

Background

Regional Economic Development Alliances

Financial Audits Required

October 2024 Letter from Assistant Deputy Minister to PREDA Chair – Carolyn Kolebaba

June 30th, 2025 – Year End Review Submitted

August 30th, 2025 – Annual Financial Statements / CRA T2 & Form T1044 Submitted

(Friesen Bain Chartered Professional Accounts)

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- 1) Sept. 24th, 2025 - Notice of Non-Acceptance of PREDA 2025 Financial Statements
 - 2) Sept. 25th, 2025 - PREDA: Letter to Minister Joseph Schow
 - 3) Oct. 6th, 2025 - REDI Letter to Minister Joseph Schow
 - 4) Jan. 7th, 2026 - Response Letter from Minister Joseph Schow to PREDA
 - 5) Jan. 23, 2026 - Letter from Sylvia Lepski – Assistant Deputy Minister to REDI
 - 6) Jan. 24th, 2026 – Financial Audit - Plea from REDI to MLA Dan Williams to Intervene
 - 7) Feb. 19th, 2026 – PREDA Letter to Minister Joseph Schow - Confirmation of Audit Required

Other Regional Economic Development Alliances: Reactions to Audit Requirements:

- 1) Cathy Goulet – Battle River Alliance for Economic Development (BRAED) - Comments:

I have pursued this through Tammy Powell and Jacqueline Buchanan and with our accountant. It appears the audit requirement is hard baked into the agreement. It appears this was an **administrative decision**. Our accountant cannot do an audit and suggests that since BRAED has always done reviews, the first year audit including new files etc could run \$15 - \$20k.

- 2) Tracy Gardener Central Alberta Economic Partnership (CAEP) - Comments:

I would like to know how you are all responding to the GOA request that we must include complete audited financial statements for our year end reporting. I asked for clarity that an Annual Review Engagement performed by an Accounting Firm was suffice which I suspect that vast majority of us utilize. She indicated that that is not the intent of GOA and that it must be a formal audit. A formal “Annual Audit” is expensive, time consuming and not necessary annually and I suspect not included in our annual budgets.

- 3) Janet Jabush Grizzly Regional Economic Alliance (GROWTH) - Comments:

So, it's been confirmed that we need a full-blown audit!? I must say, I'm about ready to advise my Board not to bother with our 25/26 funding request. With the new expense of the audit added to the hours it takes to prepare the annual reporting, it's just not worth it for \$17,000. That said, if, for some unknowable reason, there's a shift in the current thinking, would us opting out now exclude us from getting in on a new REDA funding agreement?

PREDA's Relationship with Government of Alberta

Dear Ms. Kolebaba;

Thank you for your September 27, 2024 letter sharing your sentiments surrounding regional economic development organization funding. I found your letter very encouraging and I took the liberty to share your letter with the Honourable Matt Jones, Minister of Jobs, Economy and Trade, to showcase PREDA's accomplishments.

It is clear PREDA is doing important work in the northwest region from your quarterly symposiums on various timely topics, to capacity building efforts for your members, to collaborative projects with regional partners. I applaud your efforts toward operational sustainability ensuring your members may continue to benefit from this work for years to come.

I am happy to hear that PREDA's partnership with the County of Grande Prairie was successful in obtaining Northern Regional Economic Development program funding for the Lightcast statistics tool. The collaborative nature of this project aligns with my division's commitment to supporting regional economic development.

I understand you work closely and collaboratively with our northwest REDS, Nicole Nelles. Nicole is always available to assist with information on Government of Alberta economic development programs and I am open to any feedback on ways we can continue to support PREDA to connect with tools, such as the Site Selector Tool launched this year, as well as other information and resources.

Thank you again for taking the time to write to share PREDA's accomplishments that are so valuable to your members.

