

**COMMUNITY FUTURES
LAC LA BICHE**

**ANNUAL REPORT
2020**

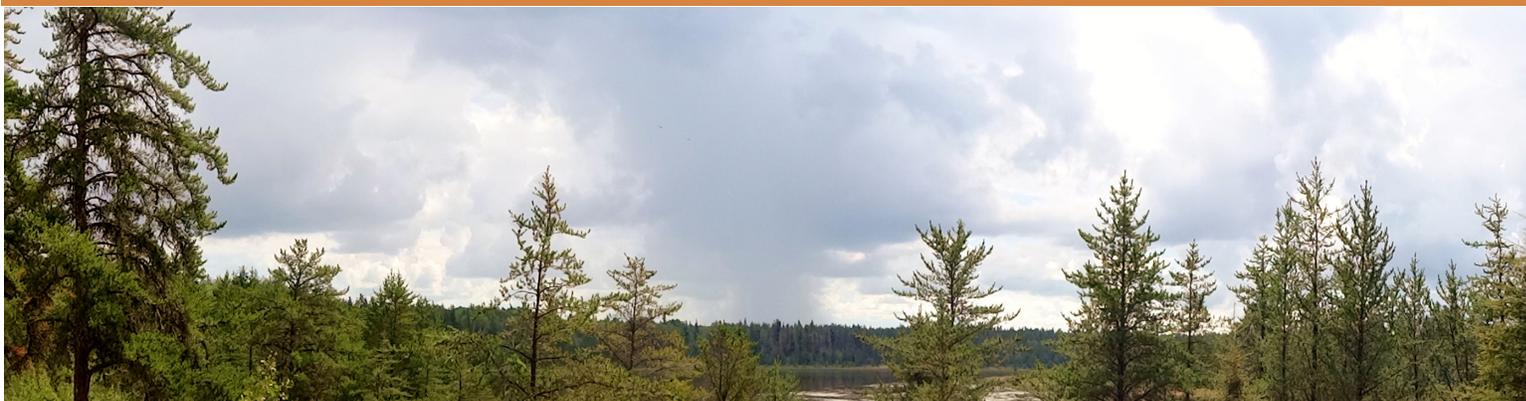
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HARNESSING COMMUNITY POTENTIAL



LAUNCHING BUSINESS DREAMS



FOSTERING RURAL DIVERSITY



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Mel Skladan Photography

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ELECTION AND APPOINTMENT OF THE BOARD



The Directors shall be elected at the AGM, or in the case of appointed members, their appointment shall be ratified at the AGM. The affairs of the Corporation shall be managed by a Board of Directors of not less than seven (7) and not more than fourteen (14) Directors.

The Board of Directors will include member-at-large representation from the following communities:

- Plamondon area – 1 Director
- Wandering River/Atmore area – 1 Director
- Lac La Biche area – 2 Directors

The following communities shall each have no more than 2 directors. One director may be appointed by the respective elected councils and the other director may be elected as a Member at Large at the AGM:

- Beaver Lake Cree Nation – 2 Directors
- Heart Lake First Nation – 2 Directors
- Buffalo Lake Metis Settlement – 2 Directors
- Kikino Metis Settlement – 2 Directors
- Lac La Biche County – 1 appointed Director
- Lac La Biche Chamber of Commerce – 1 appointed Director

Any of the above director positions which are vacant may be filled by additional directors from the Lac La Biche area.



OUR BOARD

Dave Phillips, Chair

Member At Large, Lac La Biche

Doug Stewart, Vice Chair

Member At Large, Lac La Biche

Shirley Michaud, Director

Member at Large, Plamondon

Rick Skyrpan, Secretary/Treasurer

Member At Large, Lac La Biche

Peter Cardinal, Director

Member At Large, Kikino Métis Settlement

Stacie Dease, Director

Member at Large, Lac La Biche

Lorne Ladouceur

Buffalo Lake Métis Settlement

Charlyn Moore

Lac la Biche County

IRC Committee:

Dave Phillips
Rick Skyrpan
Stacie Dease

OUR MISSION



Mission Statement

To support activities and partnerships which enhance and diversify our communities.

Who we are

While the Lac La Biche Regional Community Development Corporation operating as Community Futures Lac La Biche (CFLLB) was incorporated in 1986, its roots date back to the 1970's when the Regional Economic Development Council was established. We are an independent, local, not-for-profit organization funded primarily by Western Economic Diversification. For more than 30 years, CFLLB has been facilitating and promoting activities that enhance and diversify the economic environment of the rural communities where we live through entrepreneurial development and innovative small business initiatives.

What we do

We are passionate about helping our region. By providing free business advice and coaching to businesses, and through our lending program, we make sure more local people own strong businesses in our region. We also facilitate entrepreneurial training, encourage local collaborations and are involved in local tourism initiatives.

