Financial Statements March 31, 2022

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CSTP CHARTERED PROFESSIONAL ACCOUNTANT COMPTABLE PROFESSIONNELLE AGRÉÉE

63073 PR 207, SUNNYSIDE, MB R5R 0C4

TEL./CELL: 204.801.1082 EMAIL: CSTPCA@MTS.NET

Independent Auditor's Report

To the Board of Directors of Economic Development Council for Manitoba Bilingual Municipalities Inc.

Opinion

I have audited the financial statements of Economic Development Council for Manitoba Bilingual Municipalities Inc., which comprise the statement of financial position as at March 31, 2022, and the statements of operations and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of my report. I am independent of the entity in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is 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 my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

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- 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.

However, future events or conditions may cause the Entity 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.

I 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 I identify during my audit.

Phartered Professional Accountant

Sunnyside, Manitoba September 20, 2022

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Statement of Operations and Changes in Fund Balances For the year ended March 31, 2022

				2022	2021
	General Fund \$	Investment Fund \$	Capital Asset Fund \$	Total \$	Total \$
Revenues					
Operating grants					
Service Canada	571,273	-	-	571,273	547,125
Western Economic Diversification	545,000	-	-	545,000	545,000
Canadian Heritage	198,000	-	_	198,000	198,000
Other projects (Note 15)	1,530,495	-	-	1,530,495	1,349,380
Other revenues (Note 16)	168,502	-	-	168,502	109,279
Interest	- -	28,458	-	28,458	31,137
Amortization of deferred		,		•	,
contributions (Note 8)	_	-	22,416	22,416	15,746
Bad debt recovery		4,800	_	4,800	6,750
	3,013,270	33,258	22,416	3,068,944	2,802,417
Expenses					
Salaries and benefits	1,556,806	-	-	1,556,806	1,381,855
Professional fees and consultants	503,705	-	-	503,705	549,040
Rent and maintenance	243,305	-	-	243,305	220,740
Participant allocations and					
employer reimbursements	152,230	-	-	152,230	28,665
Fonds de développement économique					
francophone de l'Ouest (FDEFO) grants	136,500	-	-	136,500	136,500
Advertising and promotion	107,353	-	-	107,353	81,161
Office	98,642	-	-	98,642	61,554
Meals, mileage and travel	78,453	-	-	78,453	56,688
Other expenses (Note 16)	48,128	-	-	48,128	7,406
Product/Package development	44,513	-	-	44,513	136,456
Amortization	-	-	31,268	31,268	20,652
Telecommunications	25,498	-	· •	25,498	24,658
Interest on long term debt	-	13,150	-	13,150	15,948
Insurance	7,599		_	7,599	4,187
Bank charges and interest	1,496	134	_	1,630	1,185
Postage and delivery	1,258	-	.	1,258	608
Health and Post Secondary Education Tax	372	-	-	372	14,006
	3,005,858	13,284	31,268	3,050,410	2,741,309
Excess (deficiency) of revenues					
over expenses	7,412	19,974	(8,852)	18,534	61,108
Fund balances - beginning of year	88,551	616,731	13,642	718,924	657,816
Transfer relating to capital assets	(7,413)	_	7,413	_	-
Fund balances - end of year	88,550	636,705	12,203	737,458	718,924
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Statement of Financial Position

