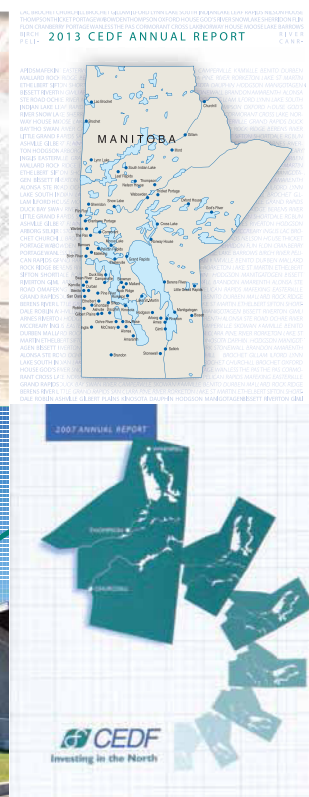
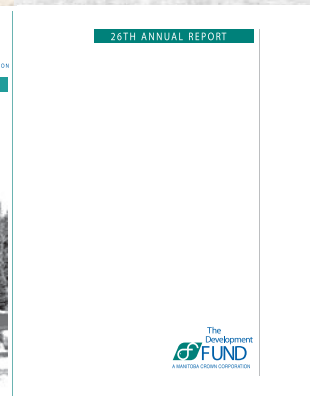
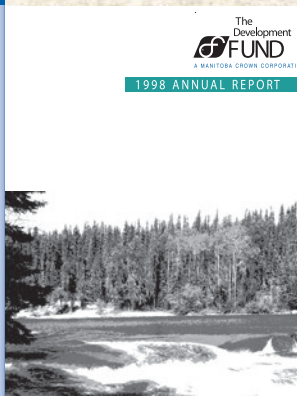
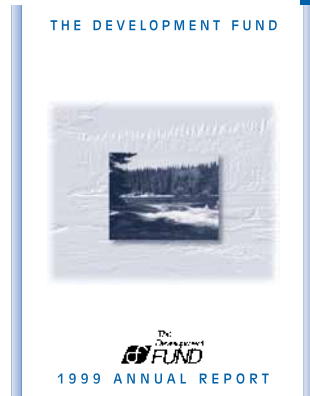
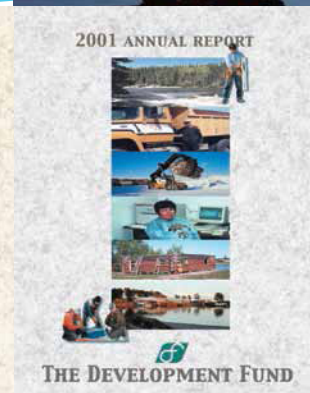
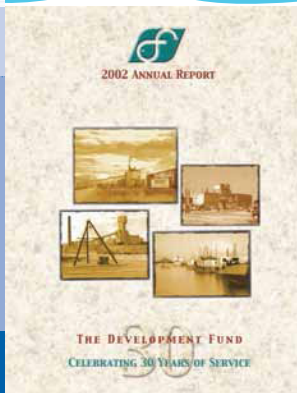
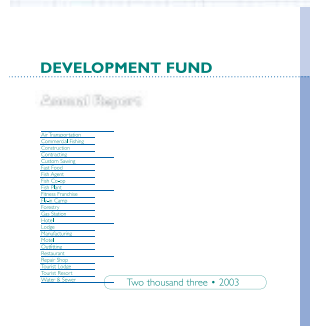


SUCCESS
NORTH
LOANS
INDUSTRY
CLIENTS
BUSINESS
COMMUNITY
SECTORS
GROWTH
IMPACT
POTENTIAL
MORE THAN
45
YEARS
OF INVESTING
IN MANITOBA
COMMUNITIES
DEVELOPMENT
DATA
INVESTING
FISHERIES
CASHFLOW
FINANCE
OPERATIONS
EXPENSES
MARKETING
ASSETS
PROFIT
SERVICE



CEDF ANNUAL REPORT 2018





MORE THAN
45
 YEARS
 OF INVESTING
 IN MANITOBA
 COMMUNITIES

MISSION STATEMENT

Through strategic relationship building, expert business coaching, and client-centered lending, we support the economic development of Manitoba communities.

VISION STATEMENT

A Manitoba where all our communities can develop to their full economic potential.

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SUCCESS
NORTH
LOANS
INDUSTRY
CLIENTS
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*Honourable Blaine Pedersen
Minister Responsible for the
Communities Economic Development Fund Act
Province of Manitoba
Room 352, Legislative Building
Winnipeg MB R3C 0V8*

Dear Sir:

*On behalf the Board and Management for the Communities Economic
Development Fund, it is my pleasure to forward to you the 46th Annual Report
for the year ended March 31st, 2018.*

Respectfully submitted,

*Dave Dyson
Chairperson*

DIRECTORS AND OFFICERS:

MINISTER RESPONSIBLE

The Honourable Blaine Pedersen

CURRENT BOARD OF DIRECTORS

Chairperson:

Dave Dyson - Deputy Minister
Growth, Enterprise and Trade

Directors:

Jeff Hodge - Acting Executive Director
Growth, Enterprise and Trade

Sarah Thiele - Assistant Deputy Minister
Treasury Board Secretariat

James Wilson - Deputy Minister
Education and Training

2017/2018 BOARD OF DIRECTORS

Chairperson:

Rosann Wowchuk

Directors:

Yvonne Ballantyne
Lori Lathlin
Reg Mead
Terrance Stover
Ellen Young

CEDF thanks the past board members for their
work on behalf of the organization.

Officers:

Oswald Sawh Chief Executive Officer &
Manager of Business Loans

Chris Thevenot Chief Financial Officer &
Manager of Fisheries Loan Program

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:

Fisheries Loans:

Box 10548, Opaskwayak, MB R0B 2J0
Unit B123 – 1075 Portage Ave. Winnipeg, MB R3G 0R8

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).

LEGISLATED MANDATE:

The objects of the fund, as stated in section 3(1) of the Act is as
follows:

"The objects of the fund are to encourage the economic development of
(a) northern Manitoba;
(b) aboriginal people in the province outside of the City of Winnipeg; and
(c) the fishing industry in Manitoba."

Section 3(2) of the Act states the focus of the fund:

"In carrying out its objects, the fund is to
(a) give emphasis to the needs of small business, community development
corporations and corporations without share capital; and
(b) seek to provide its financial assistance in a way that encourages other
lending and financial institutions to provide additional financing."

Forms of financial assistance are described in Section 8(1) of the Act:

"The fund may provide financial assistance in such forms as it may
decide; including making loans to borrowers for the provision of fixed capital
or working capital or for both."

The activities of the fund are outlined in Section 6.1(1) of the Act:

"For the purpose of achieving its objects, the fund may
(a) provide financial assistance to persons or economic enterprises;
(b) provide information, advice and training respecting the administration
and operation of economic enterprises; and
(c) promote good management practices in economic enterprises."

PROGRAMS:

CEDF provides loans and guarantees to small to medium
enterprises through its Business Loan Program and to the commercial
fishery through its Fisheries Loan Program. In addition, it provides support
for community economic development, capacity building and technical
assistance through its Community Economic Development programming.

OVERVIEW:

For the 2017/18 year, CEDF did not approve any business loans as its Business Loans program is currently under review. CEDF saw a slight drop in total commercial fish loans to \$ 3.02 million, down from \$ 3.61 million in the previous year. Indications are that there was a reluctance for fishers to invest in replacing their equipment or purchasing quotas due to the uncertainty of which buyers would be available for commercial fishers as the Province transitioned out of the Freshwater Marketing Act. CEDF, for it's 19th consecutive year, achieved it's operating budget.

Performance Measurement:

CEDF strategic business units remain unchanged.

- Business Loans - providing loans and guarantees to economic enterprises.
- Fisheries Loans – providing loans to the commercial fishing industry.
- Administration - accounting, finance, management information services, and treasury management.
- Community Economic Development - community level programming to assist Northern Manitoba communities in expanding economic opportunities.

