

COMMUNITY FUTURES WEST YELLOWHEAD

Financial Statements

Year Ended March 31, 2022

COMMUNITY FUTURES WEST YELLOWHEAD

Index to Financial Statements

Year Ended March 31, 2022

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3 - 4
Statement of Revenues and Expenditures	5 - 6
Statement of Changes in Net Assets	7
Breakdown of Net Assets	7
Statement of Cash Flows	8 - 9
Notes to Financial Statements	10 - 18
RRRF Statement of Financial Position (<i>Schedule 1</i>)	19
RRRF Statement of Revenue and Expenditures (<i>Schedule 2</i>)	20
Statement of Program Revenues and Expenditures (<i>Schedule 3</i>)	21 - 22

INDEPENDENT AUDITOR'S REPORT

To the Members of Community Futures West Yellowhead

Opinion

We have audited the financial statements of Community Futures West Yellowhead (the organization), which comprise the statement of financial position as at March 31, 2022, and the statements of revenues and expenditures, changes in net assets and 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 organization as at March 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 the Financial Statements* section of our report. We are independent of the organization in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 ASNPO, 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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Independent Auditor's Report to the Members of Community Futures West Yellowhead *(continued)*

- 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 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 organization'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 organization'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 organization 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.

Carlson Roberts Seely LLP.

Drayton Valley, Alberta
June 23, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS

COMMUNITY FUTURES WEST YELLOWHEAD
Statement of Financial Position
March 31, 2022

	General Fund 2022	Non-repayable 2022	Repayable 2022	Disabled 2022	RRRF 2022	Town of Edson Fund 2022	Total 2022	Total 2021
ASSETS								
CURRENT								
Cash	\$ 524,831	\$ 632,021	\$ 330,418	\$ 32,949	\$ -	\$ -	\$ 1,520,219	\$ 2,025,500
Marketable securities	-	156,949	-	-	-	-	156,949	151,932
Accounts receivable (Note 3)	25,721	-	-	-	-	-	25,721	2,366
Inter-fund receivable (Note 2)	-	-	132,933	-	118,099	141,509	392,541	1,006,221
Accrued interest receivable	-	16,728	647	2,572	-	16	19,963	72,119
Current portion of investment loans receivable (Note 17)	-	154,332	90,630	9,595	169,438	15,358	439,353	489,847
	550,552	960,030	554,628	45,116	287,537	156,883	2,554,746	3,747,985
PROPERTY, PLANT AND EQUIPMENT (Net of accumulated amortization) (Note 4)	10,564	-	-	-	-	-	10,564	14,868
INVESTMENT LOANS RECEIVABLE (Note 17)	-	718,066	106,833	104,969	2,596,907	40,346	3,567,121	3,540,142
	\$ 561,116	\$ 1,678,096	\$ 661,461	\$ 150,085	\$ 2,884,444	\$ 197,229	\$ 6,132,431	\$ 7,302,995

See notes to financial statements

COMMUNITY FUTURES WEST YELLOWHEAD
Statement of Financial Position
March 31, 2022

	General Fund 2022	Non-repayable 2022	Repayable 2022	Disabled 2022	RRRF 2022	Town of Edson Fund 2022	Total 2022	Total 2021
LIABILITIES AND NET ASSETS								
CURRENT								
Accounts payable and accrued liabilities	\$ 13,707	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,707	\$ 33,300
Wages payable	6,133	-	-	-	-	-	6,133	6,133
Employee deductions payable	12	-	-	-	-	-	12	64
Deferred income (Note 7)	74,797	-	-	-	-	-	74,797	221,625
Inter-fund payable (Note 2)	318,789	62,376	-	11,376	-	-	392,541	1,006,221
	413,438	62,376	-	11,376	-	-	487,190	1,267,343
RRRF loan (Note 8)	92,880	-	-	-	-	-	92,880	-
	506,318	62,376	-	11,376	-	-	580,070	1,267,343
NET ASSETS (Notes 9, 11)	54,798	1,615,720	661,461	138,709	2,884,444	197,229	5,552,361	6,035,652
	\$ 561,116	\$ 1,678,096	\$ 661,461	\$ 130,085	\$ 2,884,444	\$ 197,229	\$ 6,132,431	\$ 7,302,995