At March 31, 2022

		-		March 31, 2022	March 31, 2021
	General Fund	Investment Fund	Capital Asset Fund	Total	Total
ASSETS	\$	\$	\$	\$	\$
Cash	646,765	90,853	_	737,618	304,085
Grants receivable	160,727	-	_	160,727	263,421
Accounts receivable (Note 3)	17,216	8,321	_	25,537	61,281
Prepaid expenses	8,960	-	_	8,960	11,084
Investments (Note 4)		520,177	_	520,177	540,445
Loans to small businesses (Note 5)	-	224,574	-	224,574	307,814
Surplus shares - Caisse Groupe					
Financier Ltée.	1,706	18,302	-	20,008	20,008
Capital assets (Note 6)	MA.	-	71,025	71,025	78,861
	835,374	862,227	71,025	1,768,626	1,586,999
LIABILITIES					
Bank advances (Note 7)	_	_	_	_	_
Accounts payable and accrued liabilities	150,193	948	_	151,141	159,248
Deferred revenue (Note 9)	596,631	5.10	_	596,631	335,794
Deferred contributions related	,			000,001	333,734
to capital assets (Note 8)	_	_	58,822	58,822	65,219
Long-term debt (Note 10)	-	224,574		224,574	307,814
	746,824	225,522	58,822	1,031,168	868,075
FUND BALANCES					
General Fund (Note 2)	28,550	_	-	28,550	28,551
Reserve Fund (Note 2)	60,000	-	-	60,000	60,000
Investment Fund (Note 2)	,	636,705	-	636,705	616,731
Capital Asset Fund (Note 12)	-		12,203	12,203	13,642
	88,550	636,705	12,203	737,458	718,924

Commitments (Note 13)

Approved by the Board of Directors:			1	
Philippe Marlet	Director	(Ilain	December	Director
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Statement of Cash Flows

March 31, 2022

	2022 \$	2021 \$
Cash flows from operating activities		
Government contributions	2,958,471	2,312,746
Non-government contributions	274,071	400,240
Received from clients and sponsors	178,229	118,169
Paid to suppliers and employees	(3,010,464)	(2,709,236)
Interest on term deposits	15,571	13,893
Interest on long-term debt	(13,492)	(15,886)
	402,386	119,926
Cash flows from financing activities		
Long-term debt disbursed	50,000	80,000
Government contributions for purchase of capital assets	16,019	45,656
Repayment of long-term debt	(133,240)	(57,934)
	(67,221)	67,722
Cash flows from investing activities		
Loans to small businesses	101,532	569
Investments	20,268	(93,893)
Purchase of capital assets	(23,432)	(54,707)
	98,368	(148,031)
Increase (decrease) in cash and cash equivalents	433,533	39,617
Cash and cash equivalents, beginning of year	324,093	284,476
Cash and cash equivalents, end of year	757,626	324,093
Represented by:	MA	
Cash - General Fund	646,765	253,757
Cash - Investment Fund	90,853	50,328
Surplus shares	20,008	20,008
	757,626	324,093
		

Notes to the financial statements

March 31, 2022

1. Status and purpose of the organization

The Economic Development Council for Manitoba Bilingual Municipalities Inc. is a not-for-profit organization, without share capital, incorporated under The Corporations Act of Manitoba. It was incorporated July 9, 1996.

The organization's objective is to stimulate, promote, encourage and organize the economic development in the communities that are members of the Manitoba Bilingual Municipalities Association. ("AMBM")

The organization is exempt from income taxes under section 149(1)(1) of the Income Tax Act.

2. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a) Fund accounting

Revenues and expenses for service delivery activities and administration are reported in the General Fund.

Interest income as well as gains and losses on *Investment Fund* resources are presented in the Investment Fund. Revenues on the Investment Fund resources are externally restricted.

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to the capital assets.

The organization established a *Reserve Fund* to help fund current and future projects. The fund is internally restricted.

b) Revenue recognition

The organization follows the deferral method of accounting for contributions.

Restricted contributions including government grants and interest revenues of the Investment Fund are recognized as revenue in the year in which the related expenses are incurred. Unspent grants are deferred to the following year and shown as deferred revenue on the statement of financial position.

Restricted contributions for the purchase of capital assets are recognized as revenue on the same basis as the amortization expense related to the capital assets acquired. The unamortized portion of grants received for the purchase of capital assets are deferred to the following year and shown as deferred contributions related to capital assets on the statement of financial position.

