

2021

— ANNUAL REPORT —

 **CEDF**
Communities Economic Development Fund

 **LOOK NORTH**

Our Mission

Through leadership in community building, creating connections and business development we unleash the economic power of Northern Manitoba.

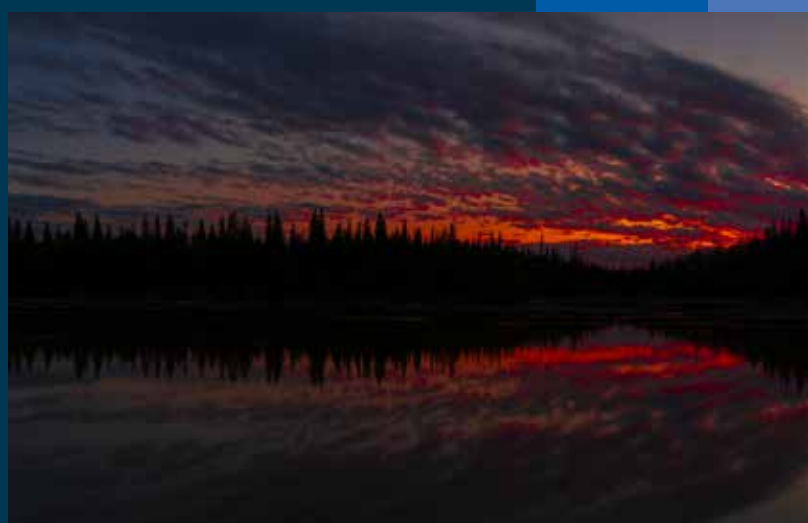
Our Vision

Growing Northern Manitoba.

CEDF would like to acknowledge Manitoba encompasses Treaty 1, 2, 3, 4, and 5 Territory and communities who are signatories to Treaties 6 and 10.

Table of Contents

4	Transmittal Letter
5	Corporate Profile
6	Corporate Report
8	Project Update and Success Stories
12	Performance Data
13	Funds Leveraged
14	Summary of Business Loans
16	Summary of Fisheries Loans
18	Loans by Community
19	Loans by Industry
20	Independent Auditor's Report
22	Statement of Financial Position
23	Statement of Operations
24	Statement of Cash Flows
25	Notes to Financial Statements



Photography by: Nuno Pereira

Transmittal Letter



Honourable Ralph Eichler
Minister Responsible for the
Communities Economic Development Fund
Province of Manitoba
Room 352, Legislative Building
Winnipeg, MB R3C 0V8

Dear Mr. Speaker,

On behalf of Board and Management for the Communities Economic Development Fund, it is my pleasure to forward to you the 49th Annual Report for the year ended March 31, 2021.

As lead for the implementation of the Look North initiative, CEDF's board and staff look forward to our continued working relationship with the Province and our many stakeholders to help unleash the full economic potential of Northern Manitoba.

Respectfully Submitted,

James Wilson
Chairperson

Corporate Profile

MINISTER RESPONSIBLE

The Honourable Ralph Eichler

BOARD OF DIRECTORS

Chairperson



**James
Wilson**

Directors



**Rebecca
Cianflone**



**Chuck
Davidson**



**Doug
Lauvstad**



**Colleen
Smook**



**Ron
D. Spence**



**Theresa
Wride**

OFFICERS

Muhamud Hassan

Chief Executive Officer

Chris Thevenot

*Chief Financial Officer & Manager
of Developmental Loans*

Oswald Sawh

*Former Chief Executive
Officer - Retired*

The Communities Economic Development Fund is a Manitoba Crown Corporation, incorporated under the Communities Economic Development Fund Act (C155 of the Consolidated Statutes of Manitoba).

HEAD OFFICE

15 Moak Crescent
Thompson, Manitoba R8N 2B8

Telephone: (204) 778-4138
Fax: (204) 778-4313
Toll Free: 1-800-561-4315
(in Manitoba only)

FIELD OFFICES

OCN

Otineka Mall
Box 10548
Opaskwayak, Manitoba R0B 2J0

Flin Flon

800 – 31 Main Street
Flin Flon, Manitoba R8A 1J5

Corporate Report

OVERVIEW

In March 2019, CEDF received its new mandate from the Province as the regional economic development partner for Northern Manitoba, CEDF will:

- Lead implementation of the Look North Report & Action Plan.
- Coordinate economic development services for northern companies and entrepreneurs, in collaboration with other organizations providing business support in the region, to avoid duplication and create clear pathways for companies.
- Collaborate with Economic Development & Jobs and the Department of Agriculture and Resource Development and engage with northern municipalities, Indigenous communities, businesses, training providers and other stakeholders to advance initiatives that:
 - grow local companies and industries;
 - create jobs;
 - attract talent and investment; and
 - increase the economic competitiveness and prosperity of Northern Manitoba.
- Undertake a Board-led review of its existing loan programming, to determine if it is meeting the needs of northern enterprise.

LOOK NORTH

As the lead agency for the delivery of the Look North Report and Action Plan, the recommendations in the report included developing a marketing and communication strategy for the Look North initiative as well as fostering collaboration and opportunities for partnerships and strategic alliances. The Look North Report indicates 6 areas of focus that is needed to be acted on in partnership and in collaboration with other stakeholders.

BUSINESS LOANS PROGRAM

There continues to be a loan moratorium on CEDF's business loans as the Board has been directed, under the March 2019 mandate letter to undertake a review of its loans program. At year end, the Business Loan portfolio stood at \$12.4 million, down slightly from \$13.6 million in the previous year.

FISHERIES LOANS PROGRAM

CEDF continues to be a major source of financing to the industry where many of our clients do not have access to conventional financing. The loans are for assets such as boats, motors, ATVs, snowmobiles, quotas, and nets. CEDF caters its loan payments to reflect the seasonality of the industry. CEDF continues to monitor fishery conditions and work with fishers to address issues as part of its risk mitigation approach. At fiscal year end, the Fisheries Loan portfolio stood at \$10.6 million, up slightly from \$10.3 million in the previous year.

Look North Initiative

SIX AREAS OF FOCUS

1



**NORTHERN MINERAL AND
OTHER NATURAL RESOURCE
POTENTIAL**

2



**INDIGENOUS ENGAGEMENT
AND PARTNERSHIPS**

3



**STRATEGIC INFRASTRUCTURE
INVESTMENT**

4



**HOUSING CHALLENGES
AND OPPORTUNITIES**

5



**ENTERPRISE ECO-SYSTEM
OF SUPPORT**

6



**EDUCATION, TRAINING AND
WORKFORCE DEVELOPMENT**

Project Update and Success Stories



EXPERIENTIAL TOURISM

Under the facilitation of Celes Davar of Earth Rhythms there was the creation of experiential Tourism Coaches in several locations throughout the north. The goal of the coaches trained is to seek out opportunities and experience partners to develop new tourism opportunities in eco-system with a focus on northern and indigenous culture. From this training, 14 experiential tourism coaches from CEDF, Travel Manitoba, ITAC and Community Futures were created along with a single entrepreneur who was initially assisting with on-site training that was later moved to virtual due to COVID. As a result of training Round the Bend farm, as a trained coach, created a five-day, four-night winter experience in The Pas/RM of Kelsey/OCN region to be offered winter of 2021. Promotional material will be provided to international brokers in the fall of 2021.