ON BEHALF OF THE BOARD

 Director
 Director

See notes to financial statements

COMMUNITY FUTURES WEST YELLOWHEAD
Statement of Revenues and Expenditures
Year Ended March 31, 2022

	General Fund 2022	Non-repayable 2022	Repayable 2022	Disabled 2022	RRRF 2022	Town of Edson Fund 2022	Total 2022	Total 2021
REVENUES								
Federal contracts	\$ 294,963	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 294,963	\$ 412,137
Other contracts (Schedule 3)	250,664	-	-	-	-	-	250,664	132,345
Investment income	58	90,436	30,792	8,077	-	483	129,846	119,517
Loan fees	17,773	-	-	-	-	-	17,773	24,887
Interest income	1,278	-	-	-	-	-	1,278	1,571
	564,736	90,436	30,792	8,077	-	483	694,524	690,457
EXPENSES								
Salaries and benefits	336,403	-	-	-	-	-	336,403	340,838
Programs (Schedule 3)	132,095	-	-	-	-	-	132,095	169,765
Forgivable portion of RRRF loans	-	-	-	-	127,309	-	127,309	-
Provision (recovery) of investment losses	-	74,353	26,845	3,160	-	-	104,358	140,267
Office rent	30,971	-	11,057	3,996	-	-	30,971	30,362
Portfolio recovery expense	-	11,189	-	-	-	-	11,189	21,468
Professional, accounting and audit	22,455	-	-	-	-	-	22,455	30,743
Travel	20,884	-	-	-	-	-	20,884	8,907
Board member expenses	18,918	-	-	-	-	-	18,918	1,338
Advertising and promotion	12,298	-	-	-	-	-	12,298	13,178
Insurance	6,365	-	-	-	-	-	6,365	5,938
Books and publications	5,632	-	-	-	-	-	5,632	5,327
GST not recovered	4,135	-	-	-	-	-	4,135	7,233
Utilities and janitorial	3,735	-	-	-	-	-	3,735	3,705
Bank charges and loan costs	2,982	-	-	-	-	-	2,982	3,323
Office supplies	2,825	-	-	-	-	-	2,825	12,677
Meetings and conventions	1,998	-	-	-	-	-	1,998	1,075
Telephone	1,987	-	-	-	-	-	1,987	2,515
Seminars and training	1,279	-	-	-	-	-	1,279	5,869
Repairs and maintenance	885	-	-	-	-	-	885	1,692
Postage and delivery	776	-	-	-	-	-	776	783
Amortization	4,304	-	-	-	-	-	4,304	7,413
	610,927	85,542	37,902	7,156	127,309	-	868,836	814,416

See notes to financial statements

COMMUNITY FUTURES WEST YELLOWHEAD
Statement of Revenues and Expenditures (continued)
Year Ended March 31, 2022

	General Fund 2022	Non-repayable 2022	Repayable 2022	Disabled 2022	RRRF 2022	Town of Edson Fund 2022	Total 2022	Total 2021
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	(46,191)	4,894	(7,110)	921	(127,309)	483	(174,312)	(123,959)
OTHER INCOME								
Unrealized gain on marketable securities	-	1,754	-	-	-	-	1,754	12,403
Gain (loss) on disposal of property and equipment	-	-	-	-	-	-	-	(9)
	-	1,754	-	-	-	-	1,754	12,394
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (46,191)	\$ 6,648	\$ (7,110)	\$ 921	\$ (127,309)	\$ 483	\$ (172,558)	\$ (111,565)

See notes to financial statements

COMMUNITY FUTURES WEST YELLOWHEAD

Statement of Changes in Net Assets

Year Ended March 31, 2022

	General Fund 2022	Non-repayable 2022	Repayable 2022	Disabled 2022	RRRF Fund 2022	Town of Edson Fund 2022	Total 2022	Total 2021
NET ASSETS - BEGINNING OF YEAR	\$ 87,582	\$ 1,622,479	\$ 668,571	\$ 137,788	\$ 3,222,486	\$ 296,746	\$ 6,035,652	\$ 2,624,731
Deficiency of revenues over expenses	(46,191)	6,648	(7,110)	921	(127,309)	483	(172,558)	(111,565)
Contributions during year	-	-	-	-	134,322	-	134,522	3,522,486
Repayments during year	-	-	-	-	(345,255)	(100,000)	(445,255)	-
Interest transfer (Note 10)	13,407	(13,407)	-	-	-	-	-	-
NET ASSETS - END OF YEAR	\$ 54,798	\$ 1,615,720	\$ 661,461	\$ 138,709	\$ 2,884,444	\$ 197,229	\$ 5,552,361	\$ 6,035,652