Each unit is measured on key objectives which are noted below with outcomes.

BUSINESS LOANS PROGRAM:

Over its 45 year history, CEDF has had an annual lending average of \$2.99 million. In the 2016/17 year, Northern Manitoba saw some significant economic bad news, especially in the main urban centers of Thompson, the Pas, Flin Flon and Churchill. Many of these communities saw their long term large employers affected due to ongoing struggles in the primary industries such as mining and forestry. This has resulted in lower investor confidence that impacted demand for capital. These economic challenges resulted in the creation of the Look North initiative. Prior to the 2016/17 year, and for the previous 5 years, CEDF saw unprecedented demand for its business loans program with the four previous years annual average lending at \$6.27 million or more than double the historical average. The three main factors that fueled this earlier growth was CEDF's lending limit increasing from \$1 to \$2 million, more presence in Southern Manitoba and higher activity in First Nations communities. Even though some key industries such as Forestry and Transportation were still performing below historical levels, the hospitality and service industry had continued to perform well for CEDF.

Program Objectives:

- CEDF continues to monitor demand factors such as the arrival of new capital in the market as well as industry conditions. It also continues to work with other developmental lenders in order to help complement rather than compete against other programs.
- Account management to reduce loan losses – during fiscal year 2017/18, CEDF's loan loss provision was \$201,350. This is significantly lower than CEDF's 5-year loan loss average of \$359,546. The loan loss provisions for the year for both programs remain within budget.

At the fiscal year end the Business Loan portfolio stood at \$ 18.7 million down from \$ 19.9 million in 2017.

FISHERIES LOANS PROGRAM:

CEDF continues to be a major source of financing to the industry where many participants 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's fisheries loan payments come by way of a 25% assignment of fish delivered to FFMC agents as well as any private agents. CEDF continues to monitor fishery conditions and work with fishers to address issues as part of its risk mitigation approach.

Program Objectives:

- Lending activity \$4.5 million annually – New lending activity during 2017/2018 was \$3.02 million, a slight decrease from \$3.60 million in 2016/2017.
 - Successful loan management practice – Management made a loan loss provision of \$418,716 this year to reflect a decline in the overall value of the portfolio on a NPV basis as well as a more aggressive approach to addressing non-performing loans. CEDF's provision for loan loss under both programs is within budget.
- At fiscal year end, the Fisheries Loan portfolio stood at \$11.0 million, down from \$11.9 million in 2017. CEDF is monitoring both payment levels and amortization terms to ensure that portfolio quality is accurately reported.

ADMINISTRATION:

The unit is headed by the CFO & Manager of Fisheries Loan Program, and has one staff. It is responsible for the production of financial reports, accurate recording of transactions, and managing budget. The accounting department handled in excess of \$23 million in transactions including loan disbursements, payments from clients, and operating expenditures. In addition, the unit manages CEDF's Treasury supply.

Accounting Objectives:

- Budget management – CEDF achieved budget for the 19th consecutive year.
 - Timely reporting of performance and regulatory reporting - CEDF has met its filing objectives throughout the year and has provided regular (monthly) reporting to the Board and Management.
- CEDF borrows its loan funds from the Province of Manitoba at Crown rates. It is important for CEDF to manage this supply to ensure it can provide an efficient source of capital to its clients. Treasury is also responsible for ensuring an adequate supply of capital under the Loan Act. The key objectives and outcomes of treasury management are to obtain capital at interest rates enabling CEDF to offer stable interest rates at market levels. CEDF routinely confirms its interest rates in the market place and offers loans at competitive interest rates slightly higher than those available from conventional sources.

COMMUNITY ECONOMIC DEVELOPMENT PROGRAMS:

CEDF's Community Economic Development (CED) program provides community economic development technical assistance and consultative services to individuals in northern communities, community development corporations, and northern economic development practitioners. The CED delivers various programs that help to facilitate access for northern entrepreneurs to various business support programs.

CEDF's CED program recently changed its priority focus to technical support for individuals looking at starting or expanding their business. Primary activities during this period included technical support to individuals, and business planning with a secondary priority on community planning, community facilitation, and strategic planning.

Activities included business planning workshops, presentations to students regarding self-employment as a career option, presentations to Mayor/Chiefs and Councils, and one-on-one technical support. CEDF has recently started to deliver Growth Enterprise and Trade's (GET) Business Start program in the Pas and Thompson. CEDF plans to deliver these types of capacity building programs in other major industrial, NACC and First Nation communities in its Northern region. CEDF will also be installing informational kiosks in communities in order to facilitate the availability of information on grants, loans, and technical support from various developers at the community level. CEDF also continues to work with local leaders to help develop local community economic strategic plans.

NORTHERN ECONOMIC DEVELOPMENT STRATEGY

On November 1st, 2016, Former Growth, Enterprise and Trade Minister Cliff Cullen announced the process of implementing the Manitoba government's Northern Economic Development Strategy (NEDS). This initiative is called Look North.

"Our government recognizes the need for economic diversification and development in our province's north," said Cullen. "We are undertaking an in-depth process to engage communities and stakeholders in the partnerships necessary for the attraction of new businesses, the development of entrepreneurial opportunities and the expansion of existing expertise and investment."

The development and implementation of this strategy is led by co-chairs Onekanew (Chief) Christian Sinclair of the Opaskwayak Cree Nation and Chuck Davidson, president and CEO of the Manitoba Chamber of Commerce.

"Manitoba's north is undergoing a period of necessary economic transformation," said Sinclair. "Working in partnership, Aboriginal communities and northern businesses will look to models that have been successful in other northern and remote regions of Canada and the world, and will move forward on a new path toward the expansion of existing sectors and the development of new economy-building enterprises."

"Northern Manitoba has always been viewed as a key asset and a region full of growth and opportunity to support the provincial economy," said Davidson, whose organization represents 69 Chambers of Commerce in Manitoba and close to 10,000 businesses. "Our hope is that through this process we will develop a forward-looking and proactive strategy that will unleash the north's true potential."

CEDF reprioritized dollars in order to help fund the Northern Economic Development Strategy (NEDS). CEDF, in partnership with the Province of Manitoba, acts as technical support for the NEDS. A series of summits in Thompson, The Pas, and Churchill have been held to hear from community and business leaders as to what they feel are the opportunities and challenges for economic development in northern Manitoba. CEDF held consultation sessions with some Indigenous and Municipal Affairs communities to also get their feedback. An interim report titled Look North Report and Action plan for Manitoba's Northern Economy was released in the fall of 2017.

CEDF, as the only northern based Provincial crown corporation, recognizes the importance of a strong northern economy for all Manitobans. For this reason, CEDF is the major funder of the recently announced Northern Economic Development strategy (NEDS) and also provides technical support to the NEDS process. Management completed an internal 25 year review of CEDF activities in the spring of 2017. The summary of these results are provided below.

25 Year Review Summary Report (April 1, 1992 to March 31, 2017)

Since 1992, after changing from a program model to a business model, and taking over the commercial fish loan program, the Communities Economic Development Fund (CEDF) had provided \$102,528,244 in developmental loans to 825 business clients that has created 4,693 jobs and maintained an additional 12,613 jobs since 1999.

In addition, these business have been estimated to have:

- earned \$184,840,497 in annualized gross revenue;
- paid out \$71,017,644 in annualized wage costs;
- paid out \$7,416,432 in annualized income tax.

In addition, CEDF has provided \$87,276,627 in commercial fish loans to fishers who have earned a minimum of \$364,617,678 in income since 1993. CEDF has, on average, over 1000 commercial fishers as clients that represent 60 - 70% of all commercial fishers in Manitoba.

On average, CEDF is close to a neutral cost to the Manitoba taxpayers when its annual subsidy is netted with funds paid back to the Province through interest paid on funds borrowed through the Loan Act (for its loan pool), provincial taxes paid by staff of CEDF, and PST paid on administrative expenses and paid by clients for items purchased from loan funds. This does not include other benefits such as the taxes paid by our clients in their operations and their employees.