Sincerely,

Sylvia

Sylvia Lepki - Assistant Deputy Minister

Economic Development and Business Supports Jobs, Economy and Trade

On Oct 16, 2024, at 12:14 PM, Sylvia Lepki <Sylvia.Lepki@gov.ab.ca> wrote:

Attachment 1: Notice of Non-Acceptance of FS25
Grant#625273-20240305-PREDA
PG 1 of 2

From: Robin Luini
Sent: September 24, 2025 4:22 PM
To: Carolyn Kolebaba - Reeve Northern Sunrise <ckolebaba@northernsunrise.net>
Cc: Tammy Powell <tammy.powell@gov.ab.ca>; 'preda@peacecountrycanada.com' <preda@peacecountrycanada.com>; 'admin@peacecountry.com' <admin@peacecountry.com>
Subject: Audited Financial reporting requirement for Grant 625273-20240305-PREDA

Dear Ms. Kolebaba, Chair , Peace Region Economic Development Alliance (PREDA),
I am writing to you to address PREDA staff's telephone request to accept your Compilation Report submitted September 23, 2025, in lieu of complete Audited financial statements with the Grant Manager / Regional Economic Development Specialist (REDS) for the Northwest service region as per the PREDA Board's direction.

Please refer to page 13 of grant agreement 625273-20240305-PREDA, signed by yourself and dated on March 20, 2024, that speaks to reporting obligations (relevant terms highlighted below):

SCHEDULE C - REPORTS AND PLANS

C.3 Annual Report – Each Annual Report shall include the following:

1. (a) Complete Recipient board approved financial statements (complete audited financial statements must be provided by August 30 of the same calendar year);

C.5 Reporting Compliance – The Recipient must comply with all reporting requirements under this Schedule C. In cases where the Recipient is found to be in non-compliance with Schedule C requirements, the Recipient will be deemed to have committed an event of default as defined in section 6.1 and the remedies in section 6.2 shall apply.

Alternatively, the Ministry may move to seek remedy, as outlined in section 6.3 of the grant agreement below:

6. TERMINATION AND NON-PERFORMANCE

6.1 Termination by Minister - The Minister may terminate this Agreement without cause on thirty (30) days written notice to the Recipient. This Agreement is terminated as of the date given in the termination notice.

6.2 Events of Default – If the Recipient fails to proceed with the Activities, is not carrying out the Activities, alters the Activities without the consent of the Minister, uses any part of the Grant Proceeds other than for the Activities, or has otherwise breached any of its obligations pursuant to this Agreement, the Recipient will be deemed to have committed an event of default and the Minister may give written notice to the Recipient referring to the breach and requiring the Recipient to remedy the breach within a reasonable time in the Minister's sole discretion, as so stated in the notice.

6.3 Remedy – If the Minister has given notice pursuant to section 6.2 and the Recipient has failed to commence to remedy the breach or the Recipient has failed to remedy the breach within the time specified in the notice, the Minister may do any one or more of the following:

- (a) withhold payment of all or any portion of the Grant;
- (b) demand repayment of all or any portion of the Grant Proceeds;
- (b) suspend expenditure of the Grant Proceeds by the Recipient;
- (c) require that the Grant Proceeds be used for other purposes approved by the Minister;
- (d) terminate the Agreement; and
- (e) pursue any remedy available to the Minister in law or equity

Please respond by Friday October 3, 2025, your preferred approach to fulfilling the obligations outlined in the terms of the agreement.

I appreciate your attention on this important matter.

Robin Luini | Manager

Regional Economic Development Services
Regional and Northern Economic Development Branch
Alberta Jobs, Economy, Trade and Immigration
C: (780) 884-8311

Honourable Joseph Schow
Minister of Jobs, Economy, Trade, and Immigration
425 Legislature Building 10800 97th Avenue
Edmonton, AB T5K 2B6

September 25th, 2025

RE: Grant#625273-20240305-PREDA – Reconsideration Request

Minister Schow:

On behalf of the Board of Directors and the membership of the Peace Region Economic Development Alliance (PREDA), thank-you to the Ministry of Jobs, Economy, Trade, and Immigration for supporting the advancement of economic development across Northwest Alberta.