NORTHERN HARVESTERS MARKET

Throughout September the Thompson Look North staff held Northern Harvester Markets in Thompson, OCN and Flin Flon where we sold northern produced products along with processed and packaged pickerel that was purchased through FPMC. The markets gave us a picture of regional demand and knowledge on the logistics needed to replicate such events.



COMMERCIAL FISHER CAPACITY BUILDING

The Fisher Helper training program seeks to interest and employ commercial fishing helpers so they may gain a knowledge and understanding of the industry. Over a two-week period, the helpers are trained and mentored by a licensed commercial fisher who will then receive a subsidy for their teaching and training abilities. Learning categories are categorized in four groups as follows: traditional knowledge, fishing, icing and safety.



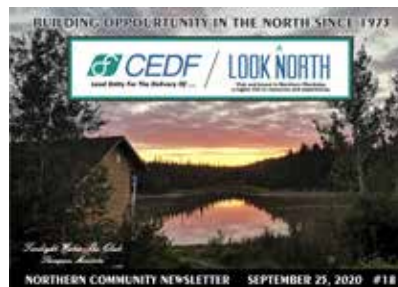
WILDERNESS SAFETY TRAINING COURSES

In partnership with University College of the North (UCN), VALE, Workplace Education Manitoba, Manitoba Skills and Employment Partnerships the free twelve-week training offered a unique opportunity to build a strong local workforce for the communities of Thompson and Wabowden. Early program components included working life skills such as resume building and interview techniques, upgrades in essential skills such as numeracy, reading and writing.

The wilderness training followed and included the following topics: ATV Training, Basic Navigation, Safe Boating, Camp Living, Chainsaw/ Small Motor Operating/Troubleshooting, Environmental Responsibility, First Aid, Wilderness First Aid, WHMIS, Wilderness Survival and Workplace Safety.

These skills learned will enable individuals to look at other self-employment opportunities in the forestry, tourism, mining, and the commercial fishing industries. The Thompson class had six graduates while the Wabowden class saw nine students graduate.





CEDF NORTHERN COMMUNITY NEWSLETTER

The Newsletter was created to inform northern communities on new opportunities involving funding and a variety of other economic related activities. Should you wish to be added to our email list please email admin@cedf.mb.ca.



Clover pasture along Highway

ARCTIC GOLD HONEY

Arctic Gold Honey is a Thompson based honey producer enterprise, owned and operated by Steven Larocque. The honey is produced using pasture lands that are free from pesticides and herbicides, producing a premium pure product. CEDF has worked with Steven Larocque along with Al MacLauchlan from Travel Manitoba throughout 2020 to help network together many partners and stakeholders.



An example of a bear proof hive trailer





WINTER WEATHER TESTING CENTRE OF EXCELLENCE INITIATIVE – THOMPSON

Winter Weather testing has been a major contributor to the northern economy for years in Thompson. In recent years, the winter weather testing market has dropped, therefore a number of partners joined forces to bring this industry back to the north. During this process it was decided that a feasibility study and business plan were required with both being completed in early 2021. Both plans provide industry insight and strategic options to increase the Winter Weather Testing market in Thompson.



VIRTUAL REALITY MINING

During 2020, CEDF partnered with the Northern Manitoba Sector Council, Bit Space Development, HBMS & Vale to bring forward one of our newest initiatives. This initiative has numerous advantages such as creating career opportunities in VR production as well as new and safe methods for industry training.



Performance Data

	2021	2020	2019	2018	2017	2016
No. of Loans Approved - Business	0	0	0	0	13	36
Dollar Value - Business (Note 1)	-	-	-	-	\$1,309,120	\$5,777,148
Dollar Value - Fisheries Approvals	\$1,798,378.04	\$3,125,034	\$3,390,116	\$3,024,035	\$3,606,696	\$3,956,817
No. of Active Loans - Business	64	85	92	98	111	111
No. of Active Loans - Fisheries	766	738	888	752	871	907
Portfolio Value - Total	\$22,981,709	\$23,872,986	\$27,478,263	\$29,713,032	\$31,777,978	\$31,920,361
Total Subsidy	\$1,463,670	\$1,463,530	\$999,926	\$1,429,983	\$1,429,984	\$1,429,974
Bad Debt Expense - Business	\$135,000	\$154,000	\$87,000	\$201,351	\$210,810	\$109,763
Bad Debt Expense - Fisheries	\$230,296	\$428,500	(\$87,000)	\$418,716	\$114,000	\$599,117
Total Bad Debt	\$365,296	\$582,500	-	\$620,067	\$324,810	\$708,880

Note 1 - CEDF has been under a business loan moratorium since March 2017. No new business loans approved for the 2020-2021 year.

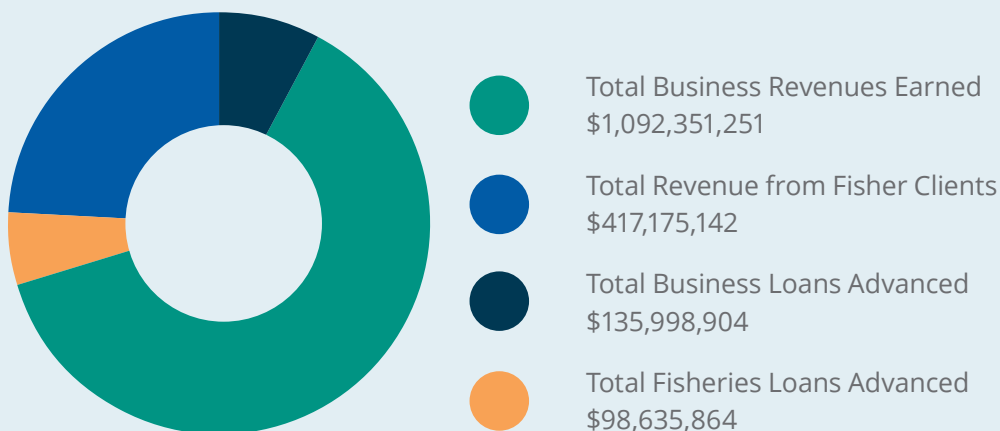
Funds Leveraged

	Equity	Vendor/Client Financing	Other Financial Organizations	Total
2020/21 (note 1)				
2019/20 (note 1)	-	-	-	-
2018/19 (note 1)	-	-	-	-
2017/18 (note 1)	-	-	-	-
2016/17	\$272,713	\$96,697	\$452,099	\$821,509
2015/16	\$384,298	\$564,570	\$938,000	\$1,886,868
2014/15	\$893,455	\$130,730	\$850,294	\$1,874,479
2013/14	\$297,775	\$341,264	\$543,749	\$1,182,788
2012/13	\$2,314,934	\$103,550	\$3,712,125	\$6,130,609
2011/12	\$900,569	\$127,000	-	\$1,027,569
	\$5,063,744	\$1,363,811	\$6,496,267	\$12,923,822

CEDF developmental loans totalling \$29,521,547 in the last ten years has leveraged **an additional \$12,923,822 or 44%**, in other financing and equity investment.