Why we do it

We care,
we want you to succeed,
we are invested in our communities,
and we are committed to a strong and diverse local economy.



MESSAGE FROM THE BOARD CHAIR

2019-20 has been a more than challenging year for Community Futures Lac La Biche. Some would describe it as a roller-coaster ride with repeated changes and challenges for not only we at CF, but also for the many businesses we support. We have, in the midst of chaos, still managed to meet lending targets, update policy, meet regularly (although some meetings took on a different look with virtually, from our homes), and conduct business.

Our businesses also faced equally uncertain times. Our staff stayed in regular contact with as many of them as possible, offered what support we could give them, and updated them when any news arrived that might offer some assistance or hope. Sadly some of these businesses may not be able to survive the country's economic situation.

Without a doubt, the greatest challenges have come about by the spread of a virus coupled with the federal and provincial reaction to it. The Covid-19 virus hit us in the midst of an economic downturn and wrecked havoc on all aspects of our lives. We at CF Lac La Biche, our businesses, and each of us personally had to adjust to a new normal that keeps changing hourly, weekly, and in many instances permanently. Our office was forced to move to meetings by appointment only. We started with only one staff coming on-site, then transitioned to everyone working from home, and we did what was necessary ensure our staff we outfitted to work comfortably at their home office. Staff have weekly, virtual team meetings to stay connected with each other, and are now dealing with loan applications for a variety of federal programs for regional businesses. It is safe to say that we at CF are still adjusting to daily changes to this topsy-turvy world.

As the year ends, we are still in the midst of very uncertain times. We can't predict what tomorrow will bring, but CF LLB we will continue to offer any supports we can provide, work with community, provincial and federal partners, and try to emerge to our new normal. I encourage everyone to stay strong, stay healthy, and stay positive as we look toward a better tomorrow.

Original signed

Dave Phillips, Chair

MESSAGE FROM THE GENERAL MANAGER



In January of 2019 we ran a series of Radio Ads that I feel succinctly encapsulates what we do. Queue radio voice:

Did you ever have a business idea, or, are you already in business? Have you ever wanted to ask someone for business advice? What if I told you there was someone in town with over 30 years of experience and hundreds of references? You'd think they are too expensive. But, what if I told you it was a not for profit? Too good to be true? If you don't know Community Futures then you should talk to them. They offer coaching, business plan help, and even financing to turn your idea into success. Community Futures Lac La Biche – Your local business development Centre – located across the street from Boom 105 – 5.

This sounds like a lot and almost too good to be true, but in reality it isn't even the entire picture. We also provide workshops, referrals, tools and resources, and are involved in many Community Economic Development initiatives and projects at any given time. Given that, I never share everything we do at a first meeting with a client, choosing instead to focus on the needs of the person in front of me. With over \$55M in lending since 1986, word-of-mouth referrals continue to be our most effective advertising. Consistently, in our little corner of Alberta we provide more loans than many other rural areas with hotter economies and ten times the population. While it is easy to get weary with everything that is going on, when you consider that we provided nearly \$2 Million in loans last year and over \$15 Million since the downturn (April 1, 2014 to March 31 2020), our local economy is in fact diversifying a lot more than most people think, and we are proud to be part of that.

I would be extremely remiss to not acknowledge that I am very fortunate to have a strong board of directors who provide me with direction; an extremely capable, professional and friendly team of people by my side every day; and the backing of strong community, provincial and federal organizations as partners and peers. Our community is a truly tenacious, entrepreneurial bunch, and we are privileged to recognize, honour and support them.

Original signed

Gene Wesley,
General Manager



MESSAGE FROM THE BUSINESS DEVELOPMENT MANAGER

This past fiscal year has been challenging for both small business owners and Community Futures Lac La Biche staff. With the times such as they are, collateral and capital has proven to be problematic, and client financing has been much more difficult. Despite this we are pleased that we have managed to support a number of small and medium sized businesses, again this past year.

Beginning of 2020, COVID-19 has added another challenge to our clients and to Community Futures, as to the supports required. This may be the beginning of a new way clients and Community Futures do business that could continue for many months and years ahead.

We continue to invite clients to talk with us so we have an opportunity to work with them on their new ideas, whether it is to diversify the local economy, grow what is already working, or help in any way we can. It is exciting to see new businesses in the area, and we continue to partner with our clients, through financing and by coaching them to be as successful as possible. In addition, we have focused on assisting new and existing clients by reaching out, engaging, and educating the small business owner at every opportunity.

Whether it is business plan writing, coaching, financing or training – we look forward to working with our clients and our community.