I write to you to respectfully address the matter of our financial reporting requirement for Grant Agreement # 625273, which is managed under the Ministry's Regional Economic Development Services (REDS) Unit .

We have recently been informed by the REDS Unit that PREDA's FS2025, which was submitted as a reporting requirement of Grant Agreement # 625273, is unacceptable.

Non-acceptance of PREDA's financial statements is of concern to PREDA not only for Ministry grant reporting but also that this may jeopardize other reporting requirements such as the Alberta Corporate Registry, and Canada Revenue Agency - Corporation Income Tax Return (T2), the Non-Profit Organization Information Return (T1044), and GST 66/523. Please note that PREDA submitted FS2021, FS2022, and FS2023 in our original grant application in February 2024; which were accepted at the time.

PREDA's current external financial services and reporting process originated under the GOA - Northwest Manager of Regional Development in 2008. Hence, the professional accounting company is well-established in the region and highly regarded within their industry. PREDA has consistently committed to having its book-keeping annually submitted to this professional accounting company ever since.

PREDA's internal oversight is provided through our membership elected Board of Directors. The Board of Directors meets through-out the year to review projects, identify regional issues, monitor its year-to-date operational budget, provide leadership under its fee-for-service agreements, and to ensure required external reports are submitted. PREDA's annual reports, financial statements, and CRA assessments are accessible to our members through our website.

As noted in PREDA's submitted *2024-2025 Activity Report*, PREDA has 1 FTE under a fee-for-service agreement. As such, PREDA does not contribute to RRSPs, offer health benefits, sick leave, or paid vacation time. Nor does PREDA have capital assets such as vehicles or property holdings; investment portfolios; shareholder dividends, or loans.

PREDA maintains a double signature chequing account. Original documents including bank-statements, cheque stubs, invoices, deposit receipts, and a portable e-file of our book-keeping software are annually provided to our external financial services.

The Ministry is requiring PREDA to submit "audited" financial statements. The Oxford Dictionary defines an "audit" as an official inspection of an individual's or organization's accounts, typically by an independent body. We respectfully consider that PREDA does meet the financial reporting requirement under Grant # 625273 in consideration of the above definition.

PREDA's externally prepared financial statements, which includes preparation and submission of our CRA documents, costs \$2,500. Our current external financial services does not offer industry defined "audited" services. To meet the current expectations of the Ministry PREDA would be required to contract the services of a larger company at a minimum cost of ~\$15,000.

Minister Schow, upon considering the information presented in this letter, we respectfully request that the Ministry reconsider its position regarding the acceptability of our financial statements under Grant # 625273.

If you require more information, please do not hesitate to contact me directly at 780-617-2381.

Thank you for your attention to this matter. We look forward to your response and to continued cooperation in support of economic development for Northwest Alberta.

Sincerely,



Carolyn Kolebaba - Chair
Peace Region Economic Development Alliance



**Regional Economic
Development Initiative**
for Northwest Alberta

Honourable Joseph Schow
Minister of Jobs, Economy and Immigration
Government of Alberta
Edmonton, AB

October 6, 2025

RE: REDI Financial Reporting and Grant Compliance

Dear Honourable Minister Schow,

On behalf of the Board of Directors of the Regional Economic Development Initiative of Northwest Alberta (REDI), I write to respectfully address the matter of our financial reporting for the operational funding grant AB-2024-06947.

REDI has prepared external financial statements covering the period from April 1, 2024, to March 31, 2025. These statements, detailing both expenditure and membership revenue, were submitted to the Regional Economic Development Specialists (REDS) within your Ministry by the August 31, 2025, deadline, in accordance with the grant requirements.

