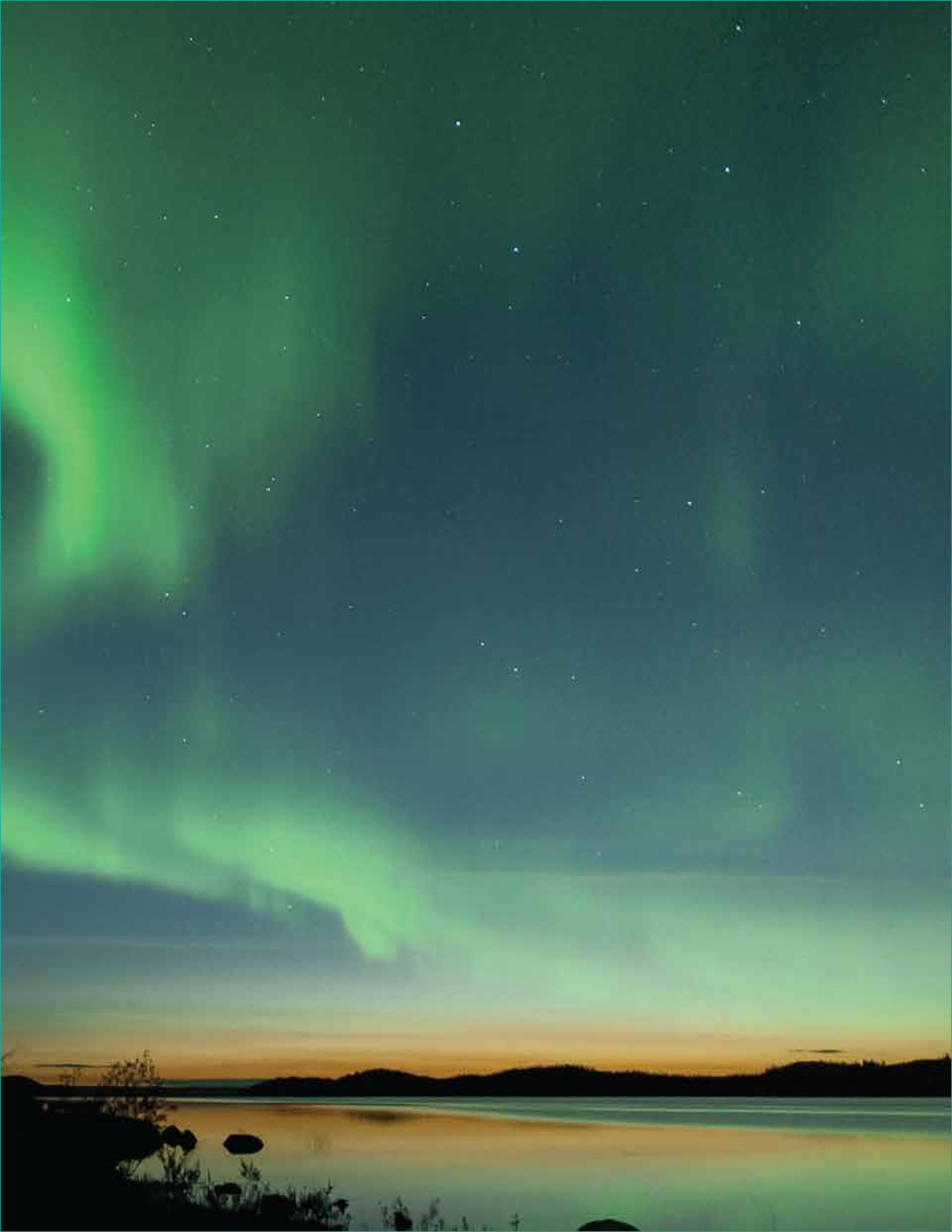




2019 ANNUAL REPORT

LOOK  NORTH



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.