Note 1 – CEDF has been under a business loan moratorium since March, 2017. No new business loans approved for the 2020-2021 year.

Historical Totals at a Glance



Business Loans & Jobs Created

Year Approved	Amount Approved	Applications Approved	Jobs Created &/or Retained	Jobs Supported by Business	Direct Wages Paid by Business	Total Business Revenue
1972-1988	\$28,143,297	695	2235			
1989	725,243	22	31			
1990	1,681,090	38	136			
1991	1,737,344	30	80			
1992	1,183,686	19	102			
1993	5,406,375	36	120			
1994	1,427,220	21	88			
1995	4,811,247	51	135			
1996	6,134,635	64	252			
1997	4,321,829	53	198			
1998	4,387,457	45	230	Note 1		Note 1
1999	5,188,498	41	178	466	Note 2	\$37,540,000
2000	2,062,664	36	165	488	\$10,364,000	41,096,000
2001	2,797,419	28	170	511	10,310,000	41,395,000
2002	2,787,386	28	166	533	11,859,000	42,283,000
2003	5,174,099	39	213	460	11,755,000	49,738,000
2004	4,721,154	41	267	508	11,433,000	53,860,000
2005	2,834,888	33	359	697	13,964,061	60,541,432
2006	4,961,588	35	155	750	14,701,713	59,203,128
2007	4,123,999	31	233	787	14,573,467	59,999,057
2008	1,687,381	27	242	767	13,155,686	49,602,280
2009	2,590,197	27	132	899	14,668,639	47,399,488
2010	3,207,171	23	167	933	16,180,196	50,334,854
2011	1,238,133	15	20	860	15,233,119	44,158,425
2012	3,150,028	21	228	1125	15,834,769	44,602,662
2013	6,562,214	24	236	874	13,279,922	50,958,422
2014	5,545,616	23	148	498	12,324,224	53,111,166
2015	7,177,420	32	266	581	13,400,379	53,831,916
2016	5,777,148	36	165	494	10,710,557	49,970,917
2017	4,452,478	15	160	482	10,081,832	43,315,616
2018	Note 3	Note 3	Note 3	464	8,951,724	55,223,506
2019	Note 3	Note 3	Note 3	492	10,530,927	59,735,781
2020	Note 3	Note 3	Note 3	393	9,798,780	44,450,601
2021	Note 3	Note 3	Note 3			
	\$135,998,904	1629	7277		\$263,110,995	\$1,092,351,251

Note 1 - Statistics on jobs supported and revenue earned by individual businesses was not recorded prior to 1999.

Note 2 - Statistics on wages paid by individual businesses was not recorded prior to 2000.

Note 3 - CEDF has been under a business loan moratorium since March, 2017. No new business loans approved for the 2020-2021 year. All data outlined in 2020 is from existing clients.

Fisheries Loans

Year	Loans Approved	Fishers Supported	Total Revenue of Fisher Clients	Amount of Licensed Fishers Delivering to FPMC	% of CEDF Client over Total Provincial Fishers
1993	\$3,025,154	1300	not available	2025	64%
1994	2,249,264	1300	\$18,904,020	1894	69%
1995	2,249,264	1160	11,680,536	1839	63%
1996	3,160,518	1300	8,743,872	1927	67%
1997	3,356,312	1100	12,047,928	1863	59%
1998	2,529,516	1104	9,151,612	1758	63%
1999	2,617,119	1104	17,292,000	1719	64%
2000	3,793,661	1106	18,994,000	1799	61%
2001	4,185,732	1110	19,670,000	1857	60%
2002	3,901,248	1119	18,730,000	1849	61%
2003	4,099,629	1153	18,533,000	1850	62%
2004	4,677,215	1191	20,144,000	1918	62%
2005	3,824,575	1207	12,459,561	1811	67%
2006	3,587,401	1180	12,802,111	1707	69%
2007	4,447,258	1154	14,421,448	1714	67%
2008	4,290,014	1309	18,765,092	1585	83%
2009	4,268,577	1280	16,310,856	1589	81%
2010	3,760,207	1119	13,004,584	1565	72%
2011	3,201,487	1073	12,716,280	1496	72%
2012	2,922,493	1189	13,490,940	1354	88%
2013	2,853,817	1010	13,363,454	1383	73%
2014	3,149,351	982	12,062,316	1376	71%
2015	3,563,302	1063	14,841,332	1398	76%
2016	3,956,817	907	18,557,272	1311	69%
2017	3,606,696	871	17,931,464	1360	64%
2018	3,045,710	752	17,391,148	1354	56%
2019	3,390,116	738	17,073,032	1330	55%
2020	3,125,034	738	18,093,284	1049	70%
2021	\$1,798,378	766	Note 1	Note 1	Note 1
\$98,635,864			\$417,175,142		

Note 1: Figures not available due to disruption in industry due to COVID-19.

Fisheries Loans Disbursed to Communities 2008–2020

In addition, CEDF has provided \$98,635,864 in commercial fish loans to fishers who have earned a minimum of \$417,175,142 in income since 1993. CEDF has, on average, over 730 commercial fishers as clients that represent over 70% of all commercial fishers in Manitoba.

Community	\$ Amount	No.	Community	\$ Amount	No.
AMARANTH	229,922.00	38	GIMLI	2,451,773.74	354
ARBORG	8,000.00	1	GRAND RAPIDS	3,895,396.49	965
ARNES	302,932.90	36	FLIN FLON	19,200.00	1
ASHERN	62,507.00	8	LANGRUTH	13,500.00	2
BALMORAL	24,700.00	6	LEAF RAPIDS	414,893.76	54
BARROWS	71,945.00	9	LITTLE BULLHEAD	3,615.00	2
BEACONIA	96,312.14	11	LYNN LAKE	15,807.00	2
BELAIR	91,713.81	9	MAFEKING	282,387.36	36
BERENS RIVER	2,585,388.94	525	MANIGOTAGAN	108,899.00	13
BIRCH RIVER	72,300.00	4	MATHESON ISLD	1,639,450.27	258
BLOODVEIN RIVER	499,574.00	116	MATLOCK	25,788.00	15
BOWSMAN	96,714.20	3	GRANVILLE LAKE	6,880.00	1
BRANDON	15,500.00	2	GYPSUMVILLE	2,092,934.85	384
BROCHET	258,182.00	36	HODGSON	345,508.00	64
CAMPERVILLE	119,643.00	16	HOLLOW WATER	345,508.00	6
CAMPMORTON	81,353.00	18	INGLIS	61,253.00	1
CORMORANT	105,768.98	16	ISLAND LAKE	75,000.00	1
CRANE RIVER	38,175.94	10	KINOSOTA	8,000.00	6
CROSS LAKE	171,164.00	20	KOMARNO	26,799.00	12
DALLAS	889,879.00	197	KOOSTATAK	42,142.70	774
DAUPHIN	106,633.19	14	MELEB	16,600.00	5
DUCK BAY	206,981.00	24	MEADOW PORTAGE	22,600.00	1
EASTERVILLE	1,681,619.57	209	MOOSE LAKE	638,458.03	86
EBB & FLOW	25,798.53	5	NELSON HOUSE	195,122.00	34
ETHELBERT	6,567.45	1	NORWAY HOUSE	4,339,916.58	429
FAIRFORD	76,754.00	22	OCHRE RIVER	5,900.00	1
FISHER BRANCH	63,121.00	17	OPASKWAYAK	54,927.87	22
FISHER RIVER	121,990.33	20	PEGUIS	711,483.95	123
FRASERWOOD	88,596.00	11	PELICAN RAPIDS	127,538.00	16
GRAND MARAIS	19,000.00	2			
GILLAM	18,300.00	1			