Unrestricted contributions including other revenue are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Notes to the financial statements

March 31, 2022

2. Significant accounting policies (continued)

c) Capital assets and amortization

Capital assets are recorded at cost and amortized over their estimated lives using the straight-line method at the following annual rates:

Leasehold improvements	99 months
Furniture and equipment	10 years
Computer equipment	3 years

When the organization observes conditions that indicate that a tangible capital asset is impaired, the net carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost. The write-downs of tangible capital assets are accounted for as expenses in the statement of operations and changes in fund balances.

d) Financial instruments

The organization initially measures its financial assets and financial liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in the fair value of these instruments are recognized in the statement of operations and changes in net assets in the period incurred.

Financial assets measured at amortized cost on a straight-line basis include cash, accounts receivable, grants receivable, investments, loans to small businesses and surplus shares.

Financial liabilities measured at amortized cost on a straight-line basis include bank advances, accounts payable, accrued liabilities and long-term debt.

e) Cash and cash equivalents

The organization's policy is to present bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and surplus shares. The investments of the Investment Fund are pledged as security against the long-term debt and are not included in cash and cash equivalents.

f) Investment fund

The investment fund was established by contributions of \$500,000 from Western Economic Diversification Canada ("WED"). The fund's objective is to provide loans to small businesses in the communities that are members of the Manitoba Bilingual Municipalities Association as well as other francophone communities.

The agreement relating to the investment fund dated September 15, 1998 ended March 31, 2011.

Having received the organization's commitment to continue utilizing the funds for their intended purposes WED agreed to leave the management of the funds with the organization.

Notes to the financial statements

March 31, 2022

3. Accounts receivable

_	March 31, 2022				Marc	ch 31, 2021
	General Fund \$	Investment Fund \$	Total \$	General Fund \$	Investment Fund \$	Total \$
GST receivable Interest receivable Accounts receivable	11,992 - 5,224	- 8,321 -	11,992 8,321 5,224	13,161 - 39,174	- 8,946 -	13,161 8,946 39,174
_	17,216	8,321	25,537	52,335	8,946	61,281

4. Investments

The investments consist of term deposits with Caisse Financial Group at interest rates varying between 1.10% and 3.25%.

These term deposits mature as follows but can be withdrawn at any time without penalty:

	\$
Year ended March 31, 2024	68,227
2025	105,843
2026	101,651
2027	163,706
2028	30,750
2029	50,000
	520,177

Notes to the financial statements

March 31, 2022

5. Loans to small businesses

The loans to small businesses vary in amounts from \$13,068 to \$50,000. They bear interest at rates of 4.25% to 5.25% and are repayable over 5 to 7 years.

Over the years certain agreements were made to recover previously written off debts. The allowance for doubtful accounts relates to a line of credit. The provision is decreased as recoveries are made. Recoveries appear on the Statement of Operations and Changes in Fund Balances as a recovery of bad debt in the Investment Fund.

	March 31, 2022 \$	March 31, 2021 \$
Loans to small businesses Less: Allowance for doubtful accounts	231,974 (7,400)	319,414 (11,600)
	224,574	307,814

6. Capital Assets

Notation 1	March 31, 2022		arch 31, 2022		M	arch 31, 2021
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$	\$	\$	\$
Leasehold improvements	54,524	49,088	5,436	54,524	47,416	7,108
Furniture and equipment	188,620	171,073	17,547	188,620	165,942	22,678
Computer equipment	85,110	37,068	48,042	61,678	12,603	49,075
	328,254	257,229	71,025	304,822	225,961	78,861

7. Bank advances

The organization has a line of credit arrangement of \$300,000 bearing interest at 1.5% over the financial institution's base rate of interest (4.5% at March 31, 2022). A general security agreement on the organization's assets has been pledged as security for the line of credit. The line of credit was not in use as at March 31, 2022.

Notes to the financial statements

March 31, 2022

8. Deferred contributions related to capital assets

Deferred contributions related to capital assets represent the unamortized portion of grants received with which capital assets have been purchased.