Transmittal Letter	2
Directors & Officers	3
Corporate Profile	3
Corporate Report	4
Performance Data	5
Economic Impact	6
Funds Leveraged	6
Summary of Business Loans	7
Summary of Fisheries Loans	8
Loans by Community	9
Loans by Industry	11
Independent Auditor's Report	12
Statement of Financial Position	14
Statement of Operations	15
Statement of Cash Flows	16
Notes to Financial Statements	17
Schedule of Operating Expenditures	24



SUCCESS
NORTH
LOANS
INDUSTRY
CLIENTS
**TABLE OF
CONTENTS**
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



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 47th Annual Report for the year ended March 31st, 2019.

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

Respectfully submitted,

James Wilson
Chairperson

DIRECTORS AND OFFICERS:

MINISTER RESPONSIBLE

The Honourable Blaine Pedersen

CURRENT BOARD OF DIRECTORS

Chairperson:

James Wilson (as of March 19/19)

Directors:

Rebecca Cianflone (as of March 19/19)

Chuck Davidson (as of March 19/19)

Doug Lauvstad (as of March 19/19)

Colleen Smook (as of March 19/19)

Officers:

Oswald Sawh Chief Executive Officer &
Manager of Business Loans Program

Chris Thevenot Chief Financial Officer &
Manager of Fisheries Loans 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 OFFICE:

Fisheries Loans:

Box 10548, Opaskwayak, MB R0B 2J0

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).

OUTGOING BOARD OF DIRECTOR MEMBERS

Chairperson:

Dave Dyson Deputy Minister (as of March 19/19)
Growth, Enterprise & Trade

Director:

Sarah Thiele Assistant Deputy Minister (as of March 19/19)
Treasury Board Secretariat

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 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 Growth, Enterprise and Trade and Manitoba Agriculture 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.

CEDF, for its 20th consecutive year achieved its operating budget. Total fisheries loans approved in the amount of \$3.39 million reflects a continued demand for its commercial fish loans. CEDF's business loans continue to be under moratorium until the review of its lending programs is completed.

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's indicates 6 areas of focus that is needed to be acted on in partnership and in collaboration with other stakeholders:

1. Northern Mineral and Other Natural Resource Potential

- Define and address barriers to growth in the mining sector;
- Identify opportunities in forestry;
- Identify opportunities in the commercial fishing industry;
- Support development and growth of the tourism industry.

2. Indigenous Engagement and Partnerships

- Develop an engagement tool that will aid to build relationships and partnerships in the Look North region;
- Move forward on reconciliation by adopting and implementing the Truth and Reconciliation Commission (TRC) of Canada's Call to Action #92 as part of the Look North process.

3. Strategic Infrastructure Investment

- Provide access to fast and reliable broadband connection across northern Manitoba;
- Position the Port of Churchill and rail line to northern Manitoba, as an economic driver with global market opportunities;
- Strategically prioritize infrastructure projects in northern Manitoba.

4. Housing Challenges and Opportunities

- Establish a northern Manitoba housing network;
- Recommend changes to housing policy and regulations that support local solutions;
- Establish a community enterprise to respond to northern housing needs.

5. Enterprise Eco-System of Support

- Develop a coordinated, single window (multi-agency) entrepreneur hub and wrap around services;
- Build entrepreneurial capacity in youth, individuals and communities;
- Inspire and stimulate enterprise.

6. Education, Training and Workforce Development

- Create employment opportunities through "labour market fit" education pathways;
- Engage youth in their education.

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 \$16.5 million, down slightly from \$18.2 million in the previous year.

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 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 \$10.9 million, down slightly from \$11.0 million in 2018.

	2019	2018	2017	2016	2015
No. of Loans Approved - Business	0	0	13	36	32
Dollar Value - Business	-	-	\$1,309,120	\$5,777,148	\$7,177,420
Dollar Value - Fisheries Approvals	\$3,390,116	\$3,024,035	\$3,606,696	\$3,956,817	\$3,563,302
No. of Active Loans - Business	92	98	111	111	113
No. of Active Loans - Fisheries	888	752	871	907	1016
Portfolio Value - Total	\$27,478,263	\$29,713,032	\$31,777,978	\$31,920,361	\$34,120,541
Total Subsidy	\$999,926	\$1,429,983	\$1,429,984	\$1,429,974	\$1,469,442
Bad Debt Expense - Business	\$87,000	\$201,351	\$210,810	\$109,763	\$580,451
Bad Debt Expense - Fisheries	(\$87,000)	\$418,716	\$114,000	\$599,117	\$142,938
Total Bad Debt	-	\$620,067	\$324,810	\$708,880	\$723,389