CEDF's \$ 99,384,886 in developmental business loans since 1993 has leveraged an additional

\$ 37,813,858 in other funds or 38% of additional financing. Of the 770 business loans approved in 87 communities since 1993 approximately:

- 34.9% have been to businesses and individuals in Northern/Industrialized communities;
- 22.3% in predominately Non-Status/Metis communities;
- 20.4 % on First Nations;
- 12.4% in Central/Southern urbanized communities;
- 10% in rural communities.

The uses for the business loans were as follows:

- 64.2% (495 loans) for expansion;
- 11.6% (89 loans) for start-ups;
- 10.3% (79 loans) for the purchase of a business;
- 6.8% (52 loans) for refinancing needs and;
- 7.1% (55 loans) for miscellaneous purposes.

CEDF business loans have been to a diverse set of industries but the top ten, that accounts for slightly over 90% of its loans, are forestry (22.7%), services and other (19.7%), hotel (16.6%), transportation (7.3%), construction (7%), commercial fishing co-ops and agents (4.5%), trucking (3.5%), lodge (3.3%), restaurants (3%), and tourism (3%).

The commercial fish loan program provides loans to individuals in the commercial fishing industry for items such as quota purchases, repairs, equipment/fish shed/boat purchases, taking over of existing outfits, and working capital/start-up costs.



Aurora Inn, Churchill



Dr. Guy's Small Engine Clinic,
The Pas



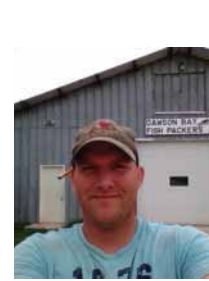
Iron Fitness, Thompson



Snow Lake Motor Hotel,
Snow Lake



Spruce Country Computer,
Swan River



Dawson Bay Fish Packers,
Mafeking



Arctic Trading, Churchill



Norway House Fisherman's Coop,
Norway House



Water & sewer trucks,
Norway House Cree Nation



McBeth Fisheries, Koostatak



Nelson River Loggers, Nelson House



7 Acre Wood Animal Boarding Kennel,
RM of Morris

SUCCESS
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PEDERSEN WELDING LTD. Swan River

"Our business has been running for nearly three years now and is steadily growing. As our work load increased so did our need for tools and equipment with the banks turning me down for loans for essential equipment. My search for financing options led me to CEDF. On my first visit to the Swan River branch I knew this was the route for me. The process was quick and painless and it was very comforting to talk to someone that understood about business. CEDF has achievable loans structure and repayment schedule that worked for me and I'm sure many others. With the financing that CEDF was able to provide the company we now have 3 full time employees and have boosted revenue well over 100%. CEDF is a must for small business!"

Rikki Pedersen



LABAN FITNESS Thompson

"LABAN Fitness has been in operation since 2003. We started with only Taekwondo, then after a few years we added fitness classes. Eventually we added gym equipment and made it a 24-hr gym. CEDF assisted us with the purchase of even more fitness equipment and machines to satisfy the demands of our clients. Today we are proud to have a very full gym with all of your workout needs from cross training to olympic lifting to body sculpting, we have what you need. Thanks CEDF for your support!"

Chris Byrne



WESTWOOD INN Swan River

"By working with Pat to obtain mortgage financing through CEDF, the Westwood Inn's cash flow has been substantially better, and management of cash flow and payments has taken considerably less monitoring and work. Due to better cash flow and financing, we have been able to allocate funds to improving the property which has also helped to increase business, as well as increasing the value of the property. The Westwood Inn's intent is to continue renovations over the next couple of years, which would further increase our revenue and value of the property. Our dealings with Pat and CEDF have been extraordinary. It has been an absolute positive experience and has helped our business immensely."

Brent Scales



MISTIK HAULING Wabowden

"I have been in business for 30 years, when I started to contract to Manfor (now known as Canadian Craft Paper Industries Ltd.). In those days, as it is now, it was difficult to secure financing for contractors. CEDF was willing to provide financing back then, and continues to be a valuable financing institution for business' new and existing. Mistik Hauling continues to employ eight Wabowden residents.

Garry Mosiondz



McPHERSON GAS BAR & CONVENIENCE STORE Garden Hill

"My husband Bill and I are members of the Garden Hill First Nation and we proudly own and operate McPherson Gas Bar. Living in a remote northern community, we had difficulty getting financing to start this business. In February 2017 we met CEDF who were visiting our community. After talking with them about their program, we applied and were successful in obtaining a loan to purchase fuel. Because CEDF gave us this loan we were able to ship the fuel up the winter road saving our customers a lot on money as we wouldn't have to fly the fuel in. Now we have enough inventory to ensure we are able to meet our customer needs. Thank you CEDF."

William and Sylvia McPherson



BAACOS BAR & GRILL Thompson

"In the fall of 2016 we had an idea that we should purchase Baacos Pizza and bring it back to life. Thanks to CEDF's financial assistance and support we were able to do this! On December 1st, we took over, and after 30 hours of renovations we opened for business. We are grateful to CEDF for believing in our vision! Baacos Bar & Grill is alive again!"

Kory & Kristyn Wickdahl



AURORA INN Churchill

"A couple of years back, a great opportunity presented itself here in Churchill. The owners of the Aurora Inn were looking to sell their hotel and they wanted it to stay locally owned and operated. We had known the owners for years, and they approached us to see if there was an interest in purchasing it. We thought it was an amazing opportunity and started looking into the financing we would need. The previous owner recommended talking with the CEO and the Business Loans Consultant at CEDF, he had been dealing with them for years. It sounded like a great fit for what we needed so I contacted the CEDF. We went over some questions about what the CEDF represented and what was expected of us if we did get the loan and took over ownership of the Aurora Inn. During the discussions we stated that we all live and work year-round in Churchill, that we would be staying open 12 months of the year, and we would maintain the staff levels to help create job opportunities within our community. CEDF was great with helping move the process along with quick responses to questions we had, and even going so far as to help quickly fix some paperwork when the scope of the loan request had to be amended. The whole experience with CEDF made this stressful and life changing purchase a lot easier to complete. Thanks to the CEDF we are the proud owners of a 22 room apartment style suite hotel in the community we love. I recommend CEDF to anyone that I hear is looking to start a business or purchase an existing business in Churchill."

Bill Dingwall and David Daley



SPRUCE COUNTRY COMPUTER Swan River

"I have had a mortgage on a commercial building with CEDF since 2006. CEDF saw the potential and benefit to owning the building my business was in. Thank you CEDF for being so great to work with!"

Heather Nielsen



DAWSON BAY FISH PACKERS Mafeking

"I have been dealing with CEDF business and fishermen's loan program for over 20 years now. Never has there been a time where CEDF Business Loan Consultant Pat Morden and Tom Bignell, CEDF Fish Loans Consultant, have refused to take time and help me when I was stuck and needing assistance. CEDF has been very helpful expanding my business when I had an opportunity to grow, especially with the fish packing plant that I am operating today. The program is very helpful for small business ventures like mine."

Jamie Parker



7 ACRE WOOD ANIMAL BOARDING KENNEL Rural Municipality of Morris

"Four years ago my family and I began planning a business located south of Winnipeg that would provide direct handling and care of companion animals i.e... cats, dogs, and small critters. The first year involved developing a business plan strategy, visiting kennels, shelters, building contractors, accountants, lawyers, and networking with various lenders. Today, we operate a new facility that can care for up to 18 dogs, 6-8 cats, and small critters. Our 2400 sq. ft. building includes a temperature controlled kennel for dogs, a furnished cat room which also accommodates small critters, grooming room and a large fenced in yard. Our clientele and services continue to expand. Our business has partnered with three RM's, one town, two rescue shelters, and the Provincial Veterinarian's Office to provide care and housing to animals in distress, stray animals, and animals that have been seized by an authority. Currently, we are in talks with a First Nations Band in developing an animal control program which would involve our facility. Many valuable people and agencies have made this all possible, one being CEDF. Their knowledgeable and very open-minded staff have helped to make 7 Acre Wood Kennel become a reality. I am very confident that as the future unfolds and whatever new directions we pursue, CEDF will help us make things happen. I'd like to say thanks for all their wisdom, efforts and financial support."