Original signed

Debra Hunting,
Business Development Manager

Project:

BUSINESS LEADERS BREAKFAST SERIES



In February of 2019, Community Futures Lac La Biche launched the monthly *Business Leaders Breakfast Series*. With strong partners including, Portage College, Lac La Biche County, The Lac La Biche & District Chamber of Commerce and The Resource One Aboriginal Business Association, we received presentations important to our business community, participated in round-table discussions, networked, and enjoyed a coffee or breakfast - all before 9:00 am! As business owners, managers, leaders and community champions, we always had great conversation and a bit of fun at every meeting. I think it's fair to say we all learned something new about what the Lac La Biche region has to offer.

Initially supported by a grant, these meetings have become self-sustaining and we look forward to continuing them for a long time. Relationship building, ongoing communication and a nice meal are a great way to start your day and build a strong community.

The Business Breakfasts are part of "The Pelican" LLB business initiative and are intended to become a permanent, collaborative effort produced and sustained by all of the stakeholders and businesses in our region.





Project:
THE PELICAN NEWSLETTER

The Pelican – Lac La Biche’s Best Source for Business News and Information has evolved over the past year from a relatively simple email-blog called *What’s the Scoop?* to a 4-page newsletter focused on local businesses, offering local business profiles, services, supports and a listing of events.

As our community continues to work hard to strengthen its brand and attract and retain sales, *The Pelican* initiative is a way to coordinate the business messaging and provide a recognizable hub for businesses. This approach to marketing is becoming increasingly important with each passing day. Pelicans, which most of us would associate with Florida or Mexico, have long been part of our region as a unique summer visitor, and just like this bird that takes a little longer than most birds to get off the ground, we hope that by working together, businesses in the Lac La Biche region will recover from the effects of Covid-19 and down-trodden economy and soar to new heights.

Here are some stats that indicate how our newsletter was been received in the 2019-20 fiscal year:



4126 newsletters distributed
1761 newsletters opened

“You just can’t beat the person who never gives up”.
– Babe Ruth, baseball player

Project:

LAC LA BICHE REGION SMART PHONE APP AND WEBSITE



The Lac La Biche Business website, llbbusiness.com, was enhanced this past year, and continues to have a growing number of participants listing their business on the directory. Funded, in-part, by the Government of Alberta's Ministry of Labour in 2018 as part of the Rural Alberta Business Support Network, Community Futures has been continually evolving and growing the initiative, since the completion of the project grant.

The Directory offers businesses with a free, local only, keyword searchable business listing, the opportunity to offer deals and discounts and a free self-serve platform to promote their events. It also serves as a place to find past editions of *The Pelican* newsletter. As part of this project, a smartphone App has been created for both iPhone and Android phones (search Lac La Biche Region). This new App is a just-in-time directory of businesses, events, deals, news and resources and is designed for both residents and visitors alike. Moving forward, we will be adding several other components to the App like a jobs board, listing of experiences available #experienceLLB, customer service training, and more.



Success Story:
**TIANNA
SKYRPAN**

**ENTREPRENEURS
WITH
DISABILITIES
PROGRAM**

Tianna S kyrpan grew up on a farm in Lac La Biche County. Her upbringing instilled a love of the outdoors and problem-solving. It also provided this young woman with a strong work ethic and a good deal of ambition.

Over the past few years, Tianna has been able to work part-time under the umbrella of a family company to provide landscape services in the region. Although this arrangement makes good sense while attending school, Tianna connected with Community Futures in Lac La Biche to find out how to make this summer-time occupation a full-time business of her own when she is ready. After speaking with advisors at Community Futures, Tianna proved to be a great candidate for the Alberta Entrepreneurs with Disabilities Program (EDP). The program supports entrepreneurs with self-declared disabilities in rural Alberta who wish to start or expand a business. In Tianna's case, she has struggled to overcome the learning barriers of dyslexia. Her ability to meet this challenge, coupled with her enthusiasm for starting a new business, qualified her for financial assistance for training from EDP. The program enabled Tianna to complete business courses as part of her university program at Kings College. The support offered by EDP and Community Futures, along with a solid business plan and client base has put Tianna on the road to becoming a successful entrepreneur in her home community.

For more information on the Alberta Entrepreneurs with Disabilities Program visit:
<http://albertacf.com/entrepreneurs-disabilities>.

“If you really look closely, most overnight successes took a long time.”
- Steve Jobs

Success Story:

QUEEN BEAN CAFE & BAKERY



The idea for owning a business was seeded for Lac La Biche born and raised Tamam Hattum when she was growing up in her parents, restaurant. After working 4 years as an EMT, Tamam and her mother were kept busy in their spare time filling requests from the community for custom-order baked goods. After a successful stint at the Farmer's Market, Tamam decided the time was right to open her own store-front business, Queen Bean Café and Bakery, and Community Futures was there to help.