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 Fund loans	492
Number of Fishers supported by Fund loans	888
Total Employment	1380

REVENUE

Total revenue of Business Loan clients:	\$59,735,781
Total revenues of Fisheries Loan clients (before final payment and transfer income)	\$4,268,258
Total Revenue	\$64,004,039
Direct Wages Paid	\$10,530,927

	Equity	Vendor / Client Financing	Other Financial Organizations	Total
2018/19 (note 1)	-	-	-	-
2018/17 (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	\$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 - CEDF has been under a business loan moratorium since March, 2017. 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
2019	Note #3	Note #3	Note #3	492	10,530,927	59,735,781
	\$135,998,904	1629	7277		\$253,312,215	\$1,047,900,650

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 2018-19 year. All data outlined in 2019 is 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%
2019	3,390,116	888	17,073,032	1330	55%
\$93,712,452			\$399,081,858		

FISHERIES LOANS DISBURSED TO COMMUNITIES

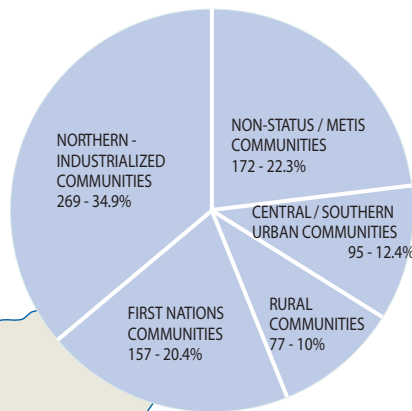
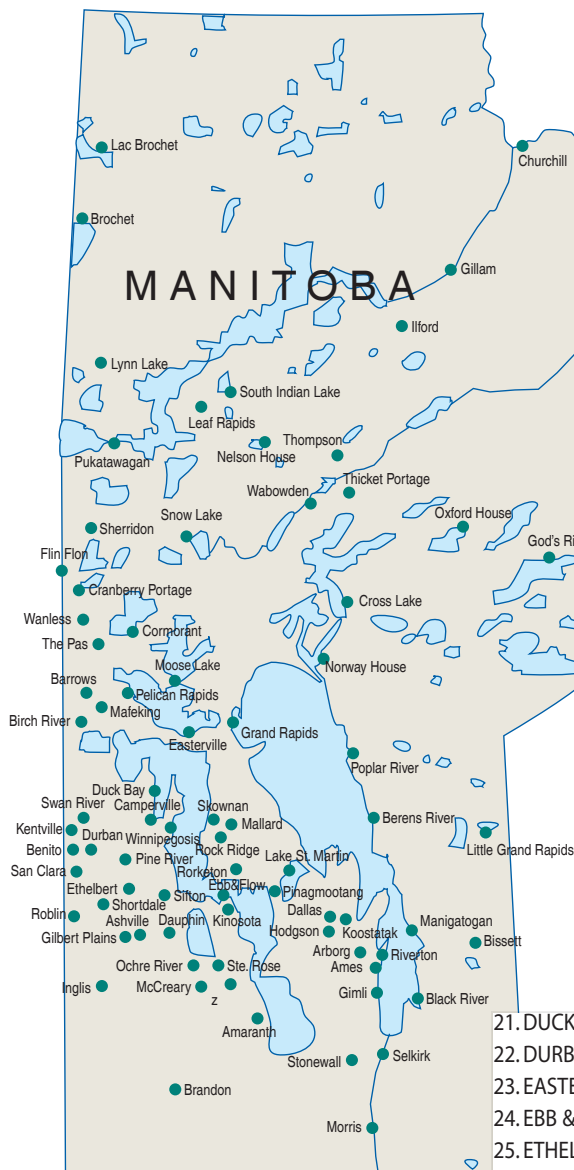
2008 - 2019

In addition, CEDF has provided \$93,712,452 in commercial fish loans to fishers who have earned a minimum of \$399,081,858 in income since 1993. CEDF has, on average, over 888 commercial fishers as clients that represent over 55% of all commercial fishers in Manitoba."