Breakdown of Net Assets

Year Ended March 31, 2022

	General Fund 2022	Non-repayable 2022	Repayable 2022	Disabled 2022	RRRF Fund 2022	Town of Edson Fund 2022	Total 2022	Total 2021
Original contributions	\$ -	\$ 1,107,119	\$ 450,000	\$ 200,000	\$ 2,884,444	\$ 300,000	\$ 4,941,563	\$ 5,279,605
Earned net assets	54,798	508,601	211,461	(61,291)	-	(102,771)	610,798	756,047
	\$ 54,798	\$ 1,615,720	\$ 661,461	\$ 138,709	\$ 2,884,444	\$ 197,229	\$ 5,552,361	\$ 6,035,652

See notes to financial statements

COMMUNITY FUTURES WEST YELLOWHEAD
Statement of Cash Flows
Year Ended March 31, 2022

	General Fund 2022	Non-repayable 2022	Repayable 2022	Disabled 2022	RRRF 2022	Town of Edson Fund 2022	Total 2022	Total 2021
OPERATING ACTIVITIES								
Excess (deficiency) of revenues over expenses	\$ (46,191)	\$ 6,648	\$ (7,110)	\$ 921	\$ (127,309)	\$ 483	\$ (172,558)	\$ (111,565)
Items not affecting cash:								
Amortization of property and equipment	4,304	-	-	-	-	-	4,304	7,413
Loss on disposal of property and equipment	-	-	-	-	-	-	-	9
Provision (recovery) of investment losses	-	74,353	26,845	3,160	-	-	104,358	140,267
Forgivable portion of RRRF loans	-	-	-	-	127,309	-	127,309	-
Unrealized (gain)/loss on CFNA fund	-	(1,754)	-	-	-	-	(1,754)	(12,403)
	(41,887)	79,247	19,735	4,081	-	483	61,659	23,721
Changes in non-cash working capital:								
Accounts receivable	(23,355)	-	-	-	-	-	(23,355)	572
Accounts payable and accrued liabilities	(19,593)	-	-	-	-	-	(19,593)	10,841
Deferred income	(146,828)	-	-	-	-	-	(146,828)	141,344
Accrued interest receivable	-	(5,868)	(3,791)	(2,329)	-	(16)	(12,004)	(25,852)
Wages payable	-	-	-	-	-	-	-	1,162
Employee deductions payable	(52)	-	-	-	-	-	(52)	(12,834)
	(189,828)	(5,868)	(3,791)	(2,329)	-	(16)	(201,832)	115,233
Cash flow from (used by) operating activities	(231,715)	73,379	15,944	1,752	-	467	(140,173)	138,954
INVESTING ACTIVITIES								
Purchase of property and equipment	-	-	-	-	-	-	-	(17,157)
Repayment of loans and notes receivable	-	571,075	115,747	9,659	428,561	7,296	1,132,338	546,581
Addition to loans and notes receivable	-	(356,648)	(73,208)	(115,000)	(780,522)	(38,000)	(1,363,378)	(3,097,443)
Recoveries on loans and notes receivable	-	12,121	74,927	-	-	-	87,048	57,574
Change in marketable securities	-	(3,263)	-	-	-	-	(3,263)	206,280
Cash flow from (used by) investing activities	-	223,285	117,466	(105,341)	(351,961)	(30,704)	(147,255)	(2,304,165)
FINANCING ACTIVITIES								
Interest transfer	13,407	(13,407)	-	-	-	-	-	-
Fund contributions	-	-	-	-	134,522	-	134,522	3,522,486

See notes to financial statements

COMMUNITY FUTURES WEST YELLOWHEAD

Statement of Cash Flows (continued)