Robert Zacharias and Staff



IRON FITNESS Thompson

"Thank you to the CEDF family for your help with getting my business going. The support and knowledge that I have received is very much appreciated."

Lindsay Stadnek and Kevin Stadnek



SNOW LAKE MOTOR HOTEL Snow Lake

"CEDF has helped us to achieve our goals in business in our home town of Snow lake and continue to support us in our upcoming projects! We can't say enough about CEDF's business loans staff as they offer a level of expertise that is greatly appreciated! Our hotel operation is running smoothly and we are now expanding with them into a brand new motel a couple of steps away! CEDF's community economic development officer has also been instrumental in guidance for other future ventures! These exciting times for northern Manitoba and all entrepreneurs can grow with CEDF! Thank you!"

Gerard Lamontagne

NORWAY HOUSE COMMERCIAL FISHERMEN Norway House

"The Norway House Commercial Fishermen and Communities Economic Development Fund have had a strong relationship for many years. CEDF has been providing loans to our commercial fishers throughout the years which has given the fishers the opportunity to maximize on their businesses. Without the financial assistance from CEDF, many of our fishers would not have been able to purchase the equipment that is essential for their fishing operations. The fishers of the Norway House Fisherman's Co-op thank CEDF for their assistance throughout the years and look forward to a continued successful relationship."

BOARD OF DIRECTORS
Norway House Fisherman's Co-op





DR. GUY'S SMALL ENGINE CLINIC The Pas

"CEDF was there to assist when we started our business in 1994. They've been there all along to help us as our business has grown over the years. We appreciate the professional support provided by their staff. CEDF has definitely helped us succeed in business."

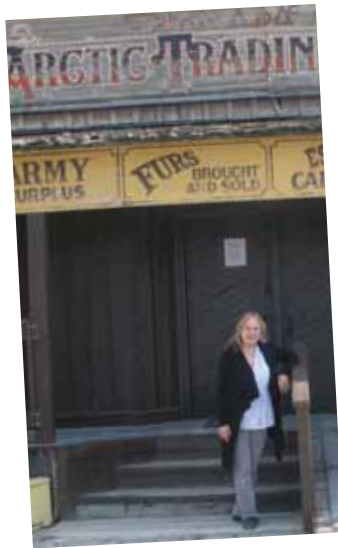
**Guy Laframboise
& Wendy Popika**



MYSTERY LAKE BODY SHOP LTD. Thompson

"Thank you to CEDF for helping us achieve our goal of owning our own local business."

Danny and Charmaine Morris



ARCTIC TRADING COMPANY Churchill

"The Arctic Trading Company is a small business located on the shores of Hudson Bay. We manufacture native made slippers, mukluks, mitts, and gauntlets. Our main objective is to preserve Native art. We collect art from many different First Nations across Canada for resale. We also sell furs and souvenir items."

The Arctic Trading Company received a loan from CEDF in April, 2014. This loan gave us ability to only make loan payments during our high season, as we have peak seasons when many tourists from all over the world come to Churchill to view the beluga whales and polar bears. In the off-season we are not required to make loan payments. Part of the loan was used to construct a new deck on our building, making it safer for our many visitors."

Penny Rawlings



McBETH FISHERIES Koostatak

"The Fisher River Mcbeth Board of Directors are grateful for the financial support provided by CEDF that assists in the growth of our local commercial fishery."

Over the past years, CEDF has assisted Quota Entitlement purchases and infrastructure upgrades. Without prompt services provided by CEDF staff, opportunities would be lost in the commercial fishing industry.

Once again, we thank you."

McBeth Fisheries Board of Directors



NELSON RIVER LOGGING LTD. Wabowden

"CEDF has assisted Nelson River Logging Ltd. (NRL) from the very beginning. In 1992 CEDF assisted with the purchase of a wood chipper. In 1996 we went to the bank to request financing for a building and were told we could not afford it. We applied to CEDF and they assisted us with the purchase of a pre-engineered convex commercial steel structure to use for our NRL shop. In 1998 CEDF financed the purchase of a delimber and later helped us with consolidating our debt when there was a downturn in the logging industry. In 2012 CEDF once again assisted us with the purchase of a feller buncher. Thanks CEDF for assisting us with our business."

Albert & Jim McIvor



NORWAY HOUSE CREE NATION WATER AND SEWER TRUCKS

"Sewer and water services are critical to every member of our community as with every community. Norway House Cree Nation has additional challenges when it comes to sewer and water because we are a remote and northern community. We appreciate the understanding and support of our partners like CEDF, as we work together to replace our aging fleet of 22 water and sewer trucks. Working together, we are able to ensure our community has these critical services."

GERALD SLATER,
Former Director of Economic Development
Norway House Cree Nation



AMIK AVIATION Little Grand Rapids

"If the Fund wasn't there for aboriginal members like myself, who had a dream to own my own business, I wouldn't be where I am today. The Fund provided financial support to allow me to purchase the first of two aircraft. They believed in my vision to own an air service. Just recently, they provided financial assistance for the construction of a hangar/office for my staff of 17 and four airplanes. I really appreciate the support they have given me to realize my ambitions."

OLIVER OWEN
Owner/Operator

	2018	2017	2016	2015	2014	2013
No. of Loans Approved - Business (Note 1)	0	13	36	32	23	24
Dollar Value - Business (Note 1)	-	\$1,309,120	\$5,777,148	\$7,177,420	\$5,545,616	\$6,562,214
Dollar Value - Fish Loan Approvals	\$3,024,035	\$3,606,696	\$3,956,817	\$3,563,302	\$3,149,351	\$2,853,817
No. of Active Loans - Business	98	111	111	113	114	108
No. of Active Loans - Fisheries	752	871	907	1016	1072	1010
Portfolio Value - Total	\$29,713,032	\$31,777,978	\$31,920,361	\$34,120,541	\$29,831,813	\$28,491,599
Total Subsidy	\$1,429,983	\$1,429,984	\$1,429,974	\$1,469,442	\$1,469,450	\$1,469,451
Bad Debt Expense - Business	\$201,351	\$210,810	\$109,763	\$580,451	\$538,825	\$357,880
Bad Debt Expense - Fisheries	\$418,716	\$114,000	\$599,117	\$142,938	\$106,720	\$187,500

Note 1: Business Loans program currently under review. No loans approved in the 2017/2018 year.

Bad Debt Expense as a percentage of loan activity for business and fish loans (not including non-specific allowances.)

Historial	4.06%
Last 10 Years	4.57%
Last 5 Years	3.90%
Last 3 Years	5.36%

We present the following data which reflects our impact on the regional economy within our mandated area.

JOBS

Number of persons directly employed in business supported by CEDF loans	464
Number of Fishers supported by CEDF loans	752
Total Employment	1216

REVENUE

Total revenue of Business Loan clients:	\$55,223,506
Total revenue of Fisheries Loan clients (before final payment and transfer income)	\$17,391,148
Total Revenue	\$ 72,614,654
Direct Wages Paid	\$ 8,951,724

	Equity	Vendor / Client Financing	Other Financial Organizations	Total
2017/18	\$0	\$0	\$0	\$0
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	\$0	\$1,027,569
	\$5,063,744	\$1,363,811	\$6,496,267	\$12,923,822

CEDF developmental loans totalling \$32,664,904 in the last seven years has leveraged **an additional \$12,923,822 or 40%** in other financing and equity investment.

Note 1 - No new business loans approved for the 2017-18 year.