COMMUNITY	\$ AMOUNT	NO.	COMMUNITY	\$ AMOUNT	NO.
AMARANTH	204,509.00	36	MATLOCK	25,788.00	15
ARNES	271,624.00	34	MELEB	16,600.00	5
ASHERN	49,173.00	7	MOOSE LAKE	578,342.00	78
BALMORAL	24,700.00	6	NELSON HOUSE	191,502.00	33
BARROWS	68,431.00	8	NORWAY HOUSE	4,113,221.00	412
BEACONIA	96,312.14	11	OCHRE RIVER	5,900.00	1
BELAIR	25,275.80	6	OPASKWAYAK	49,489.00	18
BEREN RIVER	2,391,010.00	504	PEGUIS	679,646.00	113
BIRCH RIVER	72,300.00	4	PELICAN RAPIDS	127,538.00	16
BLOODVEIN RIVER	429,566.00	112	PETERSFIELD	18,721.50	2
BOWSMAN	96,714.20	3	PIKWITONEI	5,000.00	1
BRANDON	15,500.00	2	PINE DOCK	703,169.00	104
BROCHET	230,281.00	34	PINE FALLS	5,543.48	4
CAMPERVILLE	89,443.00	13	POPLAR RIVER	1,712,197.00	279
CAMPMORTON	74,803.00	16	PORTAGE LA PRAIRIE	1,500.00	1
CORMORANT	81,347.00	13	PRINCESS HARBOUR	148,670.16	26
CRANE RIVER	38,175.94	9	PUKATAWAGAN	219,300.00	37
CROSS LAKE	171,164.00	20	RIVERTON	1,853,667.00	265
DALLAS	854,089.00	186	ROCKRIDGE	24,500.00	2
DAUPHIN	101,433.19	13	RORKETON	9,800.00	2
DUCK BAY	171,981.00	21	SANDY HOOK	126,465.00	19
EASTERVILLE	1,514,586.00	193	SELKIRK	524,383.00	70
EBB & FLOW	25,798.53	5	SHERRIDAN	8,190.00	2
ETHELBERT	6,567.45	1	SIFTON	30,000.00	1
FAIRFORD	72,954.00	21	SILVER RIDGE	8,500.00	1
FISHER BRANCH	58,121.00	16	SKOWNAN	648,605.00	124
FISHER RIVER	72,743.00	14	S. INDIAN LAKE	269,440.00	48
FRASERWOOD	82,596.00	10	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	2,331,628.00	341	ST LAURENT	47,071.88	11
GRAND RAPIDS	3,592,877.00	901	ST MARTIN	236,142.00	33
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	319,508.00	62	THICKET PORTAGE	104,606.00	19
HOLLOW WATER	36,253.00	5	THOMPSON	39,700.00	11
INGLIS	75,000.00	1	TRAVERSE BAY	237,089.00	18
ISLAND LAKE	8,000.00	1	VICTORIA BEACH	77,710.00	5
KINOSOTA	26,799.00	6	VOGAR	19,330.00	4
KOMARNO	37,977.90	11	WABOWDEN	850,184.00	78
KOOSTATAK	2,832,575.00	717	WANIPIGOW	976,900.00	150
LANGRUTH	13,500.00	2	WATERHEN	235,028.24	38
LEAF RAPIDS	355,101.00	48	WINNIPEGOSIS	307,121.00	36
LYNN LAKE	15,807.00	2	WINNIPEG	528,340.00	90
MAFEKING	270,207.36	35	WINNIPEG BEACH	567,261.00	114
MANIGOTAGAN	100,749.00	12			
MATHESON ISLD	1,561,508.00	247	GRAND TOTAL	\$ 37,564,557	6,411

