

**COMMUNITY FUTURES WEST YELLOWHEAD**

**Financial Statements**

**Year Ended March 31, 2023**

**COMMUNITY FUTURES WEST YELLOWHEAD**  
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**Year Ended March 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

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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, 2023, 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, 2023, 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.

Drayton Valley, Alberta  
June 22, 2023

*Carlson Roberts Seely LLP.*

CHARTERED PROFESSIONAL ACCOUNTANTS


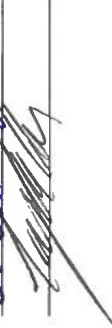
**COMMUNITY FUTURES WEST YELLOWHEAD**  
**Statement of Financial Position**  
**March 31, 2023**

	General Fund 2023	Non-repayable 2023	Repayable 2023	Disabled 2023	RRRF 2023	Town of Edson Fund 2023	CGI 2023	Total 2023	Total 2022
<b>ASSETS</b>									
<b>CURRENT</b>									
Cash	\$ 352,352	\$ 571,453	\$ 477,364	\$ 19,226	\$ 119,459	\$ -	\$ -	\$ 1,539,854	\$ 1,520,219
Marketable securities	-	159,128	-	-	-	-	-	159,128	156,949
Accounts receivable (Note 3)	10,813	-	-	-	-	-	-	10,813	25,721
Inter-fund receivable (Note 2)	-	-	92,618	51,798	-	86,514	31,633	262,563	392,541
Accrued interest receivable	-	15,339	5,288	232	-	54	784	21,697	19,963
Current portion of investment loans receivable (Note 17)	-	170,329	47,805	8,881	1,390,950	45,740	22,046	1,685,751	439,353
	363,165	916,249	623,075	80,137	1,510,409	132,308	54,463	3,679,806	2,554,746
<b>PROPERTY, PLANT AND EQUIPMENT (Net of accumulated amortization) (Note 4)</b>	7,852	-	-	-	-	-	-	7,852	10,564
<b>INVESTMENT LOANS RECEIVABLE (Note 17)</b>	-	784,423	26,237	97,781	857,749	54,273	33,933	1,854,396	3,567,121
	\$ 371,017	\$ 1,700,672	\$ 649,312	\$ 177,918	\$ 2,368,158	\$ 186,581	\$ 88,396	\$ 5,542,054	\$ 6,132,431

See notes to financial statements

**COMMUNITY FUTURES WEST YELLOWHEAD**  
**Statement of Financial Position**  
**March 31, 2023**

	General Fund 2023	Non-repayable 2023	Repayable 2023	Disabled 2023	RRRF 2023	Town of Edson Fund 2023	CGI 2023	Total 2023	Total 2022
<b>LIABILITIES AND NET ASSETS</b>									
<b>CURRENT</b>									
Accounts payable and accrued liabilities	\$ 21,480	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,480	\$ 13,707
Wages payable	6,133	-	-	-	-	-	-	6,133	6,133
Employee deductions payable	-	-	-	-	-	-	-	-	12
Deferred income (Note 7)	46,589	-	-	-	-	-	-	46,589	74,797
Inter-fund payable (Note 2)	214,488	10,135	-	-	37,939	-	-	262,562	392,541
	288,690	10,135	-	-	37,939	-	-	336,764	487,190
RRRF loan (Note 8)	53,887	-	-	-	-	-	-	53,887	92,880
	342,577	10,135	-	-	37,939	-	-	390,651	580,070
	28,440	1,690,537	649,312	177,918	2,330,219	186,581	88,396	5,151,403	5,552,361
<b>NET ASSETS (Notes 9, 11)</b>	\$ 371,017	\$ 1,700,672	\$ 649,312	\$ 177,918	\$ 2,368,158	\$ 186,581	\$ 88,396	\$ 5,542,054	\$ 6,132,431