Year Ended March 31, 2022

	General Fund 2022	Non-repayable 2022	Repayable 2022	Disabled 2022	RRRF 2022	Town of Edson Fund 2022	Total 2022	Total 2021
Fund repayments	372,471	(905,190)	(167,584)	-	(345,255)	(100,000)	(445,255)	-
Inter-fund receivable/payable	92,880	-	-	7,372	562,694	130,237	92,880	-
Proceeds on RRRF loan	-	-	-	-	-	-	-	-
Cash flow from (used by) financing activities	478,758	(918,597)	(167,584)	7,372	351,961	30,237	(217,853)	3,522,486
INCREASE (DECREASE) IN CASH FLOW	247,043	(621,933)	(34,174)	(96,217)	-	-	(505,281)	1,357,275
Cash - beginning of year	277,788	1,253,954	364,592	129,166	-	-	2,025,500	668,225
CASH - END OF YEAR	\$ 524,831	\$ 632,021	\$ 330,418	\$ 32,949	\$ -	\$ -	\$ 1,520,219	\$ 2,025,500

See notes to financial statements

COMMUNITY FUTURES WEST YELLOWHEAD

Notes to Financial Statements

Year Ended March 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose of the Organization

Community Futures West Yellowhead (the "organization") is a not-for-profit organization incorporated provincially under the Corporations Act of Alberta. Management has determined that they are exempt from payment of income tax under Section 149(1) of the Income Tax Act.

With the financial support of the Government of Canada, it provides loans and financial services to small businesses otherwise unable to obtain financing, delivers government services and programs related to employment and economic development, provides training and business advisory services, and contributes leadership and expertise in economic development to local communities.

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Fund accounting

Community Futures West Yellowhead follows the restricted fund method of accounting for contributions.

The General Fund accounts for the organization's equity in capital assets, operating costs, operating grants and general revenues. Project funding is reported as revenue and the related project costs are included in various categories of expense. Cash balances in excess of those required to fund loans approved are retained in the general fund for efficient investment in short term securities. Net transfers of cash appear as inter-fund transfers and the accumulated balance is reflected as inter-fund receivables and payables.

The Loan Investment Funds report restricted resources that are to be used for assistance to small businesses and entrepreneurs in the form of loans, loan guarantees or equity participation. Loans from the Loan Investment Fund for the Disabled are limited to businesses owned and operated by disabled entrepreneurs. The organization is restricted in the types of loans that can be made according to its agreement with the Government of Canada.

The Regional Relief and Recovery Fund (RRRF) reports restricted resources that are used to provide financial support directly to small-and-medium sized enterprises to address COVID-19 impacts on rural and remote communities. The organization is restricted in the loan applications that can be approved for the RRRF according to its agreement with the Government of Canada.

The Town of Edson Fund reports restricted resources that are used to provide assistance to small businesses or non-profits located within the Town of Edson to be used for the purposes of implementing additional COVID-19 measures. The organization is restricted in the loan applications that can be approved according to its agreement with the Town of Edson.

Recognition of Contributions

Federal contracts and grants are included in revenue in the year in which they are received or become receivable, with the exception that amounts received to fund specific expenditures are included in revenue in the year the funds are expended.

Recognition of Other Revenues

Revenue from all other sources is included in revenue in the year in which it is received or becomes receivable.

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COMMUNITY FUTURES WEST YELLOWHEAD

Notes to Financial Statements

Year Ended March 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in treasury bills and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

Investment Loans and Accrued Interest Receivable

Investment loans receivable are classified as held to maturity financial instruments and are recorded at the lower of principal plus accrued interest and estimated realizable value.

Interest income from loans is recorded on the accrual basis for all loans not classified as impaired. Loans are classified as impaired when there is reasonable doubt as to the timely collection of some portion of principal or interest. This assessment is made by management and the Board of Directors.

When a loan is classified as impaired, recognition of interest income in accordance with the original loan agreement ceases. Any subsequent payments received on an impaired loan are applied to reduce the recorded investment in the loan.

Allowance for Doubtful Loans

The organization maintains an allowance for doubtful loans that reduces the carrying value of loans to their estimated realizable amount. The allowance is increased by a provision for investment losses which is charged to income and reduced by write-offs, net of recoveries.

The Allowance for Doubtful Loans is calculated by management based on specific doubtful loans plus 3% (3% - 2021) of the rest of the portfolio.

Property and equipment

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Equipment is amortized over their estimated useful lives on a declining balance basis at the following rates.

Office equipment and furniture	20%	declining balance method
Computer equipment	55%	declining balance method
S.E.A. Equipment	20%	declining balance method
Leasehold improvements	20%	declining balance method

Amortization expense is reported in the General Fund.