We have recently been informed by the REDS that, despite these efforts, the financial statements are not deemed acceptable under the operational funding grant AB-2024-06947. This determination is of concern to the Board, as it appears to discount the enhanced level of scrutiny and professionalism applied to our financial reporting for the 2024-2025 period.

The independent external financial review was conducted by a qualified accountant from within our region, whose professional expertise ensures that the reporting meets rigorous standards. The review cost \$5,000, representing a significant investment in the quality and integrity of our financial documentation. This year's external financial review process surpasses any previous year's reporting we have done over the past two decades of successful reporting with the Ministry.

Operationally, REDI's bookkeeping is handled by Community Futures Northwest Alberta staff on a contract basis at a monthly cost of \$900.00. Financial statements are reviewed at each of the nine annual board meetings, enabling regular assessment by Board members. These statements also fulfill reporting obligations to the Canada Revenue Agency, the Alberta Corporate Registry, and all other granting bodies, as well as relevant authorities.

Financial approvals are overseen by our Board, which includes a two-person payment acceptance process led by executive board members. The REDI staff members do not have access to bank accounts, and the appropriate expenditure policy is in place to safeguard the organization.

Creating external financials is an essential process in which financial records are independently examined to ensure accuracy and integrity. REDI's financial statements have undergone a rigorous professional review, demonstrating a commitment to accountability and transparency.



**Regional Economic
Development Initiative**
for Northwest Alberta

REDI does not own capital assets such as vehicles or property holdings. We operate with a lean structure, employing only a half-time staff member. This approach allows us to maximize the impact of our resources in supporting regional economic development.

It is our understanding that the Alberta Government is committed to promoting reduced red tape, minimizing unnecessary bureaucratic oversight, and enhancing efficiency. However, REDI is concerned that the current level of procedural requirements, especially the interpretation of the definition audited and those related to financial reporting, constitutes excessive due process being imposed on organizations like ours, which operate with extremely tight budgets and limited resources and keeping in mind that the funding partnership between the Ministry and the REDA's is terminating next year. We believe this issue must be addressed.

In light of the above, we respectfully request that the Ministry reconsider its position regarding the acceptability of our external financials. We remain committed to upholding the highest standards of financial stewardship and transparency in our operations.

Thank you for your attention to this matter. We look forward to your response and to continued cooperation in support of economic development for Northwest Alberta.

Respectfully,

Sincerely,

Lisa Wardley
REDI Chair

Cc. MLA Dan Williams
REDI Board Members



Fw: Financial Reporting Requirements

From Kenneth Hildebrand <councillorhildebrand@sexsmith.ca>

Date Fri 2026-02-06 9:23 AM

To Mary Joan Aylward <admin@peacecountrycanada.com>

FYI



Kenneth Hildebrand
Councillor

m: 780-228-1339 | t: 780-568-3681

e: councillorhildebrand@sexsmith.ca | w: www.sexsmith.ca

a: Box 420, 9921-100 Street, Sexsmith, T0H 3C0



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From: JETI Minister <JETI.Minister@gov.ab.ca>

Sent: Wednesday, January 7, 2026 9:43:38 AM

To: Kenneth Hildebrand <councillorhildebrand@sexsmith.ca>

Subject: Financial Reporting Requirements

Dear Ken Hildebrand:

I acknowledge receipt of the September 25, 2025, letter regarding the Peace Region Economic Development Alliance's (PREDA) financial reporting requirements. As Minister of Jobs, Economy, Trade and Immigration (JETI), I appreciate the opportunity to provide clarification.

Your inquiry has been reviewed and I can advise that submitting audited financial statements, completed by a Chartered Professional Accountant (CPA), using the Canadian Generally Accepted Accounting Principles (GAAP), remain the requirement, as set out in the transitional funding agreement. These audited statements are due no later than August 30, at the end of each reporting year, for the duration of the 2024-2027 Grant Agreement.