Operating since November 18th, 2019, and Located at 10027-101 Avenue between IDA and the medical clinic, Queen Bean specializes in a variety of baked goods and sweets, along with a daily selection of savory Lebanese and Mediterranean dishes, like pasta salads, flat breads, and soft pretzels. Special orders and custom baking on request are also a big part of the Queen Bean business model.

Despite a slow economy, Tamam is excited to point out that business has been extremely good. She invites anyone who would like to try some unique food options to drop by the café and see what it's all about. Oh... just one more thing, Fridays at Queen Been are now Fatire Fridays. Orders (\$25/dozen) are due by the Wednesday of that week for pick up on Friday afternoon.

Queen Bean is open Monday through Friday from 9:00 AM to 5:00 PM and Saturdays from 10:00 AM to 4:00 PM. Visit Queen Bean on Facebook or call (780)623-4237.



Success Story: Sterling Mitchell

Since his first year at NAIT in 1984, Sterling Mitchell has been involved in the water treatment industry for over 35 years. Employment has taken him to a variety of work camps in Alberta and northern British Columbia. Everything was going smoothly, until about 18 months ago when Sterling suffered a stroke.

Recuperation was difficult and time consuming. Coupled with a long-term mental health issues, Sterling was at a bit of a loss as to how to get back into the industry, and if he was unable to do that, he thought long and hard about what might do instead. All of these considerations, led him to discussions about his future and available options with Community Futures Lac La Biche.

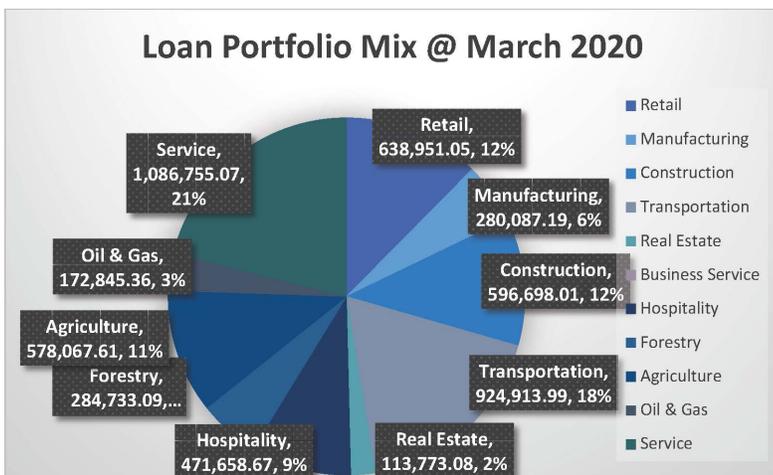
CFLLB offered Sterling an office, including the use of a computer and Internet to help get his feet back on the ground; and through the Alberta Entrepreneurs with Disabilities Program (EDP) that assists persons with disabilities with training, he was able to take courses and seminars in Edmonton to upgrade his skills in the water treatment industry. More importantly, the training facilitated by Community Futures and the EDP program provided him with valuable networking opportunities that led him to a new job at the water treatment facility in Rainbow Lake, this past March.

Sterling is quick to point out that having Community Futures on your side when things don't seem to be going your way is a difference-maker. The insight, encouragement and assistance offered by Community Futures was, in Sterling's own words, "amazing".





LOAN PORTFOLIO QUICK FACTS



Cash on Hand	\$2.6 Million
Number of Outstanding Loans	74
Number of Loan Advances This Year	24
Non-Performing Loan Rate (of total portfolio balance)	4.5%
Number of Jobs Created/Maintained/Expanded	56
Number of Clients Served	391



“If you run into a wall, don’t turn around and give up. Figure out how to climb it, go through it or work around it. – Michael Jordan, basketball player