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
	\$135,998,904	1629	7277		\$242,781,288	\$988,164,869

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

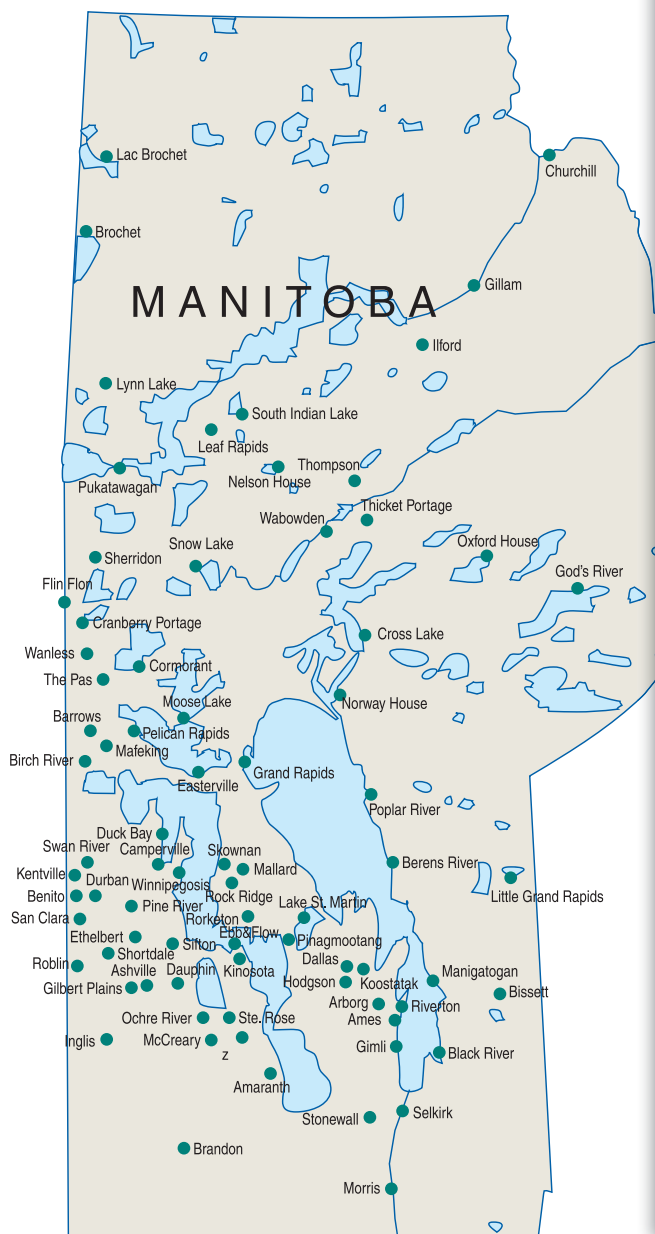
Note 2 - Statistics on wages paid by individual businesses was not recorded prior to 2000.

Note 3 - No new business loans approved for the 2017-18 year. All data outlined in 2018 are from existing clients.

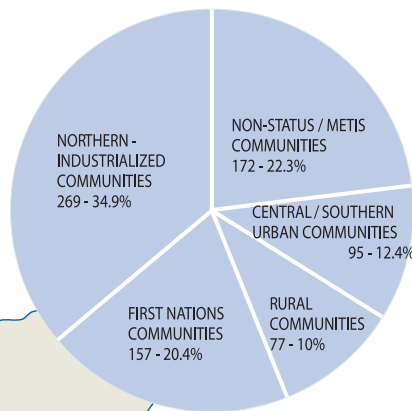
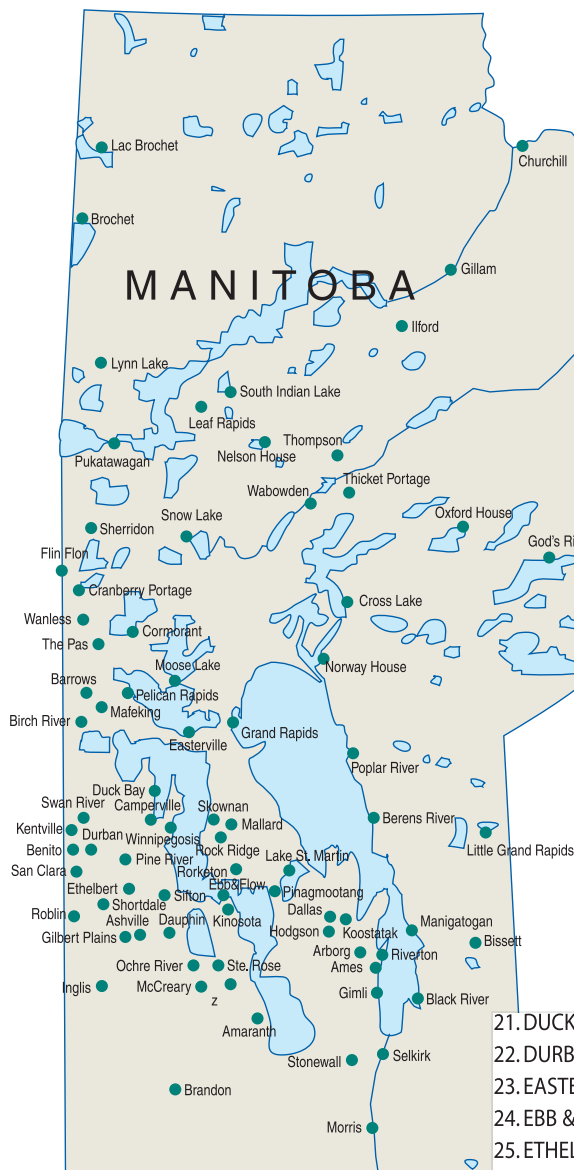
Year	Loans Approved	Fishers Supported	Total Revenue of Fisher Clients	Amount of Licensed Fishers Delivering to FFMC	% of CEDF Client over Total Provincial Fishers
1993	\$3,025,154	1300	not available	2025	64%
1994	2,249,264	1300	\$18,904,020	1894	69%
1995	2,249,264	1160	11,680,536	1839	63%
1996	3,160,518	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%
\$90,322,336			\$382,008,826		

FISHERIES LOANS TO COMMUNITIES 2008 - 2018

In addition, CEDF has provided \$90,322,336 in commercial fish loans to fishers who have earned a minimum of \$382,008,826 in income since 1993. CEDF has, on average, over 1000 commercial fishers as clients that represent over 70% of all commercial fishers in Manitoba."