In this three-year transitional funding agreement, the disbursement of funds is based on membership revenues raised by your organization. As stewards of public funds, JETI requires validation of the membership revenue generated by PREDA, and audited financial statements by a CPA, using GAPP, provides consistent, external and independent validation.

Using GAAP principles ensures fair and consistent treatment of revenue and reporting requirements across the different organizations receiving similar funding. As per GAAP principles, a compilation report is not considered to be an audit. Additionally, most

non-profit organizations are required to complete audited financial statements in their normal course of business. While this may involve costs, the availability of transitional funding provides support during this period. The cost of the audit is an eligible expense under the grant agreement as part of normal operations.

While I appreciate this may not be the answer you were seeking, I hope you are able to find a low-cost CPA for your purposes. Nicole Nelles, the REDS staff member for your region, also continues to be available to assist with questions and to finalize reporting for the 2024/2025 period.

Alberta's government is committed to regional economic development and values the work of PREDA in advancing economic and job growth. Thank you again for writing.

Sincerely,

Honourable Joseph Schow
Minister of Jobs, Economy, Trade and Immigration

Office of the Minister of Jobs, Economy, Trade and Immigration
425 Legislature Building, 10080 97 Avenue NW, Edmonton, AB T5K 2B6



Classification: Protected A



Office of the Assistant Deputy Minister
Commerce Place
10155 – 102 Street NW
Edmonton, AB T5J 4G8
Telephone: 780-293-4235

99713

January 23, 2026

Regional Economic Development Initiative Association for Northwest Alberta
PO Box 210
High Level, Alberta
T0H 1Z0

Dear Councillor Wardley:

Re: Notice of breach or event of default

His Majesty in Right of Alberta as represented by the Minister of Jobs, Economy and Trade (now the Minister of Jobs, Economy, Trade and Immigration) (JETI) and the Regional Economic Development Initiative Association for Northwest Alberta (REDI) entered into grant agreement 625273-20240305-REDI dated March 20, 2024 (the "Agreement").

By the provisions of section C.3(a) of Schedule C on page 13 of the Agreement, REDI is required to provide JETI with a complete audited financial statement by August 30 of the same calendar year in which it submits board approved financial statements under section C.2(1) of Schedule C. If REDI fails to comply with this requirement, REDI will be deemed to have committed an event of default (i.e., breach of its obligation under the Agreement) and JETI may exercise its right and obtain remedies under section 6.3 of the Agreement.

REDI has failed to provide a complete audited financial statement to JETI by August 30, 2025, as required by the Agreement. Therefore, REDI has breached its obligations under the Agreement.

Further to sections 6.2 of the Agreement, as the Minister's delegated authority, I hereby give REDI notice of the above-mentioned breach and requires REDI to remedy the breach by providing a complete CPA audited financial report to JETI by February 20, 2026.

If REDI fails to remedy the breach or commence to remedy the breach by February 20, 2026, JETI will take steps to exercise its right and obtain remedies under section 6.3 of the Agreement.

I appreciate your attention to this important matter.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Sylvia Lepki', with a small blue square mark to the right.

Sylvia Lepki
Assistant Deputy Minister
Economic Development and Business Supports

cc: Andrew O'Rourke

January 24th, 2026 – Financial Audit - Plea from REDI to MLA Dan Williams to Intervene

As REDI Chair, at the direction of our Board and it's members, I seek your urgent assistance to address the Ministry of Jobs, Economy, Trade and Immigration's (JETI) demand for CPA-audited financial statements under GAAP for our transitional grant. This requirement, outlined in the March 20, 2024 Agreement, has led to a breach notice from Assistant Deputy Minister Sylvia Lepki on January 23, 2026, demanding compliance by February 20, 2026.

