

COMMUNITY FUTURES WEST YELLOWHEAD

Financial Statements

Year Ended March 31, 2020

COMMUNITY FUTURES WEST YELLOWHEAD

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Year Ended March 31, 2020

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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, 2020, 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, 2020, 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 18, 2020

CHARTERED PROFESSIONAL ACCOUNTANTS

COMMUNITY FUTURES WEST YELLOWHEAD

Statement of Financial Position

March 31, 2020

	General Fund 2020	Non-repayable 2020	Repayable 2020	Disabled 2020	Total 2020	Total 2019
ASSETS						
CURRENT						
Cash (Note 2)	\$ 177,644	\$ 179,889	\$ 176,176	\$ 134,516	\$ 668,225	\$ 923,050
Marketable securities	-	345,809	-	-	345,809	347,441
Accounts receivable (Note 4)	2,938	-	-	-	2,938	5,965
Current portion of investment loans receivable (Note 7)	-	216,093	73,649	35,415	325,157	426,190
Prepaid expenses	-	-	-	-	-	5,000
Accrued interest receivable (Note 5)	-	27,486	31,803	13,633	72,922	59,700
Interfund receivable (Note 3)	36,928	-	187,164	-	224,092	137,231
	217,510	769,277	468,792	183,564	1,639,143	1,904,577
PROPERTY, PLANT AND EQUIPMENT (Net of accumulated amortization) (Note 6)	5,132	-	-	-	5,132	6,643
LOANS AND NOTES RECEIVABLE (Note 7)	-	1,069,999	217,506	37,651	1,325,156	1,008,891
	\$ 222,642	\$ 1,839,276	\$ 686,298	\$ 221,215	\$ 2,969,431	\$ 2,920,111


COMMUNITY FUTURES WEST YELLOWHEAD

Statement of Financial Position

March 31, 2020

	General Fund 2020	Non-repayable 2020	Repayable 2020	Disabled 2020	Total 2020	Total 2019
LIABILITIES AND NET ASSETS						
CURRENT						
Accounts payable and accrued liabilities	\$ 22,458	\$ -	\$ -	\$ -	\$ 22,458	\$ 20,397
Wages payable	4,971	-	-	-	4,971	-
Employee deductions payable	12,898	-	-	-	12,898	7,117
Deferred income (Note 9)	80,281	-	-	-	80,281	68,408
Interfund payable (Note 3)	-	218,151	-	5,941	224,092	137,231
	120,608	218,151	-	5,941	344,700	233,153
	102,034	1,621,125	686,298	215,274	2,624,731	2,686,958
NET ASSETS	\$ 222,642	\$ 1,839,276	\$ 686,298	\$ 221,215	\$ 2,969,431	\$ 2,920,111

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, 2020

	Total 2020	Total 2019
TRADE SALES		
Federal contracts	\$ 294,963	\$ 294,963
Other contracts	79,031	127,670
Loan fees	33,494	20,562
Interest Income	2,462	1,534
	<u>409,950</u>	<u>444,729</u>
EXPENSES		
Salaries and benefits	239,226	210,148
Programs	139,047	166,002
Provision (recovery) of investment losses	113,492	828
Office rent	30,861	30,678
Portfolio recovery expense	24,310	6,575
Professional, accounting and audit	15,732	21,197
Board member expenses	8,839	8,846
Travel	6,876	12,757
GST not recovered	5,602	3,607
Advertising and promotion	5,482	9,777
Insurance	5,459	5,239
Utilities and janitorial	3,327	3,899
Office supplies	3,302	4,585
Meetings and conventions	2,763	8,091
Bank charges and loan costs	2,476	3,152
Telephone	2,127	4,888
Books and publications	1,800	2,083
Seminars and training	1,269	10,267
Repairs and maintenance	1,216	605
Postage and delivery	544	314
Computers, equipment and improvements	279	-
Interest on credit facility	-	1,866
Amortization	1,890	2,832
	<u>615,919</u>	<u>518,236</u>
DEFICIENCY OF TRADE SALES OVER EXPENSES FROM OPERATIONS	<u>(205,969)</u>	<u>(73,507)</u>
OTHER INCOME		
Unrealized gain (loss) on marketable securities	(11,936)	(1,361)
Interest income	155,678	162,135
	<u>143,742</u>	<u>160,774</u>
EXCESS (DEFICIENCY) OF TRADE SALES OVER EXPENSES	<u>\$ (62,227)</u>	<u>\$ 87,267</u>