Fisheries Loans Disbursed to Communities 2008–2020 continued

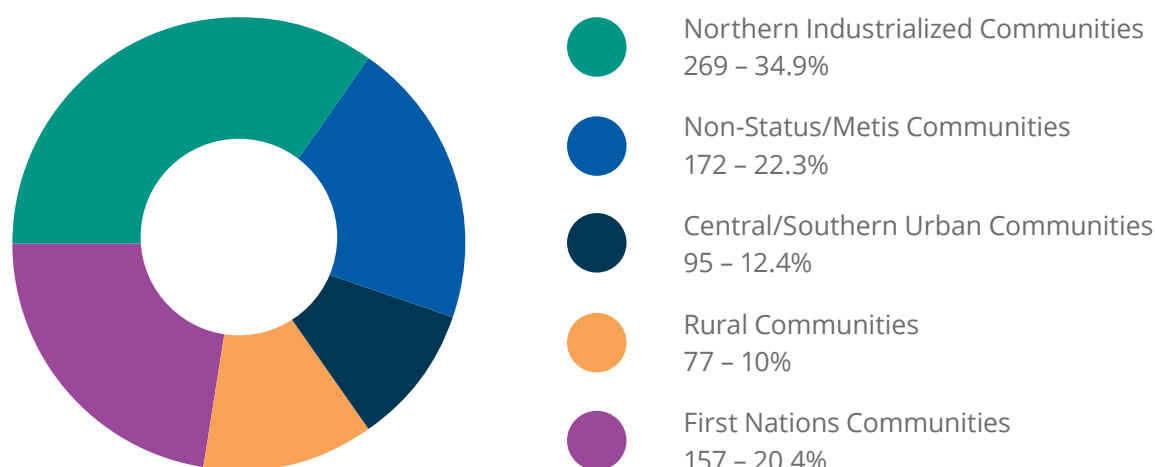
Community	\$ Amount	No.
PETERSFIELD	18,721.50	2
PIKWITONEI	5,000.00	1
PINE DOCK	722,569.00	106
PINE FALLS	30,543.48	5
POPLAR RIVER	1,926,142.66	297
PORTAGE LA PRAIRIE	1,500.00	1
PRINCESS HARBOUR	148,670.16	26
PUKATAWAGAN	263,820.00	40
RIVERTON	1,954,757.08	288
ROCKRIDGE	24,500.00	2
RORKETON	9,800.00	2
SANDY HOOK	162,875.00	21
SELKIRK	645,303.04	80
SHERRIDAN	8,190.00	2
SIFTON	30,000.00	1
SILVER RIDGE	8,500.00	1
SKOWNAN	651,429.65	125
S. INDIAN LAKE	346,617.63	57
SPLIT LAKE	16,800.00	22
ST AMBROISE	5,000.00	1
ST ANDREW	81,083.00	7
ST LAURENT	89,660.08	15
ST MARTIN	247,992.00	34
STEVENSON ISLAND	14,000.00	1
TEULON	16,800.00	1
THE PAS	39,145.72	11
THICKET PORTAGE	108,006.00	20
THOMPSON	51,320.00	12
TRAVERSE BAY	237,089.00	18
VICTORIA BEACH	91,403.68	6
VOGAR	19,330.00	4
WABOWDEN	936,389.63	84
WANIPIGOW	984,156.20	154

Community	\$ Amount	No.
WATERHEN	243,746.83	39
WINNIPEGOSIS	348,121.00	38
WINNIPEG	541,091.91	97
WINNIPEG BEACH	623,841.25	125
GRAND TOTAL	\$40,663,260.43	6,821

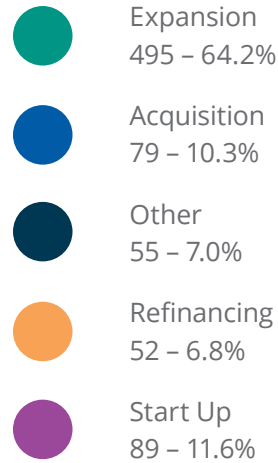
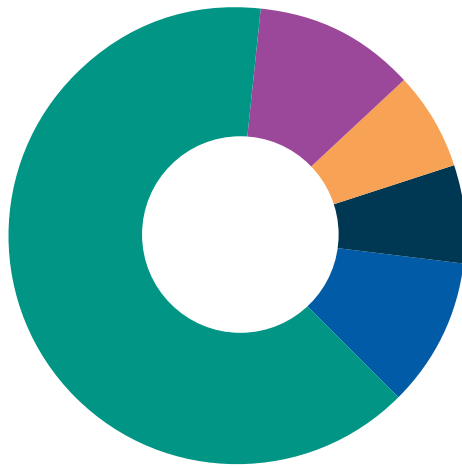


Business Loans Disbursed by Community 1993 - 2020

1. ALONSA	\$1,305,000.00	24. EBB & FLOW	\$762,040.00
2. AMARANTH	\$139,555.00	25. ETHELBERT	\$618,759.00
3. ARBORG	\$300,000.00	26. FLIN FLON	\$1,724,587.02
4. ARNES	\$3,850.00	27. GILBERT PLAINS	115,000.00
5. ASHVILLE	\$24,171.00	28. GILLAM	\$447,743.00
6. BARROWS	\$119,863.00	29. GIMLI	\$217,242.94
7. BENITO	\$538,364.00	30. GOD'S RIVER	\$511,522.00
8. BERENS RIVER	\$367,800.00	31. GRAND RAPIDS	\$918,601.00
9. BIRCH RIVER	\$233,342.00	32. GYPSUMVILLE	\$39,375.00
10. BISSETT	\$124,840.00	33. HODGSON	\$230,370.00
11. BLACK RIVER	\$75,000.00	34. ILFORD	\$305,493.00
12. BRANDON	\$179,818.00	35. INGLIS	\$60,000.00
13. BROCHET	\$854,902.00	36. ISLAND LAKE	\$72,000.00
14. CAMPERVILLE	\$336,066.00	37. KENVILLE	\$216,420.00
15. CHURCHILL	\$7,634,090.00	38. KINOSOTA	\$76,625.00
16. CORMORANT	\$43,170.00	39. KOOSTATAK	\$944,934.00
17. CRANBERRY PORTAGE	\$1,129,230.00	40. LAC BROCHET	\$74,383.00
18. CROSS LAKE	\$2,326,555.00	41. LAKE ST. MARTIN	\$52,210.00
19. DALLAS	\$75,000.00	42. LEAF RAPIDS	\$1,618,636.00
20. DAUPHIN	\$1,959,153.00	43. LITTLE GR RAPIDS	\$593,220.00
21. DUCK BAY	\$183,939.00	44. LYNN LAKE	\$971,365.00
22. DURBAN	\$77,673.00	45. MAFEKING	\$1,677,058.00
23. EASTERVILLE	\$1,722,929.00	46. MALLARD	\$10,650.00