SUCCESS NORTH LOANS BUSINESS LOANS DISBURSED BY COMMUNITY 1993-2019

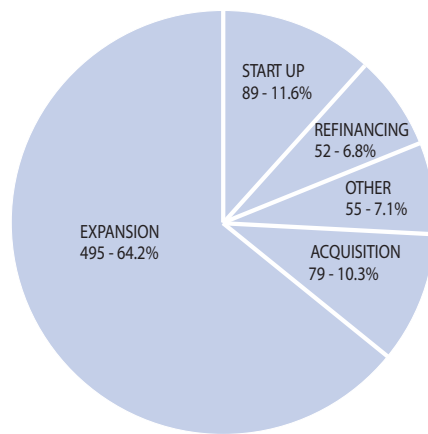


1. ALONSA	\$1,305,000.00
2. AMARANTH	\$139,555.00
3. ARBORG	\$300,000.00
4. ARNES	\$3,850.00
5. ASHVILLE	\$24,171.00
6. BARROWS	\$119,863.00
7. BENITO	\$538,364.00
8. BERENS RIVER	\$367,800.00
9. BIRCH RIVER	\$233,342.00
10. BISSETT	\$124,840.00
11. BLACK RIVER	\$75,000.00
12. BRANDON	\$179,818.00
13. 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. ETHELBERT	\$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. SHORTDALE	\$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 DISBURSED BY INDUSTRY 1993-2019



	\$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

Partners: David Kendall, FCPA, FCA*

Manisha Pandya, CPA, CA*

**Operating as professional corporations*

To the Board of Directors of 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, 2019, 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, 2019, and the results of its operations and its 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 the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 statements 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.

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Independent Auditor's Report

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 7, 2019
Thompson, Manitoba

Statement of Financial Position

As at March 31, 2019

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 461,352	\$ 347,147
Trust Deposits - Province of Manitoba	534,483	518,634
Due from the Province of Manitoba (Note 2)	5,376,035	5,074,737
Accounts Receivable	7,618	10,358
Property Held for Resale	1,794	1,794
Prepaid Expenses	9,885	9,714
	<u>6,391,167</u>	<u>5,962,384</u>
Loans Receivable (Note 3)	22,006,802	24,227,347
Capital Assets (Note 4)	846,223	870,181
	<u>22,853,025</u>	<u>25,097,528</u>
	<u>\$ 29,244,192</u>	<u>\$ 31,059,912</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 13)	\$ 1,390,675	\$ 1,537,191
Deferred Contributions (Note 5)	11,556	18,033
Interest Payable to the Province of Manitoba	185,508	173,413
	<u>1,587,739</u>	<u>1,728,637</u>
Accrued Pension Liability (Note 6)	2,849,252	2,630,847
Advances by the Province of Manitoba (Note 7)	24,807,201	26,700,428
	<u>29,244,192</u>	<u>31,059,912</u>
NET ASSETS	-	-
	<u>\$ 29,244,192</u>	<u>\$ 31,059,912</u>
Commitments (Note 8)		

APPROVED BY THE BOARD OF DIRECTORS:

See accompanying notes
KENDALL & PANDYA, Chartered Professional Accountants

June 7, 2019

Statement of Operations and Changes in Net Assets

Year ended March 31, 2019

	2019	2018
REVENUE		
Loan Interest		
Business Program	\$ 769,093	\$ 837,730
Fisheries Program	662,859	595,572
Investment Income	32,182	21,804
	1,464,134	1,455,106
COST OF FUNDS		
Interest Paid to the Province of Manitoba		
Business Program	475,589	455,714
Fisheries Program	324,570	271,568
Life Insurance - Fisheries Program	8,578	105,458
	808,737	832,740
GROSS MARGIN	655,397	622,366
OPERATING EXPENDITURES (Note 12)	1,743,303	1,633,922
	(1,087,906)	(1,011,556)
OTHER REVENUE		
Bad Debt Recovery		
Business Program	22,860	32,231
Fisheries Program	63,467	158,807
Administration and Consulting Fees	1,175	6,445
Sundry Revenues	478	4,154
	87,980	201,637
Deficiency of Revenue Over Expenditures		
Before Provision for Doubtful Loans	(999,926)	(809,919)
Provisions for Doubtful Loans		
Business Program	87,000	201,350
Fisheries Program	(87,000)	418,715
Deficiency of Revenue Over Expenditures before		
Subsidy due from Province of Manitoba	(999,926)	(1,429,984)
Subsidy due from Province of Manitoba	999,926	1,429,984
Excess of Revenue Over Expenditures	\$ -	\$ -
Net Assets, Beginning of Year	-	-
Net Assets, End of Year	\$ -	\$ -