COMMUNITY FUTURES WEST YELLOWHEAD

Statement of Changes in Net Assets

Year Ended March 31, 2020

	General Fund 2020	Non-repayable 2020	Repayable 2020	Disabled 2020	Total 2020	Total 2019
NET ASSETS - BEGINNING OF YEAR	\$ 98,851	\$ 1,624,827	\$ 714,602	\$ 248,678	\$ 2,686,958	\$ 2,599,691
Deficiency of trade sales over expenses	(68,167)	67,648	(28,304)	(33,404)	(62,227)	87,267
Interest transfer	71,350	(71,350)	-	-	-	-
NET ASSETS - END OF YEAR	\$ 102,034	\$ 1,621,125	\$ 686,298	\$ 215,274	\$ 2,624,731	\$ 2,686,958

Breakdown of Net Assets

Year Ended March 31, 2020

	General Fund 2020	Non-repayable 2020	Repayable 2020	Disabled 2020	Total 2020	Total 2019
Original contributions	\$ -	\$ 1,107,119	\$ 450,000	\$ 200,000	\$ 1,757,119	\$ 1,757,119
Earned net assets	102,034	514,006	236,298	15,274	867,612	929,839
	\$ 102,034	\$ 1,621,125	\$ 686,298	\$ 215,274	\$ 2,624,731	\$ 2,686,958

COMMUNITY FUTURES WEST YELLOWHEAD

Statement of Cash Flows

Year Ended March 31, 2020

	General Fund 2020	Non-repayable 2020	Repayable 2020	Disabled 2020	Total 2020	Total 2019
OPERATING ACTIVITIES						
Excess (deficiency) of trade sales over expenses	\$ (68,167)	\$ 67,648	\$ (28,304)	\$ (33,404)	\$ (62,227)	\$ 87,267
Items not affecting cash:						
Amortization of property, plant and equipment	1,890	-	-	-	1,890	2,832
Unrealized (gain)/loss on CFNA fund	-	11,936	-	-	11,936	1,364
Provision (recovery) of investment losses	-	19,001	54,606	39,885	113,492	828
	(66,277)	98,585	26,302	6,481	65,091	92,291
Changes in non-cash working capital:						
Accounts receivable	3,027	-	-	-	3,027	(4,267)
Accounts payable and accrued liabilities	2,062	-	-	-	2,062	3,636
Deferred income	11,873	-	-	-	11,873	68,408
Prepaid expenses	5,000	-	-	-	5,000	(497)
Accrued interest and loan fees receivable	-	(13,291)	(7,611)	(7,984)	(28,886)	(14,850)
Wages payable	4,971	-	-	-	4,971	-
Employee deductions payable	5,781	-	-	-	5,781	7,053
Interfund balances	4,378	184,996	(91,239)	(98,135)	-	-
	37,092	171,705	(98,850)	(106,119)	3,828	59,483
	(29,185)	270,290	(72,548)	(99,638)	68,919	151,774
Cash flow from (used by) operating activities						
	(379)	-	-	-	(379)	(1,707)
INVESTING ACTIVITIES						
Purchase of property, plant and equipment	-	422,538	127,285	88,022	637,845	765,045
Repayment of loans and notes receivable	-	-	-	-	-	-
	-	-	-	-	-	-

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See notes to financial statements

COMMUNITY FUTURES WEST YELLOWHEAD

Statement of Cash Flows (continued)