When we signed the transitional agreement that outlined the discontinuation of the partnership and funding, the term 'audited' was understood by us, the same as any other non-profit, the same as all other granting bodies, the same reporting that was accepted by the Province for the previous 20+ years of our partnership... which was an outside source would complete our financials, the Board and membership would approve. We never for one second thought that the definition had changed to include us going outside our region to find a auditor to complete, and that this definition interpretation change would come with a \$20,000 invoice! This is the same level of financial auditing that Municipalities complete and they deal in the multi-millions of dollars!

REDI submitted external financial statements for April 1, 2024–March 31, 2025, compiled and reviewed by qualified accountant Colin Derksen (formerly Metrix Accounting) at a cost of \$5,000. This exceeds prior years' standards over our 20+ years of Ministry reporting. Minister Schow's October 2025 response insists on full audits, dismissing our review as inadequate, even-though for the 20+ years prior the standard reporting was financials statements that were compiled by Community Futures and then peer reviewed and accepted by the Board, with no additional costs to REDI. Our Municipal, Nation, Metis and Regional partners also receive reporting and these financials with no issues and their combined membership and overall support exceed what we receive from the Province.

The demanded audit costs \$13,000–\$20,000 yearly cost, over and above the additional \$5,000 we have already spent this year. This is close to 25% of the Provincial Funding received and will be an even higher percentage of the reduced \$75,000 in the coming year. This is substantial burden on our \$250,000 budget amid reduced and soon-eliminated provincial funding. REDI operates leanly: half-time staff, no capital assets, no petty cash, no sales. Community Futures handles monthly bookkeeping for \$900. Expenditures require two executive board signatures, align with approved budgets, and average 40 cheques processed yearly. Statements are presented at 10 annual board meetings and meet our membership, CRA, Alberta Corporate Registry, and other grantor needs.

Our members—Mackenzie County, Town of High Level, La Crete Chamber, High Level Chamber, Zama Chamber Committee, Fort Vermilion Board of Trade, Northern Lakes College, Community Futures, Paddle Prairie Metis Settlement, Beaver First Nation—pay fees and provide active oversight. As a non-profit promoting Northwest Alberta's economic growth in agriculture, forestry, energy, transportation, tourism, and communities (per www.rediregion.ca), this added red tape contradicts Alberta's efficiency commitments, especially for a terminating partnership. It also takes dollars out of the purpose, which is to help grow our region!

Please intervene to overturn this direction and accept our submitted statements, for last year and the upcoming years within the terminating partnership agreement, preventing default remedies under Agreement section 6.3. Thank you for your Support Sincerely, Lisa Wardley REDI Chair Cc: REDI Board



Honourable Joseph Schow
Minister of Jobs, Economy, Trade, and Immigration
425 Legislature Building 10800 97th Avenue
Edmonton, AB T5K 2B6

February 19th, 2026

RE: Request for Reconsideration – Financial Reporting Requirements (Grant#625273-20240305)

Minister Schow,

Thank you for your response to our Request *for Reconsideration – Financial Reporting Requirements under Grant#625273-20240305*.

As directed through follow-up correspondence from the Ministry's department of Economic Development and Business Supports dated January 23, 2026, which stated "*If PREDA fails to remedy the breach or commence to remedy the breach by February 20, 2026, JETI will take steps to exercise its right and obtain remedies under section 6.3 of the Agreement*".

We are pleased to inform you that as directed, PREDA has secured the services of a Certified Professional Accountant to commence an audit of the fiscal year ended March 2025. We anticipate a turn-around of 6 to 8 weeks; with a submission target no later than April 30, 2026 to the Ministry's department of Economic Development and Business Supports.

For the upcoming fiscal years of March 2026 and March 2027, we confirm that we will meet the August 30th submission deadline of Audited Financial Statements as directed in Grant#625273-20240305.

We appreciate your patience and continued engagement.

If you have any questions, please do not hesitate to contact myself or our Executive Director.

Respectfully,

Ken Hildebrand – Councillor Town of Sexsmith
PREDA Acting Chair

CC: Sylvia Lepki – Assistant Deputy Minister - Economic Development and Business Supports