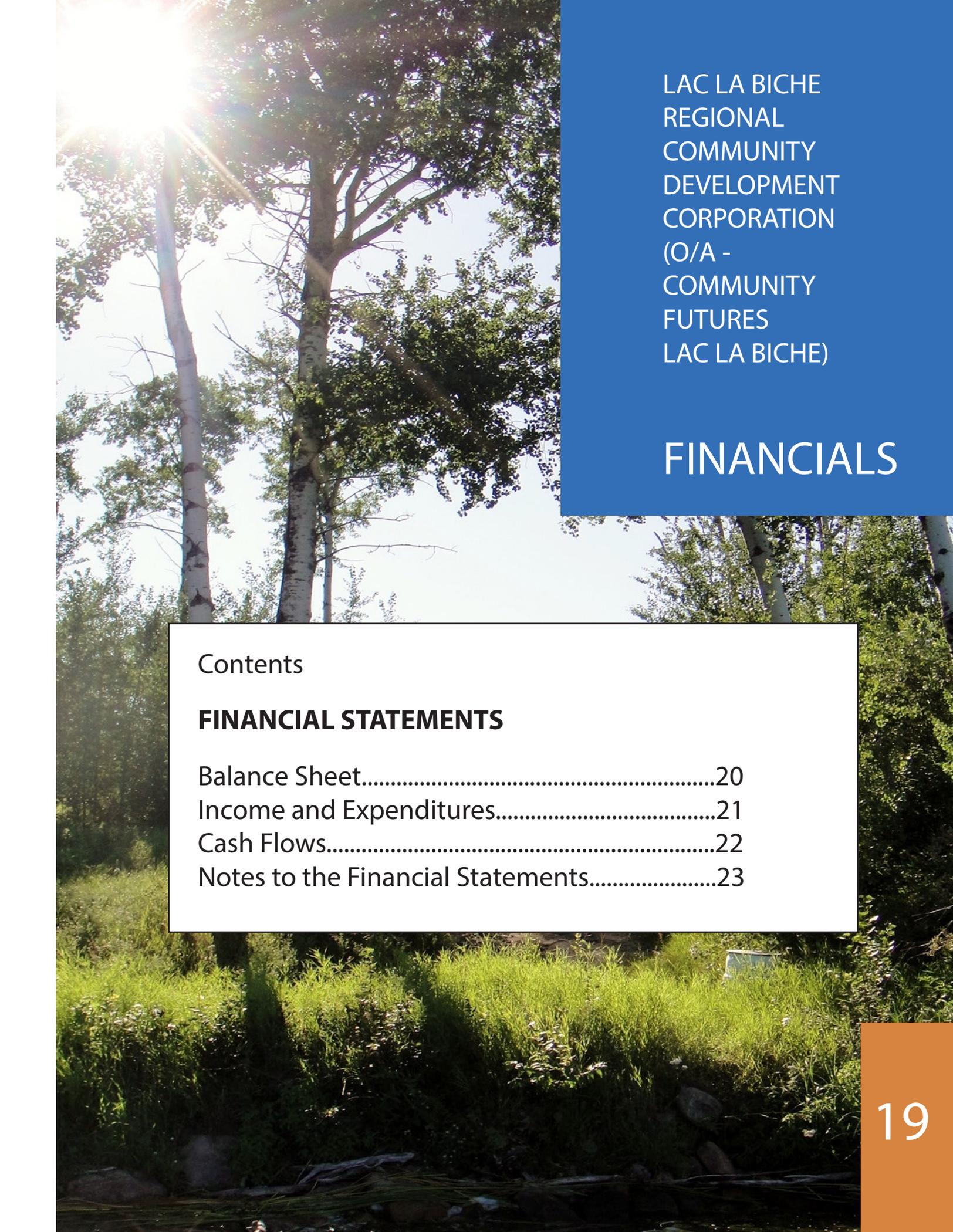
2019-2020 PERFORMANCE INDICATORS



Community Futures Performance Results	Results as of 2019-20
<i>Strong rural community strategic planning and implementation</i>	
1. Total number of community-based projects (new & on-going)	36
2. Total number of local and regionally-based community strategic plans developed and/or updated	7
<i>Rural access to business development services</i>	
3. Total number of business training session participants	61
4. Total number of business advisory services	391
<i>Rural access to capital and leveraged capital</i>	
5. Dollar value of loans	\$1,911,377
6. Total number of loans	24
7. Number of jobs created/maintained/expanded through lending ¹	56
Provide additional Information (e.g. Success stories, Links to priorities, leveraging work, communication events, etc...)	
<p>In 2019/20 we continued to help businesses and diversify the economy:</p> <p>29 businesses were created/maintained/expanded 56 Jobs were created/maintained 24 loans totalling \$1.9M helped new and existing businesses in our region 3 loans were to youth, 4 to indigenous and 2 to support women entrepreneurs 18 Indigenous, 41 youth, 48 women and 12 persons with disabilities were served</p> <p>This year we delivered the second Power Up North! Entrepreneurs Conference, were regional coordinators for Open Farm days, and Launched the Lac La Biche Region Mobile App to support local businesses and employers</p>	

¹ Estimated at the time of lending

“The way to get started is to quit talking and begin doing.”
- Walt Disney



LAC LA BICHE
REGIONAL
COMMUNITY
DEVELOPMENT
CORPORATION
(O/A -
COMMUNITY
FUTURES
LAC LA BICHE)

FINANCIALS

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BALANCE SHEET AS AT MARCH 31, 2020

