specific date for repayment and repayment will not include interest.

NORTHWEST MANITOBA COMMUNITY FUTURES DEVELOPMENT CORPORATION INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2022

8. FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash, term deposits and accrued liabilities.

Fair value of financial instruments

The fair value of cash, term deposits and accrued liabilities approximate their carrying value due to their nature or capacity for prompt liquidation.

Currency, interest rate and market risk

An organization is potentially exposed to currency risk, interest rate risk, and market risk. The organization is not exposed to currency risk (the risk the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates) as it does not conduct in or hold foreign currency. Interest rate risk is the risk the fair value of a financial instrument will fluctuate due to changes in market interest rates. The organization does not hold any interest bearing liabilities. Market risk is the risk the fair value of a financial instrument will fluctuate because of changes in market prices caused by factors specific to the instrument or its issuer or factors affecting all instruments traded in the market. The organization is not exposed to market risk because the term deposits held are guaranteed.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss or if there is a concentration of transactions carried out with the same party. The organization is not involved in instances exposing itself to credit risk.

Liquidity risk

Liquidity risk is the risk an entity will encounter difficulty in meeting a demand for cash or to fund its obligations as they come due or to liquidate assets in a timely manner at a reasonable price. Since the organization has more than adequate current assets to cover current liabilities, liquidity risk is minimal.

Other price risk

Other price risk includes the risk future cash flows associated with a monetary financial instrument will fluctuate in amount. Since the financial instruments are primarily short term, other price risk is low.