Year Ended March 31, 2020

	General Fund 2020	Non-repayable 2020	Repayable 2020	Disabled 2020	Total 2020	Total 2019
Addition to loans and notes receivable	-	(945,092)	-	(50,000)	(995,092)	(817,168)
Recoveries on loans and notes receivable	-	-	44,186	-	44,186	9,018
Change in marketable securities	-	(10,304)	-	-	(10,304)	(9,286)
Cash flow from (used by) investing activities	(379)	(532,858)	171,471	38,022	(323,744)	(54,098)
FINANCING ACTIVITIES						
Interest transfer	71,350	(71,350)	-	-	-	-
Repayments of short term debt	-	-	-	-	-	(79,938)
Cash flow from (used by) financing activities	71,350	(71,350)	-	-	-	(79,938)
INCREASE (DECREASE) IN CASH FLOW	41,786	(333,918)	98,923	(61,616)	(254,825)	17,738
Cash - beginning of year	135,858	513,807	77,253	196,132	923,050	905,312
CASH - END OF YEAR (Note 2)	\$ 177,644	\$ 179,889	\$ 176,176	\$ 134,516	\$ 668,225	\$ 923,050

COMMUNITY FUTURES WEST YELLOWHEAD

Notes to Financial Statements

Year Ended March 31, 2020

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 (ASNFPO).

Fund accounting

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

The General Fund accounts for the organization's 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.

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.

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.

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COMMUNITY FUTURES WEST YELLOWHEAD

Notes to Financial Statements

Year Ended March 31, 2020

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

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 Allowance for Doubtful Loans is calculated by management based on specific doubtful loans plus 3% (3% - 2018) of the rest of the portfolio.

Property, plant 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.

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 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.

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COMMUNITY FUTURES WEST YELLOWHEAD

Notes to Financial Statements

Year Ended March 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. CASH

	2020	2019
Cash	\$ 668,225	\$ 912,819
GIC's bearing interest at 1.05% - 1.15% per annum	-	10,231
	\$ 668,225	\$ 923,050

3. 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, 2020

4. ACCOUNTS RECEIVABLE

Accounts receivable is comprised of:

	<u>2020</u>		<u>2019</u>	
Trade accounts receivable	\$	-	\$	2,358
GST receivable		<u>2,938</u>		<u>3,607</u>
	\$	<u>2,938</u>	\$	<u>5,965</u>

5. ACCRUED INTEREST AND LOAN FEES RECEIVABLE

	<u>Non-repayable</u>			<u>Repayable</u>			<u>Disabled</u>			<u>2020</u>		<u>2019</u>	
Interest and loan fees in arrears	\$	27,485	\$	31,803	\$	13,633	\$	72,921	\$	60,894			
Less: provision for loan losses		-		-		-		-		(1,194)			
	\$	<u>27,485</u>	\$	<u>31,803</u>	\$	<u>13,633</u>	\$	<u>72,921</u>	\$	<u>59,700</u>			

6. PROPERTY, PLANT AND EQUIPMENT

	<u>Cost</u>		<u>Accumulated amortization</u>		<u>2020 Net book value</u>		<u>2019 Net book value</u>	
Office equipment and furniture	\$	93,132	\$	91,131	\$	2,001	\$	2,122
Computer equipment		139,475		138,851		624		1,387
Leasehold improvements		33,919		31,412		2,507		3,134
S.E.A. Equipment		15,437		15,437		-		-
	\$	<u>281,963</u>	\$	<u>276,831</u>	\$	<u>5,132</u>	\$	<u>6,643</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.