ASSETS

	GENERAL FUNDS	LOAN INVESTMENT FUNDS FUNDS	REPAYABLE	TOTAL 2020	TOTAL 2019
CASH AND TERM DEPOSITS	\$ 224,366	\$1,349,937	\$ -	\$1,574,303	\$2,074,698
INVESTMENTS (Note 2)	1,380	-	-	1,380	816
ACCOUNTS RECEIVABLE	5,742	654	-	6,396	3,241
INVESTMENT LOANS RECEIVABLE (Note 4)	-	4,555,691	237,475	4,793,166	5,118,719
COMMUNITY FUTURE NETWORK FUND (Note 10)	-	1,334,105	-	1,334,105	607,566
DUE FROM (TO) INVESTMENT FUNDS	-	(410,639)	410,639	-	-
PROPERTY, EQUIPMENT (Notes 2, 3)	<u>191,336</u>	<u>-</u>	<u>-</u>	<u>191,336</u>	<u>204,749</u>
	<u>\$ 422,824</u>	<u>\$6,829,748</u>	<u>\$ 648,114</u>	<u>\$7,900,686</u>	<u>\$8,009,789</u>

LIABILITIES

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	\$ 23,114	\$ -	\$ -	\$ 23,114	\$ 31,476
OTHER PAYABLES (Note 6)	-	-	-	-	154,407
DEFERRED REVENUES (Note 11)	62,683	-	-	62,683	118,119
ADVANCES FROM WESTERN ECONOMIC DIVERSIFICATION (Note 5)	<u>-</u>	<u>-</u>	<u>489,357</u>	<u>489,357</u>	<u>480,315</u>
	<u>85,797</u>	<u>-</u>	<u>489,357</u>	<u>575,154</u>	<u>784,317</u>

FUND BALANCES

INVESTMENT IN LONG LIVED ASSETS	191,336	-	-	191,336	204,749
RESTRICTED FUNDS	-	6,829,748	158,757	6,988,505	6,887,622
UNRESTRICTED FUNDS	<u>145,691</u>	<u>-</u>	<u>-</u>	<u>145,691</u>	<u>133,101</u>
	<u>337,027</u>	<u>6,829,748</u>	<u>158,757</u>	<u>7,325,532</u>	<u>7,225,472</u>
	<u>\$ 422,824</u>	<u>\$6,829,748</u>	<u>\$ 648,114</u>	<u>\$7,900,686</u>	<u>\$8,009,789</u>

APPROVED BY THE BOARD:

_____ Director

_____ Director

INCOME AND EXPENDITURES FOR THE YEAR ENDED MARCH 31, 2020

	<u>GENERAL</u>	<u>LOAN FUNDS</u>	<u>TOTAL 2020</u>	<u>TOTAL 2019</u>
REVENUE				
Western Economic Diversification grant	\$ 294,963	\$ -	\$ 294,963	\$ 294,963
Transfer from loan investment funds	79,369	(79,369)	-	-
Loan interest	-	328,861	328,861	324,693
Investment income	4,203	67,415	71,618	50,347
Other income (Note 7)	108,749	-	108,749	100,975
	<u>487,284</u>	<u>316,907</u>	<u>804,191</u>	<u>770,978</u>
EXPENDITURES				
Salaries and employee benefits	266,135	-	266,135	253,234
Professional expenses				
Accounting, audit, legal fees	6,450	-	6,450	15,729
Training and education	2,849	-	2,849	5,777
Legal, credit bureau	20,973	-	20,973	6,119
Administration				
Project expenditures	92,091	-	92,091	77,798
Building occupancy costs (Note 9)	25,984	-	25,984	30,989
Office	24,308	-	24,308	13,857
Telephone and communications	6,009	-	6,009	5,424
Travel	5,892	-	5,892	10,276
Advertising and promotion	5,628	-	5,628	6,926
Board expenses	5,129	-	5,129	6,758
GST expense - non rebate portion (Note 2)	3,978	-	3,978	801
Insurance	1,133	-	1,133	1,612
Memberships, licenses, dues, subscriptions	1,045	-	1,045	503
Marketing and visibility	850	-	850	500
Bank charges and interest	749	-	749	514
Postage, delivery	545	-	545	1,672
Equipment rental	270	-	270	1,655
Loan receivable recoveries	-	(700)	(700)	-
Bad debts	275	216,724	216,999	471,465
	<u>470,293</u>	<u>216,024</u>	<u>686,317</u>	<u>911,609</u>
NET INCOME FROM OPERATIONS	16,991	100,883	117,874	(140,631)
AMORTIZATION (Note 2)	<u>(17,814)</u>	-	<u>(17,814)</u>	<u>(17,602)</u>
NET INCOME (LOSS)	<u>\$ (823)</u>	<u>100,883</u>	<u>\$ 100,060</u>	<u>\$ (158,233)</u>

CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

	GENERAL FUNDS	LOAN INVESTMENT FUNDS	TOTAL 2020	TOTAL 2019
CASH PROVIDED BY (USES) FOR:				
OPERATING				
Western Economic Diversification	\$ 294,963	\$ -	\$ 294,963	\$ 294,963
Other income and grants	55,814	700	56,514	124,921
Investment loan advances	-	(2,546,191)	(2,546,191)	(2,429,212)
Investment loan repayments	-	2,519,807	2,519,807	2,453,152
Syndication loan repayments	-	-	-	(9,970)
Interest income from investment loans	4,203	379,904	384,107	403,158
Salaries and benefits	(266,135)	-	(266,135)	(253,234)
Materials and services	(212,520)	-	(212,520)	(183,957)
	<u>(123,675)</u>	<u>354,220</u>	<u>230,545</u>	<u>399,821</u>
INVESTING				
CFLIP investment advance	-	(726,539)	(726,539)	(607,566)
Purchase of capital assets	(4,401)	-	(4,401)	(2,121)
	<u>(4,401)</u>	<u>(726,539)</u>	<u>(730,940)</u>	<u>(609,687)</u>
FINANCING				
Interfund transfers	<u>95,636</u>	<u>(95,636)</u>	-	-
NET INCREASE (DECREASE) IN CASH	(32,440)	(467,955)	(500,395)	(209,866)
CASH, Beginning of year	<u>256,806</u>	<u>1,817,892</u>	<u>2,074,698</u>	<u>2,284,564</u>
CASH, End of year	<u>\$ 224,366</u>	<u>\$ 1,349,937</u>	<u>\$ 1,574,303</u>	<u>\$ 2,074,698</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

1. NATURE OF OPERATIONS

The corporation is a non-profit organization which may receive funding, on a contractual basis, from all levels of Government, to implement the region's community economic development and strategic planning initiatives. As a non-profit organization, the corporation is exempt from income taxes under the Income Tax Act (Canada).

2. SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with Canadian accounting standards for Not-for-Profit Organizations.

The corporation follows the restricted method of accounting for contributions.

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

The Loan Investment Funds report restricted resources that are to be used for assistance to small businesses and entrepreneurs in the form of loans, loan guarantees or equity participation. Loans from the Loan Investment Fund for the Disabled 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

B. MEASUREMENT UNCERTAINTY

The preparation of 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 period.

Accounts receivable and loans receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful life of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

C. PROPERTY, EQUIPMENT

Property and equipment is recorded at cost. Amortization is provided on the straight-line method over the estimated useful lives of the assets as follows:

Furniture and equipment	- 20%
Computer software	- 33 1/3%
Building/Improvements	- 4%

In the year of acquisition, amortization is provided for at one half of the normal rates. When capital assets are disposed, the cost of the asset and related accumulated amortization are removed from the accounts and any resulting gain or loss is reflected in operations. No amortization is recorded in the year of disposition.

D. GOODS AND SERVICE TAX

The corporation accounts for goods and services tax on an exclusive basis. Under this method all expenditures are stated exclusive of goods and services tax. G.S.T. expense is shown net of G.S.T. rebates received.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

E. INVESTMENTS

The Corporation owns 270.01 shares of Sunlife Financial, as a result of demutualization. These marketable securities have been recorded at a nominal value of \$1 per share. Present market value of these shares is approximately \$14,619.

F. REVENUE RECOGNITION

Revenue from investment loan receivable are recognized on an accrual basis. No interest is accrued on loans when collection is considered doubtful.

Operating fund revenues are recognized as earned based on the terms of the funding agreements. Deferred revenues consist of funds received under such agreements for which related expenses have not been incurred. They will be recognized as revenue in the year in which the related expenses are incurred.

All other revenues with respect to services and rental incomes are recognized when such services are performed.

G. FINANCIAL INSTRUMENTS

The organization initially measures its financial assets and liabilities at cost adjusted by the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed on by the related parties.

The organization subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset, a write-down is recognized in operations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

3. PROPERTY AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2020</u>	<u>Net 2019</u>
Land	\$ 115,920	\$ -	\$ 115,920	\$ 115,920
Building	367,469	309,291	58,178	72,877
Furniture & equip.	42,666	34,146	8,520	5,698
Computer software	7,600	6,766	834	1,251
Leasehold improvement	<u>31,168</u>	<u>23,284</u>	<u>7,884</u>	<u>9,003</u>
	<u>\$ 564,823</u>	<u>\$ 373,487</u>	<u>\$ 191,336</u>	<u>\$ 204,749</u>

4. INVESTMENT LOANS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSS

The corporation has a portfolio of 74 loans, bearing interest rates from 4.7 to 7.5%. The loans are secured by general security agreements, personal guarantees and land mortgages. The loans are due at various dates through 2024.