Business Loans Disbursed by Industry 1993 - 2020



	\$0	\$100,000	\$1,000,000	\$2,000,000	\$3,000,000	\$4,000,000	\$5,000,000	OVER \$6,000,000
AGRICULTURE			\$364,816					
ART		\$34,105						
COMMERCIAL FISHING							\$4,505,838	
COMMERCIAL RENTALS			\$1,211,279					
CONSTRUCTION								\$6,929,576
ENTERTAINMENT			\$1,307,576					
FARMING		\$71,939						
FOOD			\$1,201,233					
FORESTRY								\$22,568,198
HARVESTING			\$1,688,997					
HOTEL								\$16,516,705
LODGE						\$3,292,104		
MANUFACTURING			\$393,559					
MECHANIC			\$496,012					
MINING		\$32,000						
OFFICE SUPPLIES		\$25,800						
OTHER								\$7,668,244
PRINTING/PUBLISHING		\$84,575						
REAL ESTATE			\$290,230					
RESTAURANT					\$3,025,897			
RETAIL				\$1,898,389				
SERVICES								\$11,883,097
TOURISM					\$2,990,910			
TRANSPORTATION								\$7,315,208
TRUCKING						\$3,508,049		
WHOLESALE		\$80,560						

Independent Auditor's Report

To the Board of Directors of the Communities Economic Development Fund:

Opinion

We have audited the financial statements of the Communities Economic Development Fund, which comprise the statement of financial position as at March 31, 2021, and the statement of operations and changes in net assets, and statement of 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 Communities Economic Development Fund, at March 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

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 Financial Statements* section of our report. We are independent of the Communities Economic Development Fund in accordance with 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statement or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting standards, 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 these financial statements, management is responsible for assessing the Communities Economic Development Fund's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Communities Economic Development Fund or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Communities Economic Development Fund's financial reporting 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 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 judgement 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 risks 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 controls 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 Communities Economic Development Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness 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 Communities Economic Development Fund'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 Communities Economic Development Fund 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.



Kendall & Pandya, Chartered Professional Accountants

June 24, 2021

Thompson, Manitoba

Communities Economic Development Fund Statement of Financial Position

As at March 31, 2021

ASSETS

CURRENT ASSETS

	2021	2020
Cash and Cash Equivalents	\$ 2,120,137	\$ 1,515,035
Trust Deposits - Province of Manitoba	562,726	551,838
Due from the Province of Manitoba (Note 2)	4,548,365	4,840,517
Accounts Receivable	104,317	59,187
Goods Held for Resale	4,896	1,794
Prepaid Expenses	10,447	56,490
	<u>7,350,888</u>	<u>7,024,861</u>
 Loans Receivable (Note 3)	 16,599,230	 17,819,025
Capital Assets (Note 4)	833,348	852,031
	<u>17,432,578</u>	<u>18,671,056</u>
	\$ <u>24,783,466</u>	\$ <u>25,695,917</u>

LIABILITIES

CURRENT LIABILITIES

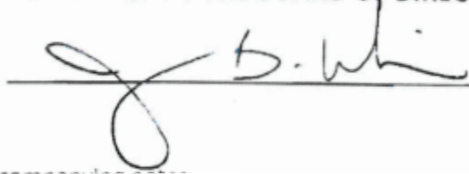
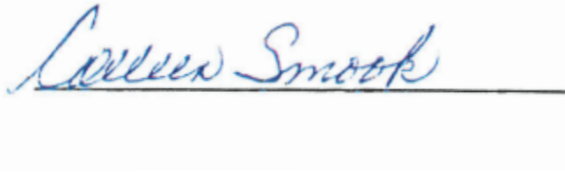
Accounts Payable and Accrued Liabilities (Note 13)	\$ 1,361,883	\$ 1,394,612
Deferred Contributions (Note 5)	-	119,556
Interest Payable to the Province of Manitoba	254,133	266,724
	<u>1,616,016</u>	<u>1,780,892</u>
 Accrued Pension Liability (Note 6)	 3,155,333	 3,016,713
Advances by the Province of Manitoba (Note 7)	20,012,117	20,898,312
	<u>24,783,466</u>	<u>25,695,917</u>

NET ASSETS

	-	-
	\$ <u>24,783,466</u>	\$ <u>25,695,917</u>

Commitments (Note 8)

APPROVED BY THE BOARD OF DIRECTORS:

See accompanying notes

Communities Economic Development Fund Statement of Operations and Changes in Net Assets

Year ended March 31, 2021

REVENUE	2021	2020
Loan Interest		
Business Program	\$ 564,972	\$ 659,373
Fisheries Program	531,041	650,817
Investment Income	16,492	41,836
	1,112,505	1,352,026
COST OF FUNDS		
Interest Paid to the Province of Manitoba		
Business Program	332,103	445,931
Fisheries Program	270,970	300,823
	603,073	746,754
GROSS MARGIN	509,432	605,272
OPERATING EXPENDITURES (NOTE 12)	2,450,976	2,349,708
	(1,941,544)	(1,744,436)
OTHER REVENUE		
Program Revenue - WD and E&T - Look North	736,583	477,572
Program Revenue - Northern Forest Diversification	11,005	-
Bad Debt Recovery		
Business Program	82,977	351,644
Fisheries Program	8,379	28,439
Sundry Revenues	4,126	4,751
Administration and Consulting Fees	100	1,000
	843,170	863,406
Operating Deficit Prior to Provision for Doubtful Loans	(1,098,374)	(881,030)
Provisions for Doubtful Loans		
Business Program	135,000	154,000
Fisheries Program	230,296	428,500
Operating Deficit Prior to Provincial Subsidy	(1,463,670)	(1,463,530)
Subsidy due from Province of Manitoba		
Partners for Economic Growth	463,670	463,530
Core Operations	1,000,000	1,000,000
Operating surplus (deficit)	-	-
Net Assets, Beginning of Year	-	-
Net Assets, End of Year	\$ -	\$ -