COMMUNITY FUTURES WEST YELLOWHEAD

Notes to Financial Statements

Year Ended March 31, 2020

7. INVESTMENT LOANS RECEIVABLE

	Non-repayable	Repayable	Disabled	2020	2019
Loan Receivable	\$ 1,325,207	\$ 341,709	\$ 174,266	\$ 1,841,182	\$ 1,593,755
Less: allowance for loan impairment	(39,115)	(50,554)	(101,200)	(190,869)	(158,674)
Less: current portion	(216,093)	(73,649)	(35,415)	(325,157)	(426,190)
	<u>\$ 1,069,999</u>	<u>\$ 217,506</u>	<u>\$ 37,651</u>	<u>\$ 1,325,156</u>	<u>\$ 1,008,891</u>

ALLOWANCE FOR LOAN IMPAIRMENT:

Balance, beginning of year	\$ (45,336)	\$ (52,023)	\$ (61,315)	\$ (158,674)	\$ (146,333)
Provision for loan losses	(15,167)	(86,911)	(39,885)	(141,963)	(12,341)
Amounts written off to the allowance	21,388	88,380	-	109,768	-
Balance at end of year	<u>\$ (39,115)</u>	<u>\$ (50,554)</u>	<u>\$ (101,200)</u>	<u>\$ (190,869)</u>	<u>\$ (158,674)</u>
Total recorded investment on impaired loans	<u>\$ -</u>	<u>\$ 68,224</u>	<u>\$ 132,403</u>	<u>\$ 200,627</u>	<u>\$ 350,923</u>

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 7.5% to 8% 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.

8. 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, 2020 were \$750,000.

COMMUNITY FUTURES WEST YELLOWHEAD

Notes to Financial Statements

Year Ended March 31, 2020

9. 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>2020</u>	<u>2019</u>
CF Panwest Rural Opportunities Fund	\$ 41,564	\$ -
Minister of Western Economic Diversification	24,580	24,580
Jasper revitalization project	5,000	-
Smartstart Hinton	5,000	-
Government of Alberta OHS grant	2,291	6,885
Lemonade Day 2020	1,300	-
Co-sharing space project	546	4,792
Alberta Open Farms Days	-	10,000
CARES grant	-	399
Rural speakers project	-	21,752
	<u>\$ 80,281</u>	<u>\$ 68,408</u>

10. GENERAL FUND NET ASSETS

Included in the general fund net assets is \$5,132 (2019 - \$6,643) that is invested in capital assets.

11. EXTERNALLY RESTRICTED NET ASSETS

Loan funds contributed by the government are classified as non-repayable, repayable and disabled 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>2020</u>	<u>2019</u>
Non-repayable	\$ 1,621,125	\$ 1,624,828
Repayable	686,298	714,602
Disabled	215,274	248,678
	<u>\$ 2,522,697</u>	<u>\$ 2,588,108</u>

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 the Department of Western Economic Diversification, 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 provision a satisfactory level of benefits in terms of employment creation, the development of community-owned or controlled
- 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 as described in Section 12 of the Agreement; or
- e) An event of default occurs as described in Section 7 of the Agreement; or
- f) The Minister does not approve terms and conditions to extend the project beyond March 31, 2021.

COMMUNITY FUTURES WEST YELLOWHEAD

Notes to Financial Statements

Year Ended March 31, 2020

12. ECONOMIC DEPENDENCE

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

13. COMPARATIVE FIGURES

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

14. EXTRAORDINARY ITEM

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions. Events that have occurred since are as follows:

- On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization
- On March 17, 2020, the Province of Alberta declared a public health emergency.
- On March 12, 2020, Community Futures West Yellowhead deferred all loan payments with no accruing interest for the months of April – June 2020.
- On May 13, 2020, Western Economic Diversification Canada announced that the new Regional Relief and Recovery Fund will be delivered via Community Futures across Western Canada to rural businesses that have not qualified for other federal government funding supports.

The estimated impact of payment deferrals for three months has been reflected in the current portion of loans receivable in these financial statements. However, it is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the corporation for future periods beyond three months.

This disclosure assumes there is no significant doubt about the entity's ability to continue as a going concern.

15. 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, 2020.

(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.