(continues)

COMMUNITY FUTURES WEST YELLOWHEAD

Notes to Financial Statements

Year Ended March 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Current estimates include allowance for doubtful accounts, allocation of expenses between funds, and depreciation of capital assets. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Financial Instruments Policy

Held for trading

The organization has classified the following financial assets and liabilities as held for trading: cash and short term investments. These instruments are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Held for trading financial instruments are subsequently measured at their fair value. Gains and losses arising from changes in fair value are recognized immediately in net income.

Loans and receivables

The organization has classified the following financial assets as loans and receivables: trade accounts receivable and long term loans receivable. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate method, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount, and less any reduction for impairment or uncollectibility. Gains or losses arising from changes in fair value are recognized in net income from derecognition or impairment.

Other financial liabilities

The organization has classified the following financial liabilities as other financial liabilities: accounts payable and accruals. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to its net carry value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount. Gains and losses arising from the changes in fair value are recognized in net income upon derecognition or impairment.

2. INTER-FUND RECEIVABLE/PAYABLE

The inter-fund balances are of an operating nature and will be paid/repaid in the next fiscal year.

COMMUNITY FUTURES WEST YELLOWHEAD

Notes to Financial Statements

Year Ended March 31, 2022

3. ACCOUNTS RECEIVABLE

Accounts receivable is comprised of:

	<u>2022</u>	<u>2021</u>
Trade accounts receivable	\$ 23,668	\$ -
GST receivable	2,053	2,366
	<u>\$ 25,721</u>	<u>\$ 2,366</u>

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Office equipment and furniture	\$ 102,456	\$ 95,208	\$ 7,248	\$ 9,060
Computer equipment	145,713	144,002	1,711	3,802
Leasehold improvements	33,919	32,314	1,605	2,006
S.E.A. Equipment	15,437	15,437	-	-
	<u>\$ 297,525</u>	<u>\$ 286,961</u>	<u>\$ 10,564</u>	<u>\$ 14,868</u>

When taking the fixed asset inventory, the S.E.A. equipment was included in the various other categories. Original investment reflects amounts invested since inception.

5. RRRF INVESTMENT LOANS RECEIVABLE

The breakdown of transactions related to the RRRF investment loans receivable is as follows:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 2,541,692	\$ -
Advances during the year	780,522	2,588,105
Repayments during the year	(428,560)	(46,413)
Forgiven portion during the year	(127,309)	-
Balance, end of year	<u>\$ 2,766,345</u>	<u>\$ 2,541,692</u>

6. CALLABLE CFNA LOAN

The organization has a credit facility of \$750,000 from Community Futures Network of Alberta that bears interest at RBC prime rate. As security for the repayment, the Society provided a general security agreement and a promissory note for the total amount of the loan. Funds available at March 31, 2022 were \$750,000.

COMMUNITY FUTURES WEST YELLOWHEAD

Notes to Financial Statements

Year Ended March 31, 2022

7. DEFERRED REVENUE

Deferred revenues represent the amount of the restricted contributions that are related to disbursements of future periods. These funds are disbursed in accordance with the signed grant agreements.

	<u>2022</u>	<u>2021</u>
Balance, beginning of the year	\$ 221,625	\$ 80,281
PLUS: Amounts received related to the following year	104,752	278,175
LESS: Amounts recognized as revenue in the year	<u>(251,580)</u>	<u>(136,831)</u>
	<u>\$ 74,797</u>	<u>\$ 221,625</u>

Deferred revenue consists of:

Digital Service Squad	\$ 55,933	\$ -
Project Gazelle	12,211	14,993
Smartstart Hinton	6,653	6,732
CF Panwest Rural Opportunities Fund - economic diversification project	-	46,453
Town of Edson partnership	-	35,000
Lemonade Day 2021	-	3,000
CF Panwest Rural Opportunities Fund - #choosewestyellowhead project	-	115,447
	<u>\$ 74,797</u>	<u>\$ 221,625</u>

8. LONG TERM DEBT

	<u>2022</u>	<u>2021</u>
Community Futures Alberta	\$ 92,880	\$ -

Community Futures Alberta loan non-interest bearing with no fixed terms of repayment. The term for this loan ends December 31, 2025. At the time the funds from this loan are "used for operating costs related to RRRF loan aftercare and assisting SMEs in their communities in response to COVID-19" the corresponding portion of this loan will be forgiven.