See accompanying notes

Communities Economic Development Fund Statement of Cash Flows

Year ended March 31, 2021

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating surplus (deficit)	\$ -	\$ -
Amortization of Capital Assets	36,268	27,981
Provision for Doubtful Loans	365,296	582,500
	<u>401,564</u>	<u>610,481</u>
Net Changes in Working Capital Balances		
Accounts Receivable	(45,130)	(51,569)
Property Held for Resale	(3,102)	-
Prepaid Expenses	46,043	(46,605)
Accounts Payable and Accrued Liabilities	(32,729)	3,937
Deferred Contributions	(119,556)	108,000
Interest Payable to the Province of Manitoba	(12,591)	81,216
Accrued Pension Liability	138,620	167,461
	<u>(28,445)</u>	<u>262,440</u>
	<u>373,119</u>	<u>872,921</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Increase in Amounts Due from the Province of Manitoba	292,152	535,518
Net Decrease in Advances Received by the Province of Manitoba	(886,195)	(3,908,889)
	<u>(594,043)</u>	<u>(3,373,371)</u>
CASH FLOWS FROM CAPITAL ACTIVITY		
Acquisition of Capital Assets	<u>(17,585)</u>	<u>(33,789)</u>
CASH FLOWS FROM INVESTING ACTIVITY		
Net Change in Loans Receivable	<u>854,499</u>	<u>3,605,277</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>615,990</u>	<u>1,071,038</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,066,873</u>	<u>995,835</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ <u>2,682,863</u>	\$ <u>2,066,873</u>
REPRESENTED BY:		
Cash and Cash Equivalents	\$ 2,120,137	\$ 1,515,035
Trust Deposits - Province of Manitoba	562,726	551,838
	\$ <u>2,682,863</u>	\$ <u>2,066,873</u>

See accompanying notes

Notes to Financial Statements

Year ended March 31, 2021

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Nature of Organization

The Communities Economic Development Fund (the “Fund”) was established in 1971 (Ch. C155) as a Crown Corporation to encourage the optimum economic development of remote and isolated communities within the Province of Manitoba. With an act revision passed in July 1991, the objectives of the Fund are to encourage the economic development of northern Manitoba, Aboriginal people outside the City of Winnipeg, and the fishing industry in Manitoba. The Business and Fisheries Loans Programs are administered under the CEDF Act.

b) Basis of Accounting

The financial statements have been prepared using Canadian Public Sector Accounting standards for not-for-profit organizations as established by the Public Sector Accounting Board.

c) Management’s Responsibility for the Financial Statements

The financial statements of the Fund are the responsibility of management.

d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and short-term deposits with a duration of less than ninety days from the date of acquisition.

e) Revenue Recognition

The Fund follows the deferral method of accounting for contributions. Interest on loans is recorded as revenue on an accrual basis except for loans which are considered impaired. When a loan becomes impaired, recognition of interest revenue ceases when the carrying amount of the loan including accrued interest exceeds the estimated realizable amount of the underlying security. Investment revenue is recorded on an accrual basis. Other revenue including administration and consulting fees is recorded when the related services or activity is provided.

f) Allowance for Doubtful Loans

Business Loans Program

The loans are reviewed quarterly to assess potential impairment or loss of value. Impaired loans are defined as those which are greater than three payments in arrears, no plans in place to address arrears, and for which the value of realizable security is less than the value of the loan outstanding. In these cases, a specific allowance is accrued equal to the value of the potential security shortfall or impairment. An allowance will not be recognized for loans that are not more than 90 days in arrears and whose estimated security value is greater than the loan balance.

Fisheries Loans Program

The allowance for doubtful loans on fisheries loans and interest receivable is calculated based on the present value of future cash flows for those loans which, if they maintain their past payment history, will fail to retire their debt completely within the agreed term. The net present value (“NPV”) formula used for calculating the allowance for doubtful loans is recognized by the Canadian Institute of Chartered

Professional Accountants, however, it does not account for closure of a fishery or regulated reduction of production. In the event of the closure of a fishery or regulated reduction of production, the NPV formula may not adequately provide for doubtful loans.

The amount of initial impairment and any subsequent changes are recorded through the provision for doubtful loans as an adjustment of the specific allowance.

Loans considered uncollectable are written off. Recoveries on loans previously written off are taken into revenue.

g) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at a fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items re-measured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

h) Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated on a declining balance basis as follows:

Building	2%
Office Furniture and Equipment	10% to 30%
Parking Lot	50%

i) Employment and Post-Employment Benefits

The Fund provides pension, retirement allowance and sick leave benefits to its employees. Employees of the Fund are provided pension benefits by The Civil Service Superannuation Fund ("the CSSF"). The cost of the pension benefits earned by the employee is charged to expenses as services are rendered. The cost is actuarially determined using the projected benefit method and reflects management's best estimate of salary increases and the age at which the employee will retire. Retirement allowances are provided to certain qualifying employees. The benefits are provided under a final pay plan. The costs of benefits earned by the employees are charged to expenses as services are rendered. The costs are actuarially determined using projected benefit payments and reflect management's best estimates of future payouts. Adjustments to the allowance are recognized in income immediately.

Employees of the Fund are entitled to sick pay benefits that accumulate but do not vest. The cost of the anticipated future sick pay benefits that will be required by the employee is charged to expenses as services are rendered. The cost is determined using present value techniques.

j) Use of Estimates and Measurement Uncertainty

These financial statements have been prepared in accordance with Canadian Public Sector Accounting standards which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reported period. Significant estimates are involved in the valuation of loans receivable and the accrued pension liability. Actual results may differ from those estimates.

2. DUE FROM THE PROVINCE OF MANITOBA

Annually, the Province of Manitoba provides a grant for the Fund's anticipated subsidy requirements for the year. The amount of \$4,548,365 (\$4,840,517 in 2020) represents additional funds needed to fund the actual requirements for the year including the pension liability. The balance is comprised of the following:

	2021	2020
Department of Economic Development and Training		
Subsidy Refundable	\$ 346,308	\$ 778,254
Order in Council Pending	966,061	929,283
Pension, Unfunded	3,105,892	2,977,451
Pension, Funded	42,662	39,262
Severance Accrued, Unfunded	87,442	116,267
	\$ 4,548,365	\$ 4,840,517

3. LOANS RECEIVABLE

Loans receivable by program are as follows:

Business Loans Program

Interest rates applied range from 4.50% to 8.08%

Principal	\$ 11,727,057	\$ 13,190,158
Accrued interest	655,838	409,793
	12,382,895	13,599,951
Allowance for doubtful loan	(3,001,657)	(2,903,435)
Total Business Loans Program	\$ 9,381,238	\$ 10,696,516

Fisheries Loans Program

Interest rates applied to all fisheries loans is 5.70%

Principal	\$ 9,960,355	\$ 9,803,140
Accrued interest	638,459	469,859
	10,598,814	10,273,035
Allowance for doubtful loans	(3,380,822)	(3,150,526)
Total Fisheries Loans Programs	7,217,992	7,122,509
Total Business and Fisheries Loan Programs	\$ 16,599,230	\$ 17,819,025

Gross amount of loans together with the allowance for doubtful loans are as follows:

		2021		2020	
		Gross Loan Balances	Total Allowance	Gross Loan Balances	Total Allowance
Business Loans Program					
Impaired	\$	2,199,070	\$ 2,051,897	\$ 2,636,142	\$ 1,546,630
Performing		10,183,825	949,760	10,963,809	1,356,805
	\$	<u>12,382,895</u>	<u>\$ 3,001,657</u>	<u>\$ 13,599,951</u>	<u>\$ 2,903,435</u>
Fisheries Loans Program					
Impaired	\$	3,380,822	\$ 3,380,822	\$ 3,150,526	\$ 3,150,526
Performing		7,217,992	-	7,122,509	-
	\$	<u>10,598,814</u>	<u>\$ 3,380,822</u>	<u>\$ 10,273,035</u>	<u>\$ 3,150,526</u>

The changes in the allowance for doubtful loans are as follows:

		Specific	Non-Specific	Total 2021	Total 2020
Business Loans Program					
Balance, beginning of year	\$	2,903,435	\$ -	\$ 2,903,435	\$ 2,749,435
Provision for the year		135,000	-	135,000	154,000
	\$	<u>3,038,435</u>	<u>\$ -</u>	<u>\$ 3,038,435</u>	<u>\$ 2,903,435</u>
Loans written off		(36,778)	-	(36,778)	-
Balance, end of year	\$	<u>3,001,657</u>	<u>\$ -</u>	<u>\$ 3,001,657</u>	<u>\$ 2,903,435</u>

		2021	2020
Fisheries Loan Program			
Balance, beginning of year	\$	3,150,526	\$ 2,722,026
(Recovery) provision for the year		230,296	428,500
	\$	<u>3,380,822</u>	<u>\$ 3,150,526</u>
Loans written off		-	-
Balance, end of year	\$	<u>3,380,822</u>	<u>\$ 3,150,526</u>

The provision for fisheries loans losses recorded by the Fund exceeds the value derived by the net present value formula as at March 31, 2021 by NIL (NIL - 2020).

Loan Loss Provision

Per accounts	\$	3,380,822	\$ 3,150,526
Per net present value calculation		(3,380,822)	(3,150,526)
	\$	<u>-</u>	<u>\$ -</u>

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	2021 Net Book Value
Land	\$ 92,482	\$ -	\$ 92,482
Building	931,236	228,153	703,083
Office Furniture and Equipment	292,036	254,253	37,783
Parking Lot	73,000	73,000	-
Total	<u>\$ 1,388,754</u>	<u>\$ 555,406</u>	<u>\$ 833,348</u>

	Cost	Accumulated Amortization	2020 Net Book Value
Land	\$ 92,482	\$ -	\$ 92,482
Building	931,236	209,528	721,708
Office Furniture and Equipment	274,451	236,610	37,841
Parking Lot	73,000	73,000	-
Total	<u>\$ 1,371,169</u>	<u>\$ 519,138</u>	<u>\$ 852,031</u>

5. DEFERRED CONTRIBUTIONS

The Government of Manitoba contributed \$200,000 to the Fund in a prior year to establish the Non-Timber Forest Products Program. Transactions for the year and deferred contributions at March 31, 2021 are as follows:

	2021	2020
Balance, beginning of year	\$ 11,556	\$ 11,556
Receipts during the year	-	-
Recognized during the year	(11,556)	-
	<u>\$ -</u>	<u>\$ 11,556</u>

For the fiscal year ended March 31, 2020 the Fund had deferred a portion of its 2019/2020 annual funding allocation from Western Diversification. The full amount of unused funding was expended on related programs at March 31, 2021.

	2021	2020
Balance, beginning of year	\$ 108,000	\$ -
Receipts during the year	-	427,500
Recognized during the year	(108,000)	(319,500)
	<u>\$ -</u>	<u>\$ 108,000</u>
Deferred Contributions at March 31, 2021	<u>\$ -</u>	<u>\$ 119,556</u>

6. EMPLOYMENT AND POST-EMPLOYMENT BENEFITS PAYABLE

Pension Benefits

The employees of the Fund are not members of the Civil Service of the Province of Manitoba but they contribute to and are pensionable under, The Civil Service Superannuation Fund. In accordance with the provisions of The Civil Service Superannuation Act, the Fund is a “non-matching employer” and contributes 50% of the pension payments made to retired employees. The current pension expense consists of the Fund’s share of pension benefits paid to retired employees, as well as the increase in the unfunded pension liability during the fiscal year. The liability is determined every year. The most recent actuarial valuation available is as at March 31, 2021.

The significant actuarial assumptions adopted in measuring the Fund’s pension liability are as follows:

Benefit costs for the year ended March 31	2021	2020
Discount Rate	5.75%	5.75%
Rate of Compensation Increase	3.75%	3.75%

In fiscal years prior to 1989, the Fund charged to operations the contributions made to the Manitoba Civil Service Superannuation Fund which amounted to 50% of the pension payments made to retired employees. Beginning in the 1989 fiscal year the Fund has recorded a provision to fund current service obligations. In fiscal years prior to 2015, the pension liability was calculated using the solvency method. Beginning in the 2015 fiscal year the pension liability is calculated using the going concern method in order to comply with Canadian Public Sector Accounting standards.

Pre-Retirement Benefits

Employees may be eligible for a pre-retirement benefit provided specific criteria are met. The pre-retirement liability is estimated, based on an actuarial report dated March 31, 2021, to be \$87,442 (\$116,267 in 2020) and is included in accounts payable and accrued liabilities.

Sick Leave Benefits

Employees of the Fund are entitled to sick leave benefits during employment. Sick leave benefits, which accumulate but do not vest are estimated to be a liability as at March 31, 2021 of \$24,428 (\$34,249 in 2020). The amount is not considered to be significant by management and, as such, has not been recorded as a liability in the financial statements of the Fund.

7. ADVANCES BY THE PROVINCE OF MANITOBA

The Communities Economic Development Fund is included under the Province of Manitoba's Loan Act Authority. Advances from the Province of Manitoba bear interest at rates established by the Minister of Finance pursuant to The Loan Act 2020. The advances are repayable at any time in whole or in part at the option of the Lieutenant Governor in Council.