COMMUNITY	\$ AMOUNT	NO.	COMMUNITY	\$ AMOUNT	NO.
AMARANTH	144,204.97	28	MATLOCK	20,038.77	13
ARNES	243,957.40	31	MELEB	16,600.00	5
ASHERN	49,173.00	7	MOOSE LAKE	513,882.13	68
BALMORAL	24,700.00	6	NELSON HOUSE	180,162.57	31
BARROWS	56,522.22	7	NORWAY HOUSE	3,660,263.23	379
BEACONIA	96,312.14	11	OCHRE RIVER	5,900.00	1
BELAIR	25,275.80	6	OPASKWAYAK	46,642.58	15
BEREN RIVER	2,155,210.57	480	PEGUIS	579,067.41	100
BIRCH RIVER	72,300.00	4	PELICAN RAPIDS	109,838.30	14
BLOODVEIN RIVER	424,969.03	108	PETERSFIELD	18,721.50	2
BOWSMAN	96,714.20	3	PIKWITONEI	5,000.00	1
BRANDON	15,500.00	2	PINE DOCK	670,472.92	98
BROCHET	222,030.50	33	PINE FALLS	5,543.48	4
CAMPERVILLE	81,443.71	11	POPLAR RIVER	1,527,065.23	256
CAMPMORTON	59,851.86	13	PORTAGE LA PRAIRIE	1,500.00	1
CORMORANT	72,947.24	11	PRINCESS HARBOUR	148,670.16	26
CRANE RIVER	38,175.94	9	PUKATAWAGAN	202,778.19	35
CROSS LAKE	168,882.29	19	RIVERTON	1,720,555.20	249
DALLAS	737,498.16	164	ROCKRIDGE	24,500.00	2
DAUPHIN	101,433.19	13	RORKETON	9,800.00	2
DUCK BAY	147,499.48	17	SANDY HOOK	104,844.75	17
EASTERVILLE	1,393,015.82	178	SELKIRK	445,661.97	65
EBB & FLOW	25,798.53	5	SHERRIDAN	8,190.00	2
ETHELBERT	6,567.45	1	SIFTON	30,000.00	1
FAIRFORD	66,704.00	19	SILVER RIDGE	8,500.00	1
FISHER BRANCH	46,066.40	14	SKOWNAN	608,051.38	119
FISHER RIVER	39,565.28	9	S. INDIAN LAKE	239,457.96	43
FRASERWOOD	76,596.00	9	SPLIT LAKE	129,303.20	21
GAND MARAIS	19,000.00	2	ST AMBROISE	5,000.00	1
GILLAM	18,300.00	1	ST ANDREW	81,083.00	7
GIMLI	2,178,801.44	321	ST LAURENT	47,071.88	11
GRAND RAPIDS	3,367,801.44	850	ST MARTIN	215,943.10	31
GRANVILLE LAKE	6,880.00	1	STEVENSON ISLAND	14,000.00	1
GYPSUMVILLE	1,927,642.82	368	THE PAS	36,168.18	10
HODGSON	305,483.34	58	THICKET PORTAGE	99,811.11	18
HOLLOW WATER	33,402.68	4	THOMPSON	32,200.00	10
INGLIS	75,000.00	1	TRAVERSE BAY	218,460.30	16
ISLAND LAKE	8,000.00	1	VICTORIA BEACH	31,810.00	2
KINOSOTA	26,799.00	6	VOGAR	19,330.00	4
KOMARNO	37,977.90	11	WABOWDEN	753,081.83	73
KOOSTATAK	2,600,382.85	651	WANIPIGOW	931,532.91	142
LANGRUTH	13,500.00	2	WATERHEN	235,028.24	38
LEAF RAPIDS	304,084.45	42	WINNIPEGOSIS	226,832.57	31
LYNN LAKE	15,807.00	2	WINNIPEG	510,199.73	82
MAFEKING	270,207.36	35	WINNIPEG BEACH	514,736.51	105
MANIGOTAGAN	93,849.00	11			
MATHESON ISLD	1,366,507.09	227	GRAND TOTAL	\$ 34,372,883.22	5966

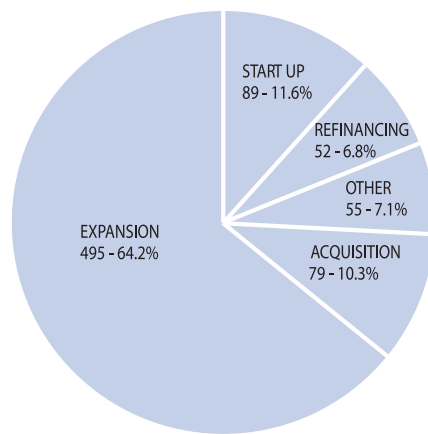


1. ALONSA	\$1,305,000.00
2. AMARANTH	\$139,555.00
3. ARBORG	\$300,000.00
4. ARNES	\$3,850.00
5. ASHVILLE	\$24,171.00
6. BARROWS	\$119,863.00
7. BENITO	\$538,364.00
8. BERENS RIVER	\$367,800.00
9. BIRCH RIVER	\$233,342.00
10. BISSETT	\$124,840.00
11. BLACK RIVER	\$75,000.00
12. BRANDON	\$179,818.00
13. BROCHET	\$854,902.00
14. CAMPERVILLE	\$336,066.00
15. CHURCHILL	\$7,634,090.00
16. CORMORANT	\$43,170.00
17. CRANBERRY PORTAGE	\$1,129,230.00
18. CROSS LAKE	\$2,326,555.00
19. DALLAS	\$75,000.00
20. DAUPHIN	\$1,959,153.00

21. DUCK BAY	\$183,939.00
22. DURBAN	\$77,673.00
23. EASTERVILLE	\$1,722,929.00
24. EBB & FLOW	\$762,040.00
25. ETHELBERG	\$618,759.00
26. FLIN FLON	\$1,724,587.02
27. GILBERT PLAINS	\$115,000.00
28. GILLAM	\$447,743.00
29. GIMLI	\$217,242.94
30. GOD'S RIVER	\$511,522.00
31. GRAND RAPIDS	\$918,601.00
32. GYPSUMVILLE	\$39,375.00
33. HODGSON	\$230,370.00
34. ILFORD	\$305,493.00
35. INGLIS	\$60,000.00
36. ISLAND LAKE	\$72,000.00
37. KENVILLE	\$216,420.00
38. KINOSOTA	\$76,625.00
39. KOOSTATAK	\$944,934.00
40. LAC BROCHET	\$74,383.00
41. LAKE ST. MARTIN	\$52,210.00
42. LEAF RAPIDS	\$1,618,636.00
43. LITTLE GR RAPIDS	\$593,220.00
44. LYNN LAKE	\$971,365.00
45. MAFEKING	\$1,677,058.00
46. MALLARD	\$10,650.00

47. MANIGOTOGAN	\$67,480.00
48. MCCREARY	\$51,660.00
49. MOOSE LAKE	\$387,122.00
50. MORRIS	\$142,833.45
51. NELSON HOUSE	\$353,810.00
52. NORWAY HOUSE	\$5,913,390.00
53. OAKVIEW	\$899,425.00
54. OCHRE RIVER	\$197,715.00
55. OXFORD HOUSE	\$247,540.00
56. PELICAN RAPIDS	\$20,500.00
57. PINAGMOOTANG	\$128,000.00
58. PINE RIVER	\$1,334,477.00
59. POPLAR RIVER	\$32,450.00
60. PUKATAWAGAN	\$33,070.00
61. RIVERTON	\$2,221,008.00
62. ROBLIN	\$142,185.00
63. ROCK RIDGE	\$57,705.00
64. RORKETON	\$20,500.00
65. SAN CLARA	\$76,600.00
66. SELKIRK	\$3,408,189.99
67. SHERRIDON	\$340,317.00
68. SHORDDALE	\$69,757.00
69. SIFTON	\$120,000.00
70. SKOWNAN	\$21,785.00
71. SNOW LAKE	\$1,823,193.00
72. SOUTH INDIAN LAKE	\$354,598.00
73. ST THERESA POINT	\$138,921.00
74. ST. ANDREWS	\$1,002,526.00
75. ST. ROSE	\$115,000.00
76. STONEWALL	\$49,999.00
77. SWAN RIVER	\$5,041,466.00
78. THE PAS	\$5,324,697.00
79. THICKET PORTAGE	\$72,680.00
80. THOMPSON	\$15,540,317.66
81. WABOWDEN	\$13,639,054.00
82. WANIPIGOW	\$324,314.00
83. WANLESS	\$168,067.00
84. WATERHEN	\$25,915.00
85. WAYWAYSEECAPPO	\$167,101.00
86. WINNIPEGOSIS	\$46,610.00
Miscellaneous (Winnipeg mailing address but businesses operating outside of Winnipeg)	\$2,977,640.29
Loans approved but later withdrawn	\$4,272,723.65
TOTAL	\$99,384,886.00

SUCCESS NORTH BUSINESS LOANS BY INDUSTRY 1993-2018



	\$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

KENDALL & PANDYA

Chartered Professional Accountants

300-31 Main Street., P.O.Box 175, Flin Flon, MB R8A1M7 (204)687-8211 Fax 687-2957
118 Cree Road, Thompson, MB R8N 0C1 (204) 778-7312 Fax 778-7919

Partners... David Kendall, FCPA, FCA*
Manisha Pandya, CPA, CA*

*Operating as professional corporations

To the Board of Directors of COMMUNITIES ECONOMIC DEVELOPMENT FUND

Report on the Financial Statements

We have audited the statement of financial position of COMMUNITIES ECONOMIC DEVELOPMENT FUND as at March 31, 2018 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting standards, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conduct our audit in accordance with Canadian Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depends on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. The audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Communities Economic Development Fund, as at March 31, 2018 and its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.