Statement of Cash Flows

Year ended at March 31, 2019

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of Revenue over Expenditures for the year	\$ -	\$ -
Amortization of Capital Assets	25,673	44,149
Provision for Doubtful Loans	<u>-</u>	<u>620,065</u>
	25,673	664,214
Net Changes in Working Capital Balances		
Accounts Receivable	2,740	13,293
Prepaid Expenses	(171)	2,412
Accounts Payable and Accrued Liabilities	(146,516)	408,518
Property Held for Resale	-	2,625
Deferred Contributions	(6,477)	(106,074)
Interest Payable to the Province of Manitoba	12,095	(46,048)
Accrued Pension Liability	218,405	(37,233)
	<u>80,076</u>	<u>237,493</u>
	<u>105,748</u>	<u>901,707</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net Increase (Decrease) in Amounts		
Due from Province of Manitoba	(301,298)	(436,299)
Net Increase (Decrease) in Advance		
by the Province of Manitoba	(1,893,227)	(2,747,137)
	<u>(2,194,525)</u>	<u>(3,183,436)</u>
CASH FLOWS FROM CAPITAL ACTIVITY		
Acquisition of Capital Assets	<u>(1,715)</u>	<u>(8,888)</u>
CASH FLOWS FROM INVESTING ACTIVITY		
Change in Loans Receivable Net of Repayments	<u>2,220,545</u>	<u>1,696,463</u>
NET INCREASE (DECREASE) IN CASH		
AND CASH EQUIVALENTS	130,054	(594,154)
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>865,781</u>	<u>1,459,935</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 995,835</u>	<u>\$ 865,781</u>
REPRESENTED BY:		
Cash and Bank	\$ 461,352	\$ 347,147
Term Deposits - Province of Manitoba	534,483	518,634
	<u>\$ 995,835</u>	<u>\$ 865,781</u>

Notes to Financial Statements

As at March 31, 2019

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. 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.

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 \$5,376,035 (\$5,074,737 in 2018) represents additional funds needed to fund the actual requirements for the year including the pension liability. The balance is comprised of the following:

	2019	2018
Department of Growth, Enterprise and Trade		
Subsidy Refundable	\$ 1,468,568	\$ 1,355,440
Order in Council Pending	929,283	915,060
Pension, Unfunded	2,814,642	2,596,624
Pension, Funded	34,610	34,986
Severance Accrued, Unfunded	128,932	172,627
	<u>\$ 5,376,035</u>	<u>\$ 5,074,737</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	\$ 16,065,712	\$ 18,181,036
Accrued interest	424,709	510,192
	<u>16,490,421</u>	<u>18,691,228</u>
Allowance for doubtful loan	(2,749,435)	(2,676,659)

Total Business Loans Program	<u>\$ 13,740,985</u>	<u>\$ 16,014,569</u>
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Fisheries Loans Program

Interest rates applied to all fisheries loans is 7.20%

Principal	\$ 10,547,283	\$ 10,623,268
Accrued interest	440,560	398,536
	<u>10,987,843</u>	<u>11,021,804</u>
Allowance for doubtful loans	(2,722,026)	(2,809,026)

Total Fisheries Loans Programs	<u>8,265,817</u>	<u>8,212,778</u>
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Total Business and Fisheries Loan Programs	<u>\$ 22,006,802</u>	<u>\$ 24,227,347</u>
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Notes to Financial Statements