9. GENERAL FUND NET ASSETS

Included in the general fund net assets is \$10,564 (2021 - \$14,868) that is invested in capital assets.

10. INTEREST TRANSFERS

Prairies Economic Development Canada has pre-approved the corporation for an interest transfer of up to 75% of net growth to a maximum of \$100,000. Interest transfers are not allowed when the corporation has an operating surplus or when the transfer will create an operating surplus. This allows the corporation to transfer funds from a restricted investment fund to the general fund.

The corporation transferred \$13,407 from its investment funds to operating funds (2021 - \$64,044), which no pre-approval was required.

COMMUNITY FUTURES WEST YELLOWHEAD

Notes to Financial Statements

Year Ended March 31, 2022

11. EXTERNALLY RESTRICTED NET ASSETS

Loan funds contributed by the government are classified as non-repayable, repayable, disabled, RRRF and Town of Edson according to the nature of the restrictions placed on their use and the term of the program for which they were advanced. Externally imposed restrictions on loan investment fund balances are as follows:

	<u>2022</u>	<u>2021</u>
Non-repayable	\$ 1,615,720	\$ 1,622,479
Repayable	661,461	668,571
Disabled	138,709	137,788
RRRF	2,884,444	3,222,486
Town of Edson	197,229	296,746
	<u>\$ 5,497,563</u>	<u>\$ 5,948,070</u>

Under the terms and conditions of the contribution agreement with Prairies Economic Development Canada (PrairiesCan), the Regional Relief and Recovery Fund (RRRF) is fully repayable upon the repayment of loans from small-and-medium sized enterprises, or when RRRF loan funds remain undisbursed and are requested to be returned by PrairiesCan.

Under the terms and conditions of the grant agreement with the Town of Edson, on March 31, 2023, any portion of the grant that has not been advanced to a borrower by virtue of a loan, or that has been collected through payments made on loans but has not been re-loaned to other borrowers, shall be repaid to the Town.

Repayable and disabled funds, as of the balance sheet date, are repayable on demand under certain conditions. Under the terms and conditions of the contribution agreement with Prairies Economic Development Canada, loan investment funds include Conditionally Repayable Loan Funds in the amount of \$650,000 that are repayable if any of the following conditions occur:

- a) The Conditionally Repayable Investment fund is not administered according to the terms and conditions specified in the Agreement; or
- b) Based on review and evaluations of the operations and the Conditionally Repayable Investment Fund of the organization, the Conditionally Repayable investment Fund is not providing a satisfactory level of benefits in terms of employment creation, the development of community-owned or controlled businesses and strengthening of the Western Canadian economy; or
- c) In the opinion of the Minister, the Conditionally Repayable Investment Fund is no longer necessary or relevant to the development of the Western Canadian economy; or
- d) The Agreement is terminated in accordance with the provisions of the Agreement; or
- e) An event of default occurs as described in the Agreement; or
- f) The Minister does not approve terms and conditions to extend the project beyond March 31, 2026.
- g) If this agreement is not renewed beyond the March 31, 2026 ending date, the outstanding loans receivable would be liquidated in an orderly fashion. Minimal staff would be kept on to oversee this process and operational costs would have to be covered by the interest earned by the loans as PrairiesCan would no longer fund operational costs. No new loans receivable would be granted and no other projects would be initiated.

COMMUNITY FUTURES WEST YELLOWHEAD

Notes to Financial Statements

Year Ended March 31, 2022

12. LEASE COMMITMENTS

Building Rent

The organization has a long term lease with respect to its premises expiring April 30, 2026. The lease provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at year end are as follows:

2023	\$	32,404
2024		32,404
2025		32,404
2026		32,404
2027		2,700
		<hr/>
	\$	<u>132,316</u>

13. COMMITMENTS

As of March 31, 2022, loans of \$13,000 were approved by the Board of Directors, of which \$13,000 has been advanced subsequent to year end.

Subsequent to March 31, 2022, loans of \$21,400 were approved under Town of Edson fund, of which \$21,400 has been advanced.

14. ECONOMIC DEPENDENCE

The organization receives a significant portion of its operating revenues from the Federal and Provincial governments and is economically dependent upon them.

15. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

COMMUNITY FUTURES WEST YELLOWHEAD

Notes to Financial Statements

Year Ended March 31, 2022

16. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2022.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. In order to reduce its risk, the organization has adopted credit policies and all loans are approved by the Board of Directors. The organization also provides for doubtful accounts based on estimated realizable value of the investment loans receivable. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its loan clients and other related sources, short-term debt and accounts payable.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

(d) Changes in risk

There have been no changes in the organization's risk exposures from the prior year

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

COMMUNITY FUTURES WEST YELLOWHEAD
Notes to Financial Statements

Year Ended March 31, 2022

17. INVESTMENT IN LOANS RECEIVABLE

	Non-repayable	Repayable	Disabled	RRRF	Town of Edson Fund	2022	2021
Loans Receivable	\$ 968,989	\$ 224,420	\$ 118,107	\$ 2,766,345	\$ 55,704	\$ 4,133,565	\$ 4,238,884
Less: allowance for loan impairment	(96,591)	(26,957)	(3,543)	-	-	(127,091)	(208,895)
Less: current portion	(154,332)	(90,630)	(9,595)	(169,438)	(15,358)	(439,353)	(489,847)
	\$ 718,066	\$ 106,833	\$ 104,969	\$ 2,596,907	\$ 40,346	\$ 3,567,121	\$ 3,540,142

An allowance for impairment on investment loans is made based on expected loan default rates, potential loss ratios and review of loans portfolio, as determined by management as follows:

ALLOWANCE FOR LOAN PAYMENT

Balance, beginning of year	\$ (75,503)	\$ (133,009)	\$ (383)	\$ -	\$ -	\$ (208,895)	\$ (190,869)
Provision for loan losses	(86,473)	(101,772)	(3,160)	-	-	(191,405)	(171,175)
Amounts written off to the allowance	65,385	207,824	-	-	-	273,209	153,149
Balance at end of year	\$ (96,591)	\$ (26,957)	\$ (3,543)	\$ -	\$ -	\$ (127,091)	\$ (208,895)
Total recorded investment on impaired loans	\$ 268,264	\$ 165,624	\$ 114,563	\$ -	\$ -	\$ 548,451	\$ 221,817

In accordance with the Corporation's objectives, the Corporation has provided loans to small businesses. Outstanding loans to entrepreneurs are interest bearing at fixed rates varying from 0.0% to 9.0% per annum with monthly blended principal and interest repayments amortized for terms between 12 and 120 months. Security is taken on these loans as appropriate to the situation and includes personal guarantees, general security agreements covering business assets and mortgages on property.

COMMUNITY FUTURES WEST YELLOWHEAD

RRRF Statement of Financial Position

(Schedule 1)

Year Ended March 31, 2022

	RRRF Operating 2022	RRRF Fund 2022	2022	2021
ASSETS				
CURRENT				
Cash	\$ -	\$ -	\$ -	\$ 6,094
Interfund receivable	103,178	118,099	221,277	680,793
Current portion of loans receivable	-	169,438	169,438	121,896
	<u>\$ 103,178</u>	<u>\$ 287,537</u>	<u>\$ 390,715</u>	<u>\$ 808,783</u>
PROPERTY AND EQUIPMENT				
	\$ -	\$ -	\$ -	\$ 14,493
INVESTMENT LOANS RECEIVABLE				
	-	2,596,907	2,596,907	2,419,797
TOTAL ASSETS	<u>\$ 103,178</u>	<u>\$ 2,884,444</u>	<u>\$ 2,987,622</u>	<u>\$ 3,243,073</u>
LIABILITIES				
CURRENT				
Accounts payable	\$ -	\$ -	\$ -	\$ 6,094
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,094</u>
LONG TERM DEBT				
	\$ 92,880	\$ -	\$ 92,880	\$ -
TOTAL LIABILITIES	<u>\$ 92,880</u>	<u>\$ -</u>	<u>\$ 92,880</u>	<u>\$ 6,094</u>
NET ASSETS				
Net Assets - beginning of the year	\$ -	\$ 3,222,486	\$ 3,222,486	\$ -
Equity in capital assets	10,298	-	10,298	14,493
Excess of revenues over expenses	-	(127,309)	(127,309)	-
Contributions during the year	-	134,522	134,522	3,222,486
Repayment during the year	-	(345,255)	(345,255)	-
TOTAL NET ASSETS	<u>10,298</u>	<u>2,884,444</u>	<u>2,894,742</u>	<u>3,236,979</u>
TOTAL NET ASSETS AND LIABILITIES	<u>\$ 103,178</u>	<u>\$ 2,884,444</u>	<u>\$ 2,987,622</u>	<u>\$ 3,243,073</u>