Changes in deferred contributions related to capital assets are as follows:

	March 31, 2022 \$	March 31, 2021 \$
Balance, beginning of year	65,219	35,309
Grants received used to purchase capital assets		
Immigration, Refugees and Citizenship Canada Emergency Community Support Fund Employment and Social Development Canada -	-	17,699 14,500
Adapted services Employment and Social Development Canada -	4,537	-
Destination emploi	1,850	-
Employment and Social Development Canada - Programming	7,000	5,494
Financial literacy project	1,332	-
Province of Manitoba - Aide au travail indépendant	1,300	-
Western Diversification Canada	-	7,963
Amount amortized in operations	(22,416)	(15,746)
Balance, end of year	58,822	65,219

Notes to the financial statements

March 31, 2022

9. Deferred revenue

A portion of certain amounts received has been deferred since the projects relating to these amounts have not been completed during the year.

	March 31, 2021	received	recognized	March 31, 2021
	\$	\$	\$	\$
Employment and Social Development Canada - Programming	10,576	560,697	(571,273)	-
Other revenue (Note 16)	1,037	171,971	(168,502)	4,506
Western Economic Diversification Canada - FDEFO Fund	36,500	113,500	(150,000)	-
Société économique de l'Ontario - Mentoring and employability	•	151,211	(143,583)	7,628
Employment and Social Development Canada - Employability	25,892	119,477	(102,953)	42,416
Employment and Social Development Canada - Destination Emploi	-	407,295	(83,265)	324,030
Travel Manitoba - Tourism Project	63,000	7,000	(70,000)	•
Other projects (Note 15)	78,208	41,325	(50,432)	69,101
RDÉE Canada - Early Childhood	31,590	25,434	(39,903)	17,121
Caisse Financial Group and Junior Achievement Manitoba				
- Youth projects	41,141	53,000	(39,762)	54,379
Bureau de l'éducation française du Manitoba - Youth Projects	-	5,000	(5,000)	-
Société de la francophonie manitobaine - RIF project	44,800	25,600	(2,050)	68,350
RDÉE Canada - Liaison tour project	3,050	3,050	-	6,100
RDÉE Canada - 48H Top Chrono project	-	3,000		3,000
	335,794	1,687,560 -	(1,426,723)	596,631

10. Long-term debt

The loans payable are with the Caisse Financial Group. These loans bear interest at rates from 4.25% to 5.25% and are repayable in monthly payments of approximately \$5,050 including principal and interest. The loans are repayable over a period of 5 to 7 years. The organization's investments have been pledged as security for these loans.

11. Related party transactions

The Economic Development Council for Manitoba Bilingual Muncipalities Inc. and Eco-Ouest Canada (EOC) are two autonomous legal entities under the bilingual municipal leadership provided by l'Association des municipalités bilingues du Manitoba (AMBM), including 15 bilingual municipalities. The three organizations form an associated group because AMBM approves the nomination to the board of directors of CDEM and of EOC.

L'AMBM rents office space and receives payroll services from CDEM.

EOC also rents office space and use of telephone from CDEM.

All these transactions were carried out in the normal course of operations and are recorded at the exchange value. This value corresponds to the consideration agreed upon by the parties and is determined based on the costs incurred.

Notes to the financial statements

March 31, 2022

12. Capital asset fund

The capital asset fund consists of the following:

	March 31, 2022 \$	March 31, 2021 \$
Capital assets Less Deferred contributions related	71,025	78,861
to capital assets	(58,822)	(65,219)
Capital asset fund	12,203	13,642

13. Lease commitments

The organization is committed to the following minimum lease payments on various operating leases for equipment ending in January 2024 and in July 2028. The lease of premises was renewed to June 2022:

	Premises \$	Equipment \$	Total \$
Year ending March 31, 2023	48,619	16,260	64,879
2024	-	15,126	15,126
2025	-	14,872	14,872
2026	-	14,872	14,872
2027	-	14,872	14,872

14. Financial risk management

The significant risks from financial instruments to which the organization is exposed at March 31, 2022 are as follows:

Credit risk

The organization is exposed to credit risk on its loans to small business, grants receivable and on its accounts receivable.