As at March 31, 2019

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

	2019		2018	
	Gross Loan Balances	Total Allowance	Gross Loan Balances	Total Allowance
Business Loans Program				
Impaired	\$ 2,749,435	\$ 980,096	\$ 2,532,286	\$ 1,082,458
Performing	13,740,986	1,769,339	16,158,942	1,594,201
	<u>\$16,490,421</u>	<u>\$2,749,435</u>	<u>\$18,691,228</u>	<u>\$ 2,676,659</u>
Fisheries Loans Program				
Impaired	\$ 2,722,026	\$ 2,722,026	\$ 2,809,026	\$ 2,809,026
Performing	8,265,817	-	8,212,778	-
	<u>\$ 10,987,843</u>	<u>\$ 2,722,026</u>	<u>\$ 11,021,804</u>	<u>\$ 2,809,026</u>

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

	Specific	Non-Specific	Total 2019	Total 2018
Business Loans Program				
Balance, beginning of year	\$ 1,871,932	\$ 804,727	\$ 2,676,659	\$ 2,475,308
Provision for the year	891,727	(804,727)	87,000	201,351
	<u>\$ 2,763,659</u>	<u>-</u>	<u>\$ 2,763,659</u>	<u>\$ 2,676,659</u>
Loans written off	(14,224)	-	(14,224)	-
Balance, end of year	<u>\$ 2,749,435</u>	<u>-</u>	<u>\$ 2,749,435</u>	<u>\$ 2,676,659</u>
Fisheries Loan Program				
Balance, beginning of year			\$ 2,809,026	\$ 2,821,794
(Recovery) provision for the year			(124,525)	418,715
			<u>\$ 2,684,501</u>	<u>\$ 3,240,509</u>
Loans written off			37,525	(431,483)
Balance, end of year			<u>\$ 2,722,026</u>	<u>\$ 2,809,026</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, 2019 by NIL (Nil in 2018).

Loan Loss Provision		
Per accounts	\$ 2,722,026	\$ 2,809,026
Per net present value calculation	(2,722,026)	(2,809,026)
	<u>\$ -</u>	<u>\$ -</u>

Notes to Financial Statements

4. CAPITAL ASSETS

	Costs	Accumulated Amortization	2019 Net Book Value
Land	\$ 92,482	\$ -	\$ 92,482
Building	931,236	190,903	740,333
Office Furniture and Equipment	240,663	227,254	13,408
Parking Lot	73,000	73,000	-
Total	<u>\$ 1,337,381</u>	<u>\$ 491,157</u>	<u>\$ 846,223</u>

	Costs	Accumulated Amortization	2018 Net Book Value
Land	\$ 92,482	\$ -	\$ 92,482
Building	931,236	172,279	758,957
Office Furniture & Equipt	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>

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:

	2019	2018
Balance, beginning of year	\$ 17,418	\$ 18,980
Recognized during the year	(5,862)	(1,562)
Transfer to the Northern Economic Diversity Strategy	-	-
	<u>\$ 11,556</u>	<u>\$ 17,418</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:

	2019	2018
Balance, beginning of year	\$ 615	\$ 124,107
Transfer from the Non-Timber Forest Products Program	-	-
Recognized during the year	(615)	(123,492)
	<u>-</u>	<u>\$ 615</u>
Total Deferred Contributions	<u>\$ 11,556</u>	<u>\$ 18,033</u>

Notes to Financial Statements

As at March 31, 2019

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:

	2019	2018
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, 2019, to be \$128,932 (\$172,626 in 2018) 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, 2019 of \$34,399 (\$38,180 in 2018). 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 2019. 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:

	<u>2019</u>	<u>2018</u>
Business Loan Program		
Advances, beginning of year	\$ 19,869,949	\$ 21,678,442
Loan Advances	3,100,000	5,000,000
Loan Advances Repayments	(4,788,929)	(6,808,493)
Advances, end of year	\$ 18,181,020	\$ 19,869,949
Unfunded allowance for doubtful loans, beginning of year	\$ 2,378,431	\$ 2,177,081
Provision for doubtful loans	87,000	201,350
Loans written off as approved by Board of Directors	-	-
Unfunded allowance for doubtful loans, end of year	<u>2,465,431</u>	<u>2,378,431</u>
	<u>\$ 15,715,589</u>	<u>\$ 17,491,518</u>
Net advances balance, end of year		
Fisheries Loans Programs		
Advances, beginning of year	\$ 12,564,988	\$ 12,790,088
Loan Advances	2,600,000	3,500,000
Loan Advances Repayments	(2,772,218)	(3,725,100)
Advances, end of year	\$ 12,392,770	\$ 12,564,988
Unfunded allowance for doubtful loans, beginning of year	4,130,583	3,711,867
(Recovery) Provision for doubtful loans	(87,000)	418,716
Loans written off as approved by Order in Council	-	-
Unfunded allowance for doubtful loans, end of year	<u>4,043,583</u>	<u>4,130,583</u>
	<u>\$ 8,349,187</u>	<u>\$ 8,434,405</u>
Net advances balance, end of year		