(continues)

COMMUNITY FUTURES WEST YELLOWHEAD

Notes to Financial Statements

Year Ended March 31, 2020

15. FINANCIAL INSTRUMENTS *(continued)*

(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

Statement of General Fund Revenues and Expenses

(Schedule 1)

Year Ended March 31, 2020

	2020	2019
REVENUE		
Federal contracts	\$ 294,963	\$ 294,963
Other contracts (Schedule 4)	79,031	127,670
Loan fees	33,494	20,562
Interest Income	2,462	1,534
	<u>409,950</u>	<u>444,729</u>
EXPENSES		
Salaries and benefits	239,226	210,148
Programs (Schedule 4)	139,047	166,002
Office rent	30,861	30,678
Professional, accounting and audit	15,732	21,197
Board member expenses	8,839	8,846
Travel	6,876	12,757
GST not recovered	5,602	3,607
Advertising and promotion	5,482	9,777
Insurance	5,459	5,239
Utilities and janitorial	3,327	3,899
Office supplies	3,302	4,585
Meetings and conventions	2,763	8,091
Bank charges and loan costs	2,476	3,152
Telephone	2,127	4,888
Books and publications	1,800	2,083
Seminars and training	1,269	10,267
Repairs and maintenance	1,216	605
Postage and delivery	544	314
Computers, equipment and improvements	279	-
Amortization	1,890	2,832
	<u>478,117</u>	<u>508,967</u>
DEFICIENCY OF EXPENSES OVER REVENUE	<u>\$ (68,167)</u>	<u>\$ (64,238)</u>

COMMUNITY FUTURES WEST YELLOWHEAD

(Schedule 2)

Statement of Loan Investment Fund Revenues and Expenses

Year Ended March 31, 2020

	Non-repayable 2020	Repayable 2020	Disabled 2020	Total 2020	Total 2019
REVENUE					
Investment interest	\$ 87,362	\$ 30,141	\$ 15,120	\$ 132,623	\$ 137,863
Bank interest	18,338	3,266	1,451	23,055	24,273
Write-up of marketable securities	(11,936)	-	-	(11,936)	(1,362)
	93,764	33,407	16,571	143,742	160,774
EXPENSES					
Provision (recovery) of investment losses	19,001	54,606	39,885	113,492	828
Interest on credit facility	-	-	-	-	1,866
Portfolio recovery expense	7,115	7,105	10,090	24,310	6,574
	26,116	61,711	49,975	137,802	9,268
INCOME (LOSS) FROM OPERATIONS	\$ 67,648	\$ (28,304)	\$ (33,404)	\$ 5,940	\$ 151,506

COMMUNITY FUTURES WEST YELLOWHEAD

Statement of Program Revenues and Expenses

(Schedule 3)

Year Ended March 31, 2020

	2020	2019
REVENUES		
Rural speakers project	\$ 21,751	\$ 5,588
OHS Revenue	13,716	23,582
Alberta Open Farm Days	12,900	12,646
EDP Revenue	10,475	9,768
Grande Cache Project	6,195	-
Youth	4,677	-
Co-sharing	4,246	208
Energy Projects	2,425	15,810
Yellowhead Food Initiative	1,399	14,233
Smartstart	1,247	-
Other Revenue	-	13,466
Women's conference	-	32,369
	<u>79,031</u>	<u>127,670</u>
EXPENSES		
OHS Expenses	21,667	28,622
Rural Speakers Project	20,431	5,359
Junior Achievement & Youth	17,848	10,817
Open Farm Days Expense	16,496	18,083
EDP Expenses	15,270	11,324
Grande Cache Project	13,290	-
Smartstart	10,323	-
Business Visitation Project	10,163	12,697
Yellowhead Food Initiative	6,728	14,373
Co-Sharing Expenses	4,157	392
Energy Projects	2,428	22,463
Project Gazelle Expenses	326	-
SmartStart Edson	275	-
Resource materials	-	250
Women's Conference	(355)	41,622
	<u>139,047</u>	<u>166,002</u>
LOSS FROM OPERATIONS	<u>\$ (60,016)</u>	<u>\$ (38,332)</u>