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

	<u>TOTAL LOANS</u>	<u>ACCRUED INTEREST</u>	<u>PROVISION FOR CREDIT LOSSES</u>	<u>NET LOANS</u>
Loan Investment Funds:				
Non-repayable	\$ 4,849,413	\$ 61,278	\$ (355,000)	\$ 4,555,691
Repayable	<u>236,332</u>	<u>1,143</u>	<u>-</u>	<u>237,475</u>
	<u>\$ 5,085,745</u>	<u>\$ 62,421</u>	<u>\$ (355,000)</u>	<u>\$ 4,793,166</u>

Actual writeoffs, net of recoveries, have been provided for in the statement of income and changes in fund balances. The provision for credit losses is sufficient to keep the balance in the allowance for credit losses adequate to absorb additional credit related losses.

Management regularly reviews the status of these loans, including identifying payments in arrears, available security, financial results of the loan recipients, current economic trends and other relevant information to make a judgment in evaluating the adequacy of the provision for credit losses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

5. REPAYABLE INVESTMENT FUNDS

Repayable investment funds consist of contributions of \$200,000 to implement the Youth Investment Fund program; and \$200,000 to implement a Disabled Entrepreneurs Investment Fund, both funds sponsored by Western Economic Diversification - Canada. The terms and conditions of these funds have been amended by the Department of Western Economic Development, such that these funds are repayable if any of the following conditions occur:

i) The Conditionally Repayable Investments Funds are not administered to the terms and conditions specified in the agreement; or

ii) Based on reviews and evaluations of the operations and the Repayable Investment Funds, the repayable investment funds are not providing a satisfactory level of benefits in terms of employment creation, the development of Community owned or controlled businesses, and strengthening of the Western Canadian economy; or

iii) In the opinion of Minister, the repayable investment funds are no longer necessary or relevant to the development of the Western Canadian economy; or

iv) The Agreement is terminated as described in Section 12; or

v) An event of default occurs as described in Section 7 of the Agreement; or

Repayable balances are calculated as follows:

	<u>YOUTH</u>	<u>DISABILITY</u>	<u>TOTAL</u>
Fund advances	\$ 200,000	\$ 200,000	400,000
Bad debt written off	(31,692)	(10,446)	(42,138)
50% of interest	85,294	37,159	122,453
Balance, March 31, 2019	253,602	226,713	480,315
Bad debts March 31, 2020	-	-	-
Current year interest	8,715	327	9,042
Balance, March 31, 2020	<u>\$ 262,317</u>	<u>\$ 227,040</u>	<u>489,357</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

6. OTHER PAYABLES

Other payables of \$154,407 represent amounts owing to the St Paul Community Futures office. These amounts are the result of a syndication loan agreement in which the St Paul Community Futures has assumed 50% of a loan agreement with the corporation. This syndicated loan receivable was written off during the year, and resulting bad debt was applied net of this syndicated loan payable.

7. OTHER INCOME

Other income is comprised of:	<u>2020</u>	<u>2019</u>
Project funding	\$ 65,377	\$ 10,687
Rent	10,155	15,200
Loan application fees, commissions	22,084	19,095
Workforce Initiative admin. fees	2,215	19,610
Other grants	8,353	35,246
Miscellaneous, recoveries	565	1,137
	<u>\$ 108,749</u>	<u>\$ 100,975</u>

8. ECONOMIC DEPENDENCE

In the fiscal year ended March 31, 2020, the Corporation received 61% of its general operating revenues from Western Economic Diversification, and accordingly is economically dependent upon this department.

9. BUILDING OCCUPANCY COSTS

	<u>2020</u>	<u>2019</u>
Repairs and maintenance	\$ 7,877	\$ 11,830
Property taxes	7,927	7,898
Utilities	6,229	7,718
Insurance	3,952	3,543
	<u>\$ 25,985</u>	<u>\$ 30,989</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

10. COMMUNITY FUTURES NETWORK OF ALBERTA FUND

The Corporation has an investment with the Community Futures Network of Alberta. As at March 31, 2020, the cost of this investment was \$1,334,105 with a market value of \$1,273,294. The corporation must provide at least 15 days notice to withdraw any of these funds.

11. DEFERRED REVENUE

Deferred revenue is comprised of:	<u>2020</u>	<u>2019</u>
WD grants	\$ 24,580	\$ 24,580
Rural Business Support Network	-	24,911
Power Up North grant	-	8,403
Open Farm Days grant	-	10,000
Alberta Energy Efficiency	25,050	25,050
Northeastern Alberta Agri-food Network	13,053	25,175
	<u>\$ 62,683</u>	<u>\$ 118,119</u>



Community
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