CHARTERED PROFESSIONAL ACCOUNTANTS

Thompson, Manitoba
June 27, 2018

Statement of Financial Position

As at March 31, 2018

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash	\$ 347,147	\$ 952,010
Trust Deposits - Province of Manitoba	518,634	507,925
Due from the Province of Manitoba (Note 2)	5,074,737	4,638,438
Accounts Receivable	10,358	23,651
Property Held for Resale	1,794	4,419
Prepaid Expenses	9,714	12,126
	5,962,384	6,138,569
Loans Receivable (Note 3)	24,227,347	26,480,875
Capital Assets (Note 4)	870,181	905,442
	25,097,528	27,386,317
	<u>\$ 31,059,912</u>	<u>\$ 33,524,886</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 13)	\$ 1,537,191	\$ 1,128,673
Deferred Contributions (Note 5)	18,033	124,107
Interest Payable to the Province of Manitoba	173,413	219,461
	1,728,637	1,472,241
Accrued Pension Liability (Note 6)	2,630,847	2,668,080
Advances by the Province of Manitoba (Note 7)	26,700,428	29,384,565
	31,059,912	33,524,886
NET ASSETS	-	-
	<u>\$ 31,059,912</u>	<u>\$ 33,524,886</u>
Commitments (Note 8)		

APPROVED BY THE BOARD OF DIRECTORS:

Statement of Operations and Changes in Net Assets

Year ended March 31, 2018

	<u>2018</u>	<u>2017</u>
REVENUE		
Loan Interest		
Business Program	\$ 837,730	\$ 973,312
Fisheries Program	595,572	646,954
Investment Income	<u>21,804</u>	<u>26,567</u>
	1,455,106	1,646,833
COST OF FUNDS		
Interest Paid to the Province of Manitoba		
Business Program	455,714	495,956
Fisheries Program	271,568	271,665
Life Insurance	<u>105,458</u>	<u>112,959</u>
	832,740	880,580
GROSS MARGIN	622,366	766,253
OPERATING EXPENDITURES (Note 12)	<u>(1,633,922)</u>	<u>(2,051,233)</u>
	(1,011,556)	(1,284,980)
OTHER REVENUE		
Bad Debt Recovery		
Business Program	32,231	13,135
Fisheries Program	158,807	17,336
Administration and Consulting Fees	6,445	139,721
Sundry Revenues	<u>4,154</u>	<u>9,614</u>
	201,637	179,806
Deficiency of Revenue Over Expenditures		
Before Provision for Doubtful Loans	(809,919)	(1,105,174)
Provisions for Doubtful Loans		
Business Program	201,350	210,810
Fisheries Program	418,715	114,000
Deficiency of Revenue Over Expenditures before		
Subsidy due from Province of Manitoba	(1,429,984)	(1,429,984)
Subsidy due from Province of Manitoba	<u>1,429,984</u>	<u>1,429,984</u>
Excess of Revenue Over Expenditures	\$ -	\$ -
Net Assets, Beginning of Year	<u>-</u>	<u>-</u>
Net Assets, End of Year	<u>\$ -</u>	<u>\$ -</u>

Statement of Cash Flows

Year ended at March 31, 2018

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of Revenue over Expenditures for the year	\$ -	\$ -
Amortization of Capital Assets	44,149	26,299
Provision for Doubtful Loans	620,065	324,810
	<u>664,214</u>	<u>351,109</u>
Net Changes in Working Capital Balances		
Accounts Receivable	13,293	174,933
Prepaid Expenses	2,412	(1,116)
Accounts Payable and Accrued Liabilities	408,518	(254,067)
Property Held for Resale	2,625	-
Deferred Contributions	(106,074)	(21,677)
Interest Payable to the Province of Manitoba	(46,048)	(13,396)
Accrued Pension Liability	(37,233)	98,383
	<u>237,493</u>	<u>(16,940)</u>
	<u>901,707</u>	<u>334,169</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net Increase (Decrease) in Amounts		
Due from Province of Manitoba	(436,299)	(555,402)
Net Increase (Decrease) in Advance		
by the Province of Manitoba	(2,747,137)	(47,433)
	<u>(3,183,436)</u>	<u>(602,835)</u>
CASH FLOWS FROM CAPITAL ACTIVITY		
Acquisition of Capital Assets	(8,888)	(7,920)
CASH FLOWS FROM INVESTING ACTIVITY		
Change in Loans Receivable Net of Repayments	1,696,463	(14,173)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(594,154)	(290,759)
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>1,459,935</u>	<u>1,750,694</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 865,781</u>	<u>\$ 1,459,935</u>
REPRESENTED BY:		
Cash and Bank	\$ 347,147	\$ 952,010
Term Deposits - Province of Manitoba	518,634	507,925
	<u>\$ 865,781</u>	<u>\$ 1,459,935</u>

Notes to Financial Statements

As at March 31, 2018

I. 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 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. In all other cases, including loans that are both current and for which there is excess security value, a non-specific allowance equal to 5% of the outstanding loan balance is recorded.

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.

Notes to Financial Statements

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 straight-line 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 \$5,074,737 (\$4,638,438 in 2017) represents additional funds needed to fund the actual requirements for the year including the pension liability. The balance is comprised of the following:

	2018	2017
Department of Growth, Enterprise and Trade		
Subsidy Refundable	\$ 1,355,440	\$ 1,170,575
Order in Council Pending	915,060	592,029
Pension, Unfunded	2,596,624	2,637,206
Pension, Funded	34,986	31,636
Severance Accrued, Unfunded	172,627	206,992
	<u>\$ 5,074,737</u>	<u>\$ 4,638,438</u>

3. LOANS RECEIVABLE

Loans receivable by program are as follows:

Business Loans Program

Interest rates applied range from 4.16% to 8.77%

Principal	\$ 18,181,036	\$ 19,357,502
Accrued interest	<u>510,192</u>	<u>498,461</u>
	18,691,228	19,855,963
Allowance for doubtful loan	<u>(2,676,659)</u>	<u>(2,475,308)</u>

Total Business Loans Program	\$ 16,014,569	\$ 17,380,655
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Fisheries Loans Program

Interest rates applied to all fisheries loans is 6.7%

Principal	\$ 10,623,268	\$ 11,408,969
Accrued interest	<u>398,536</u>	<u>513,045</u>
	11,021,804	11,922,014
Allowance for doubtful loans	<u>(2,809,026)</u>	<u>(2,821,794)</u>

Total Fisheries Loans Programs	8,212,778	9,100,220
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Total Business and Fisheries Loan Programs	<u>\$ 24,227,347</u>	<u>\$ 26,480,875</u>
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Notes to Financial Statements

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

	2018		2017	
	Gross Loan Balances	Total Allowance	Gross Loan Balances	Total Allowance
Business Loans Program				
Impaired	\$ 2,532,286	\$ 1,082,458	\$ 1,761,279	\$ 930,226
Performing	16,158,942	1,594,201	18,094,684	1,545,082
	<u>18,691,228</u>	<u>2,676,659</u>	<u>19,855,963</u>	<u>2,475,308</u>
Fisheries Loans Program				
Impaired	\$ 2,809,026	\$ 2,809,026	\$ 2,821,794	\$ 2,821,794
Performing	8,212,778	-	9,100,221	-
	<u>\$ 11,021,804</u>	<u>\$ 2,809,026</u>	<u>\$ 11,922,015</u>	<u>\$ 2,821,794</u>

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

	Specific	Non-Specific	Total 2018	Total 2017
Business Loans Program				
Balance, beginning of year	\$ 1,263,677	\$ 1,211,631	\$ 2,475,308	\$ 2,264,499
Provision for the year	608,255	(406,904)	201,351	328,051
	<u>\$ 1,871,932</u>	<u>\$ 804,727</u>	<u>\$ 2,676,659</u>	<u>\$ 2,592,550</u>
Loans written off	-	-	-	(117,242)
Balance, end of year	<u>\$ 1,871,932</u>	<u>\$ 804,727</u>	<u>\$ 2,676,659</u>	<u>\$ 2,475,308</u>
Fisheries Loan Program				

	2018	2017
Balance, beginning of year	\$ 2,821,794	\$ 2,853,606
(Recovery) provision for the year	418,715	114,000
	<u>\$ 3,240,509</u>	<u>\$ 2,967,606</u>
Loans written off	(431,483)	(145,812)
Balance, end of year	<u>\$ 2,809,026</u>	<u>\$ 2,821,794</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, 2018 by NIL (Nil in 2017).