See notes to financial statements

COMMUNITY FUTURES WEST YELLOWHEAD

RRRF Statement of Revenue and Expenditures

(Schedule 2)

Year Ended March 31, 2022

	RRRF Operating 2022	RRRF Fund 2022	2022	2021
REVENUES	\$ -	\$ -	\$ -	\$ 117,174
EXPENDITURES				
Forgivable portion of RRRF loans	-	127,309	127,309	-
Amortization	4,195	-	4,195	-
Professional, accounting and audit	-	-	-	6,454
Office supplies	-	-	-	5,510
Travel	-	-	-	5,443
Advertising and promotions	-	-	-	2,921
Repairs and maintenance	-	-	-	1,692
Seminars and training	-	-	-	1,366
Postage and delivery	-	-	-	629
Salaries and benefits	-	-	-	59,346
Programs	-	-	-	19,320
	<u>4,195</u>	<u>127,309</u>	<u>131,504</u>	<u>102,681</u>
EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS	(4,195)	(127,309)	(131,504)	14,493
Acquisition of capital assets	-	-	-	14,493
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ (4,195)</u>	<u>\$ (127,309)</u>	<u>\$ (131,504)</u>	<u>\$ -</u>

See notes to financial statements

COMMUNITY FUTURES WEST YELLOWHEAD

Statement of Program Revenues and Expenditures

(Schedule 3)

Year Ended March 31, 2022

	2022	2021
REVENUES		
PanWest #chooswestyellowhead (PW#CWY)	\$ 128,302	\$ -
PanWest ROF Energy Project Revenue (PanWest)	56,360	52,127
Town Of Edson	35,000	-
Youth	12,900	-
Digital Service Squad (DSS) Revenue	8,087	-
SmartStart Hinton	5,378	4,855
Project Gazelle	3,776	31,422
EDP Revenue	840	7,952
Co-Sharing Revenue	21	-
OHS Revenue	-	150
SmartStart Edson	-	5,299
Jasper Revitalization	-	5,000
Training	-	540
AB Gov - Economic Development Grant	-	20,000
Yellowhead Food Initiative	-	5,000
	<u>250,664</u>	<u>132,345</u>
GENERAL PROGRAM EXPENDITURES		
PW#CWY Community Liaison	50,912	-
PW#CWY H & S Business Advisor	38,971	-
PW#CWY Mktg, Branding & Materials	4,672	-
PanWest Staffing Costs (subs)	6,653	6,025
PanWest Facilitator Fees & Coaching	5,125	8,323
PanWest Travel, Meals & Accom.	2,045	2,107
PanWest Marketing & Promotions	566	5,028
Junior Achievement & Youth	12,200	2,475
Digital Service Squad Expenses	2,764	-
SmartStart Hinton	5,044	4,344
Project Gazelle Expenses	569	38,651
EDP Expenses	2,514	14,323
Co-Sharing Expenses	61	-
OHS Expenses	-	15,517
SmartStart Edson	-	4,754
Jasper Revitalization	-	8,725
Yellowhead Food Initiative	-	13,127
Business Visitation Project	-	19,211
Covid Projects	-	16,568
Open Farm Days Expense	-	10,587
	<u>132,096</u>	<u>169,765</u>
EXCESS OF PROGRAM REVENUES OVER PROGRAM GENERAL EXPENDITURES	<u>118,568</u>	<u>(37,420)</u>
WAGE EXPENDITURES		
PanWest #CWY wages	32,384	-
PanWest Coal wages	45,713	37,442
Town of Edson wages	39,119	-
DSS wages	6,660	-

(continues)

See notes to financial statements

COMMUNITY FUTURES WEST YELLOWHEAD
Statement of Program Revenues and Expenditures *(continued)* **(Schedule 3)**
Year Ended March 31, 2022

	<u>2022</u>	<u>2021</u>
	<u>123,876</u>	<u>37,442</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>\$ (5,308)</u>	<u>\$ (74,862)</u>

See notes to financial statements