Advances by the Province of Manitoba by program are as follows:

	2021	2020
Business Loans Program		
Advances, beginning of year	\$ 15,301,795	\$ 18,181,020
Loan Advances	800,000	2,200,000
Loan Advances Repayments	(3,675,065)	(5,079,225)
Advances, end of year	\$ 12,426,730	\$ 15,301,795
Unfunded allowance for doubtful loans, beginning of year	\$ 2,619,431	\$ 2,465,431
Provision for doubtful loans	135,000	154,000
Loans written off as approved by Board of Directors	-	-
Unfunded allowance for doubtful loans, end of year	2,754,431	2,619,431
Net advances balance, end of year	\$ 9,672,299	\$ 12,682,364
Fisheries Loans Programs		
Advances, beginning of year	\$ 11,979,370	\$ 12,392,770
Loan Advances	4,900,000	2,900,000
Loan Advances Repayments	(2,543,594)	(3,313,400)
Advances, end of year	\$ 14,335,776	\$ 11,979,370
Unfunded allowance for doubtful loans, beginning of year	\$ 4,472,083	\$ 4,043,583
(Recovery) Provision for doubtful loans	197,000	428,500
Loans written off as approved by Order in Council	-	-
Unfunded allowance for doubtful loans, end of year	\$ 4,669,083	\$ 4,472,083
Net advances balance, end of year	\$ 9,666,693	\$ 7,507,287

Net Advances due by the Province of Manitoba are as follows:

	2021	2020
Business Loans Program	\$ 9,672,299	\$ 12,682,364
Fisheries Loans Program	9,666,693	7,507,287
Building Mortgage	673,125	708,661
	<u>\$ 20,012,117</u>	<u>\$ 20,898,312</u>

The Fund obtains capital, through its Loan Act, for the purpose of carrying out its mandate of providing financial assistance in the form of loans and guarantees through loans provided by the Department of Finance. Term loans bear interest at the rates posted by the Department of Finance at time of issue. The Fund has the option to draw annually approved Loan Act funds on floating rates periodically at the Royal Bank prime rate minus 0.75%. At year end, the advances bore rates ranging from 1.70% to 3.25% with a weighted cost of capital of 2.10%.

Principal payments due in each of the next five fiscal years on advances by the Province of Manitoba that exclude unfunded allowances for doubtful loans are as follows:

2022	\$ 5,839,131
2023	4,861,806
2024	3,222,155
2025	1,883,076
2026	139,906
	<u>\$ 15,946,074</u>

8. COMMITMENTS

Total undisbursed balances of approved loans are \$66,300 as at March 31, 2021 (\$125,711 at March 31, 2020).

The Fund has committed to provide financial support towards the Winter Weather Testing Centre of Excellence in the amount up to \$75,000 conditional on the delivery of progress updates as outlined in an addendum dated March 31, 2021.

9. LOAN ACT AUTHORITY

Amounts authorized for advances under The Loan Act are as follows:

	2021	2020
Total Authority	\$ 8,000,000	\$ 16,500,000
Draws under 2020 Loan Act Authority	(5,700,000)	(5,100,000)
TOTAL	<u>\$ 2,300,000</u>	<u>\$ 11,400,000</u>

10. ECONOMIC DEPENDENCE

The ongoing operations of the Fund depends on obtaining adequate financing and funding from the Province of Manitoba as well as the ability for the Fund to provide both business and commercial fishing loans. A moratorium on the Fund being able to provide business loans, started in March of 2017, resulted in a significant year to year decrease in the gross margin that is used to pay for operating expenditures.

11. FINANCIAL INSTRUMENT RISK MANAGEMENT AND EXPOSURES

There have been no substantive changes in the Fund's exposure to financial instrument risks, its objectives, policies, and processes for managing those risks or methods used to measure them from previous periods.

The board has overall responsibility for the determination of the Fund's risk management objectives and policies and has identified significant exposure to credit risk.

Credit Risk

Credit risk is the risk of loss to the Fund if a counterparty to a financial instrument fails to meet its contractual obligations. The Fund has significant outstanding loans and is mainly exposed to credit risk through the credit quality of the individuals and businesses to whom the Fund has loaned funds. Credit risk rating systems are designed to assess and quantify the risk inherent in credit activities in an accurate and consistent manner. To assess credit risk, the Fund takes into consideration the individual's and business' ability to pay, and the value of collateral available to secure the loan. The Fund's maximum exposure to risk, without taking into account any collateral or other credit enhancements is \$16,703,547 (\$17,878,212 in 2020) which consists of loans and accounts receivable.

Interest Rate Risk

Interest rate risk is the impact that changes in market interest rates will have on the operations of the Fund. The Fund holds \$17,161,956 (\$18,370,063 in 2020) in interest bearing deposits and loans receivable at March 31, 2021. The Fund has mitigated this risk by adjusting interest rates for fish loans on a quarterly basis and interest rates for business loans on a monthly basis on its weighed average cost of capital.

Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting financial obligations as they become due, and arise from the Fund's management of working capital and collections of loans receivable. The Fund's policy is to ensure that it will have sufficient cash to allow it to meet its liabilities when they become due.

12. SCHEDULE OF OPERATING EXPENDITURES FOR THE YEAR ENDED MARCH 31, 2021

	2021	2020
Amortization of Capital Assets	\$ 36,268	\$ 27,981
Collection Costs - Business Program	6,442	6,007
Collection Costs - Fisheries Program	-	1,229
Communications	27,244	28,307
Credit Reports	2,555	2,393
Directors' Fees and Expenses	32,997	43,063
Forestry Development	5,334	-
Insurance	5,253	5,364
Legal Costs	26,725	46,310
Mortgage Interest	36,331	38,346
Office Supplies and Expenses	14,919	27,464
Pension Expense	297,923	320,761
Professional Fees	128,541	45,933
Program Expense - WD and E&T - Look North	1,168,490	929,269
Property Tax	24,981	21,537
Protective Disbursements	52,017	66,301
Repair and Maintenance	14,562	12,915
Salaries and Benefits	523,205	673,585
Sundry	23,835	21,225
Travel	11,620	20,930
Utilities	11,734	10,788
	<u>\$ 2,450,976</u>	<u>\$ 2,349,708</u>

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accrued Severance and Pension (NFDC)	\$ 90,100	\$ 118,926
Trade Payables and Accruals	103,425	111,993
Accrued Salaries and Vacation Pay	109,014	86,129
Economic Development and Jobs Payable	40,183	40,183
Mortgage Interest Payable	14,620	15,493
Goods and Services Tax	-	(1,906)
	<u>357,342</u>	<u>370,818</u>
Due to Sinking Funds	38,480	94,511
Orders in Council Pending	966,061	929,283
	<u>\$ 1,361,883</u>	<u>\$ 1,394,612</u>

14. OTHER MATTERS

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

As a direct result of COVID-19, the commercial fishery continues to operate in limited capacity due to several factors including a reduction in purchasing from Freshwater Fish Marketing Corporation in June 2020 and COVID-19 work restrictions throughout the year. Some commercial fishing territories were not active during their standard fishing season. These limitations could severely affect the commercial fishers ability to operate.

The Fund has implemented a loan deferral policy which allows loan clients facing financial hardship to temporarily defer their loan payments. The deferral program became available in April 2020 and was initially in place for a period of three months. The deferral periods were extended throughout the fiscal year, and remain in place as at the audit report date. The deferral is an agreement between the Fund and the loan client. The agreement indicates that the loan client and the Fund have agreed to pause or suspend the loan payments for a certain amount of time. After the agreement ends, the loan payments return to normal and the deferred payments - including principal and accumulated interest are subsequently repaid throughout the life of the loan.

Management continues to monitor the situation closely as there is uncertainty about the length and potential impact of the disturbance.



LOOK NORTH

HEAD OFFICE

15 Moak Crescent
Thompson, MB R8N 2B8

FIELD OFFICES

OCN
Box 10548
Opaskwayak, MB R0B 2J0

FLIN FLON

800 – 31 Main Street
Flin Flon, MB R8A 1J5