As at March 31, 2019

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

	2019	2018
Business Loans Program	\$ 15,715,589	\$ 17,491,519
Fisheries Loans Program	8,349,187	8,434,405
Building Mortgage	742,425	774,504
	<u>\$ 24,807,201</u>	<u>\$ 26,700,428</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 2.32% with a weighted cost of capital of 2.69%.

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:

2020	\$ 7,402,624
2021	4,983,002
2022	4,336,667
2023	2,862,695
2024	1,829,950

8. COMMITMENTS

Total undisbursed balances of approved loans are \$280,475 as at March 31, 2019 (\$538,638 at March 31, 2018).

9. LOAN ACT AUTHORITY

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

	2019	2018
Total Authority	\$ 17,200,000	\$ 21,700,000
Draws under 2018 Loan Act Authority (Cumulative)	(5,700,000)	(18,950,000)
	<u>\$ 11,500,000</u>	<u>\$ 2,750,000</u>
2019 Loan Act Authority Granted	-	\$10,200,000
Draws under 2019 Loan Act Authority	-	(\$1,300,000)
TOTAL	<u>\$11,500,000</u>	<u>\$11,650,000</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, 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 \$22,014,420 (\$24,174,706 in 2018) 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 \$22,541,285 (\$24,682,981 in 2018) in interest bearing deposits and loans receivable at March 31, 2019. 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, 2019

	2019	2018
Amortization of Capital Assets	\$ 25,673	\$ 44,149
Collection Costs - Business Program	35,393	64,024
Collection Costs - Fisheries Program	2,074	6,142
Communications	34,996	27,370
Credit Reports	2,406	2,636
Directors' Fees and Expenses	-	50,577
Government Vehicle	12,499	37,547
Insurance	8,904	3,263
Legal Costs	63,750	34,529
GET	200	178
Mortgage Interest	39,965	41,600
Office Supplies and Expenses	27,210	48,552
Pension	393,931	53,358
Professional Fees	36,637	37,612
Program Expenses	1,462	-
Property Tax	20,591	24,946
Protective Disbursements	77,794	50,573
Rent and Utilities	27,717	38,137
Repair and Maintenance	13,001	13,080
Salaries and Benefits	857,583	978,066
Sundry	29,277	40,249
Travel	32,240	37,334
	<u>\$ 1,743,303</u>	<u>\$ 1,633,922</u>

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Trade Payables and Accruals	\$ 71,639	\$ 106,159
Accrued Vacation Pay	93,041	126,835
Accrued Severance and Pension (NFDC)	131,590	175,285
GET Payable	40,183	40,183
Goods and Service Tax	(1,973)	(1,467)
Mortgage Interest Payable	16,125	16,822
	<u>350,605</u>	<u>463,817</u>
Due to Sinking Funds	110,786	158,314
Orders in Council Pending	929,283	915,060
	<u>\$ 1,390,675</u>	<u>\$ 1,537,191</u>

I4. SUBSEQUENT EVENT

As a results of the Province of Manitoba's Quota Buy Back program, CEDF recieved a cheque in late May 2019 in the amount \$836,668 that represented 54 loans from fishers who have sold one or more of their quotas to the Province. This has resulted in a \$220,134 decrease under the "best case" scenerio for the allowance that would need to be booked under commercial fish loans program as of March 31, 2019. As a result, the estimated overage in the commercial fish loans allowance booked will increase by approximately \$220,134.



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