Liquidity risk

Liquidity risk is the risk that the organization will not be able to meet its obligations as they fall due. The organization is exposed to liquidity risk on its long-term debt and on its accounts payable and accrued liabilities. This risk is reduced due to the term deposit investments offered as guarantees against the debt.

Interest rate risk

The organization is exposed to interest rate risk because its line of credit, when in use, is at a variable interest rate and because its term deposit investments and long-term debt are at fixed interest rates. Fixed rate instruments subject the organization to fair value risks whereas variable rate instruments subject it to cash flow risks.

Notes to the financial statements

March 31, 2022

15. Other projects - Revenues

The detail of the revenues for the other projects carried out during the year is as follows:

	2022 \$	2021 \$
Revenues		
Immigration and Citizenship Canada	277,187	258,266
Western Economic Diversification Canada - Tourism Project	214,800	200,530
Western Economic Diversification Canada - FDEFO Fund	150,000	136,750
Société économique de l'Ontario - Mentoring and Employability Project	143,583	-
Province of Manitoba - Education and Training - Immigration Project	123,120	101,635
Employment and Social Development Canada - Employability	102,952	67,100
Province of Manitoba - Education and Training - Employment for All Project	93,233	83,886
Province of Manitoba – Growth, Enterprise and Trade (Note 17)	87,000	87,000
Employment and Social Development Canada - Destination Emploi Project	83,265	-
Travel Manitoba - Tourism Project	70,000	70,000
Other projects	50,432	22,536
RDEE Canada - Early Childhood - Training	39,903	36,410
RDEE Canada - Early Childhood - Daycares	28,208	76,755
Junior Achievement Manitoba - Youth Projects	23,194	41,441
Caisse Financial Group - Youth Projects	16,568	28,834
Secrétariat aux affaires francophones - Immigration Project	15,000	-
Bureau de l'éducation française du Manitoba - Youth Projects	5,000	5,000
Province of Manitoba - Fort Ellice Trail Project	5,000	
Société de la francophonie manitobaine - RIF Project	2,050	4,000
Western Economic Diversification Canada - Covid-19	-	67,037
Federation of Canadian Municipalities	_	62,200
	1,530,495	1,349,380

Notes to the financial statements

March 31, 2022

16. Other Revenues and Expenses

The detail of other revenues and other expenses is as follows:

	2022 \$	2021 \$
Revenues		
Miscellaneous (rental, photocopies, etc.)	133,714	99,880
Omnium de golf	26,340	-
Fosse aux lions	5,500	500
Social committee	2,026	2,051
Tourism	922	6,848
	168,502	109,279
Expenses		
Omnium de golf	25,871	564
Miscellaneous (promotional items, gifts, gratuities, etc.)	16,589	4,291
Miscellaneous - Vice Versa Project	3,000	
Social committee	2,026	2,051
Fosse aux lions	642	500
	48,128	7,406

17. Province of Manitoba – Growth, Enterprise and Trade

During the period, the organization received funding under the Province of Manitoba's Partners for Economic Growth (PEG) program in the amount of \$87,000. The total revenue recognized during the fiscal period was \$87,000.

The use of the funds provided by the 2021-2022 PEG funding are as follows:

Expenses	2022
	\$
Salaries and benefits	44,000
Professional fees and consultants	43,000
	87,000

18. Comparative figures

Certain figures for 2021 have been reclassified to conform to the presentation adopted in 2022.

Notes to the financial statements March 31, 2022

19. Covid-19 Pandemic

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

Certain changes in activities resulted such as a banquet-free format for the Omnium de golf. Many activities were done virtually and hybrid, meaning in person and virtually. Employment fairs were also done virtually.

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