Loan Loss Provision		
Per accounts	\$ 2,809,026	\$ 2,821,794
Per net present value calculation	(2,809,026)	(2,821,794)
	<u>\$ -</u>	<u>\$ -</u>

Notes to Financial Statements

4. CAPITAL ASSETS

	Costs	Accumulated Amortization	2018 Net Book Value
Land	\$ 92,482	\$ -	\$ 92,482
Building	931,236	172,279	758,957
Office Furniture and Equipment	238,948	220,206	18,742
Parking Lot	73,000	73,000	--
Total	<u>\$ 1,335,666</u>	<u>\$ 465,485</u>	<u>\$ 870,181</u>

	Costs	Accumulated Amortization	2017 Net Book Value
Land	\$ 92,482	\$ -	\$ 92,482
Building	931,236	153,654	777,582
Office Furniture & Equipt	230,060	194,682	35,378
Parking Lot	73,000	73,000	--
Total	<u>\$ 1,326,778</u>	<u>\$ 421,336</u>	<u>\$ 905,442</u>

5. DEFERRED CONTRIBUTIONS

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

	2018	2017
Balance, beginning of year	\$ 18,980	\$ 145,784
Recognized during the year	(1,562)	(1,804)
Transfer to the Northern Economic Diversity Strategy	-	(125,000)
	<u>\$ 17,418</u>	<u>\$ 18,980</u>

During the fiscal year ended 2017 the Fund received approval to reprofile \$125,000 of conditional funds from the Non-Timber Forest Products Program to establish the Northern Economic Development Strategy Program. Transactions for the year and deferred contributions at year end are as follows:

	2018	2017
Balance, beginning of year	\$ 124,107	\$ -
Transfer from the Non-Timber Forest Products Program	-	125,000
Recognized during the year	(123,492)	(19,873)
	<u>\$ 615</u>	<u>\$ 105,127</u>
Total Deferred Contributions	<u>\$ 18,033</u>	<u>\$ 124,107</u>

Notes to Financial Statements

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, 2018.

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

	2018	2017
Benefit costs for the year ended March 31		
Discount Rate	6.00%	6.00%
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 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 a first time commissioned actuarial report dated March 31, 2018, to be \$172,627 (\$206,992 in 2017) 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, 2018 of \$38,180 (\$29,895 in 2017). 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 2017. 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:

	2018	2017
Business Loan Program		
Advances, beginning of year	\$ 21,678,442	\$ 22,342,500
Loan Advances	5,000,000	6,550,000
Loan Advances Repayments	(6,808,493)	(7,214,058)
Advances, end of year	\$ 19,869,949	\$ 21,678,442
Unfunded allowance for doubtful loans, beginning of year	\$ 2,177,081	\$ 2,083,512
Provision for doubtful loans	201,350	210,810
Loans written off as approved by Board of Directors	-	(117,241)
Unfunded allowance for doubtful loans, end of year	<u>2,378,431</u>	<u>2,177,081</u>
	<u>\$ 17,491,518</u>	<u>\$ 19,501,361</u>
Net advances balance, end of year		
Fisheries Loans Programs		
Advances, beginning of year	\$ 12,790,088	\$ 12,073,869
Loan Advances	3,500,000	5,200,000
Loan Advances Repayments	(3,725,100)	(4,483,781)
Advances, end of year	<u>\$ 12,564,988</u>	<u>\$ 12,790,088</u>
Unfunded allowance for doubtful loans, beginning of year	3,711,867	3,734,801
(Recovery) Provision for doubtful loans	418,716	250,934
Loans written off as approved by Order in Council	-	(273,868)
Unfunded allowance for doubtful loans, end of year	<u>4,130,583</u>	<u>3,711,867</u>
Net advances balance, end of year	<u>\$ 8,434,405</u>	<u>\$ 9,078,221</u>

Statement of Operating Expenditures

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

	2018	2017
Business Loans Program	\$ 17,491,519	\$ 19,501,361
Fisheries Loans Program	8,434,405	9,078,221
Building Mortgage	774,504	804,983
	<u>\$ 26,700,428</u>	<u>\$ 29,384,565</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 1.625% to 2.875% with a weighted cost of capital of 2.32%.

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:

2019	\$ 7,593,227
2020	5,923,309
2021	3,468,491
2022	2,775,584
2023	1,253,623

8. COMMITMENTS

Total undisbursed balances of approved loans are \$538,638 as at March 31, 2018 (\$1,202,315 at March 31, 2017).

9. LOAN ACT AUTHORITY

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

	2018	2017
Total Authority	\$ 21,700,000	\$ 21,700,000
Draws under 2016 Loan Act Authority (Cumulative)	18,950,000	11,750,000
	<u>\$ 2,750,000</u>	<u>\$ 9,950,000</u>
2017 Loan Act Authority Granted	\$10,200,000	-
Draws under 2017 Loan Act Authority	\$ 1,300,000	-
TOTAL	<u>\$11,650,000</u>	<u>\$ 9,950,000</u>

The 2017 Loan Act was activated by an Order in Council in the amount of \$20,150,000 on February 7, 2018

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. Moratorium on the Fund being able to provide business loans, starting 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 \$24,174,706 (\$26,504,526 in 2017) 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 \$24,682,981 (\$26,988,806 in 2017) in interest bearing deposits and loans receivable at March 31, 2018. 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, 2018

	2018	2017
Amortization of Capital Assets	\$ 44,149	\$ 26,299
Collection Costs - Business Program	64,024	136,461
Collection Costs - Fisheries Program	6,142	8,760
Communications	27,370	25,649
Credit Reports	2,636	4,918
Directors' Fees and Expenses	50,577	62,144
Government Vehicle	37,547	35,985
Insurance	3,263	7,769
Legal Costs	34,529	36,110
GET	178	88,447
Mortgage Interest	41,600	43,083
Office Supplies and Expenses	48,552	46,301
Pension	53,358	306,742
Professional Fees	37,612	38,234
Program Expenses	-	2,466
Property Tax	24,946	27,509
Protective Disbursements	50,573	19,646
Rent and Utilities	38,137	34,476
Repair and Maintenance	13,080	13,280
Salaries and Benefits	978,066	1,020,606
Sundry	40,249	24,139
Travel	37,334	42,210
	<u>\$ 1,633,922</u>	<u>\$ 2,051,234</u>

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Trade Payables and Accruals	\$ 106,159	\$ 112,918
Accrued Vacation Pay	126,835	126,038
Accrued Severance and Pension (NFDC)	175,285	209,650
GET Payable	40,183	(38,865)
Goods and Service Tax	(1,467)	(8,453)
Mortgage Interest Payable	16,822	17,484
	<u>463,817</u>	<u>418,772</u>
Due to Sinking Funds	158,314	117,872
Orders in Council Pending	915,060	592,029
	<u>\$ 1,537,191</u>	<u>\$ 1,128,673</u>

I4. OPERATING LEASE

The organization has entered into an operating lease for office equipment. Lease commitments for the next five years are as follows:

March 31, 2019	\$ 6,114
2020	\$ -
2021	\$ -
2022	\$ -
2023	\$ -

Aggregate future minimum operating lease payments total \$6,114

I5. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current years presentation.

SUCCESS
NORTH
LOANS
INDUSTRY
CLIENTS
BUSINESS
COMMUNITY
SECTORS
GROWTH
IMPACT
POTENTIAL
MORE THAN
45
YEARS
OF INVESTING
IN MANITOBA
COMMUNITIES
DEVELOPMENT
DATA
INVESTING
FISHERIES
CASHFLOW
FINANCE
OPERATIONS
EXPENSES
MARKETING
ASSETS
PROFIT
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