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, 2023**

	General Fund 2023	Non-repayable 2023	Repayable 2023	Disabled 2023	RRRF 2023	Town of Edson Fund 2023	CGI 2023	Total 2023	Total 2022
<b>REVENUES</b>									
Federal contracts	\$ 333,975	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 333,975	\$ 294,963
Other contracts (Schedule 3)	167,190	-	-	-	-	-	-	167,190	250,664
Investment income	-	96,899	27,887	13,009	-	732	1,946	140,473	129,846
Loan fees	15,882	-	-	-	-	-	-	15,882	17,773
Interest income	4,664	-	-	-	-	-	-	4,664	1,278
	521,711	96,899	27,887	13,009	-	732	1,946	662,184	694,524
<b>EXPENSES</b>									
Salaries and benefits	336,140	-	-	-	-	-	-	336,140	336,403
Forgivable portion of RRRF & CGI loans	-	-	-	-	133,500	-	10,000	143,500	127,309
Programs (Schedule 3)	97,754	-	-	-	-	-	-	97,754	132,095
Office rent	32,257	-	-	-	-	-	-	32,257	30,971
Provision (recovery) of investment losses	-	571	38,070	(31,119)	69,551	11,380	3,550	92,003	104,358
Professional, accounting and audit	19,707	-	-	-	-	-	-	19,707	22,455
Portfolio recovery expense	-	9,440	1,966	4,919	-	-	-	16,325	26,242
Travel	15,867	-	-	-	-	-	-	15,867	20,884
Advertising and promotion	9,572	-	-	-	-	-	-	9,572	12,298
Board member expenses	8,224	-	-	-	-	-	-	8,224	18,918
RRRF operating expense	7,212	-	-	-	-	-	-	7,212	-
Insurance	7,153	-	-	-	-	-	-	7,153	6,365
Books and publications	5,985	-	-	-	-	-	-	5,985	5,632
Utilities and janitorial	3,805	-	-	-	-	-	-	3,805	3,735
Office supplies	3,320	-	-	-	-	-	-	3,320	2,825
Bank charges and loan costs	2,995	-	-	-	-	-	-	2,995	2,981
Telephone	1,820	-	-	-	-	-	-	1,820	1,987
Meetings and conventions	1,812	-	-	-	-	-	-	1,812	1,998
Seminars and training	627	-	-	-	-	-	-	627	1,279
Repairs and maintenance	220	-	-	-	-	-	-	220	885
Postage and delivery	176	-	-	-	-	-	-	176	776

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See notes to financial statements

**COMMUNITY FUTURES WEST YELLOWHEAD**  
**Statement of Revenues and Expenditures (continued)**  
**Year Ended March 31, 2023**

	General Fund 2023	Non-repayable 2023	Repayable 2023	Disabled 2023	RRRF 2023	Town of Edson Fund 2023	CGI 2023	Total 2023	Total 2022
GST not recovered Amortization	2,712	-	-	-	-	-	-	2,712	4,135
	557,358	10,011	40,036	(26,200)	203,051	11,380	13,550	809,186	868,835
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	(35,647)	86,888	(12,149)	39,209	(203,051)	(10,648)	(11,604)	(147,002)	(174,311)
<b>OTHER INCOME</b>									
Unrealized gain (loss) on marketable securities	-	(2,782)	-	-	-	-	-	(2,782)	1,754
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	\$ (35,647)	\$ 84,106	\$ (12,149)	\$ 39,209	\$ (203,051)	\$ (10,648)	\$ (11,604)	\$ (149,784)	\$ (172,557)

See notes to financial statements



**COMMUNITY FUTURES WEST YELLOWHEAD**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2023**

	General Fund 2023	Non-repayable 2023	Repayable 2023	Disabled 2023	RRRF Fund 2023	Town of Edson Fund 2023	CGI 2023	Total 2023	Total 2022
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 54,798	\$ 1,615,720	\$ 661,461	\$ 138,709	\$ 2,884,444	\$ 197,229	\$ -	\$ 5,552,361	\$ 6,035,652
Deficiency of revenues over expenses	(35,647)	84,106	(12,149)	39,209	(203,051)	(10,648)	(11,604)	(149,784)	(172,558)
Contributions during year	-	-	-	-	-	-	100,000	100,000	134,522
Repayments during year	-	-	-	-	(351,174)	-	-	(351,174)	(445,255)
Interest transfer (Note 10)	9,289	(9,289)	-	-	-	-	-	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ 28,440	\$ 1,690,537	\$ 649,312	\$ 177,918	\$ 2,330,219	\$ 186,581	\$ 88,396	\$ 5,151,403	\$ 5,552,361

**Breakdown of Net Assets**  
**Year Ended March 31, 2023**

	General Fund 2023	Non-repayable 2023	Repayable 2023	Disabled 2023	RRRF Fund 2023	Town of Edson Fund 2023	CGI 2023	Total 2023	Total 2022
Original contributions	\$ -	\$ 1,107,119	\$ 450,000	\$ 200,000	\$ 2,660,579	\$ 300,000	\$ 100,000	\$ 4,817,698	\$ 4,941,563
Earned net assets	28,440	583,418	199,312	(22,082)	(69,551)	(113,419)	(1,604)	604,514	610,798
Forgivable portion	-	-	-	-	(260,809)	-	(10,000)	(270,809)	-
	\$ 28,440	\$ 1,690,537	\$ 649,312	\$ 177,918	\$ 2,330,219	\$ 186,581	\$ 88,396	\$ 5,151,403	\$ 5,552,361

See notes to financial statements

**COMMUNITY FUTURES WEST YELLOWHEAD**  
**Statement of Cash Flows**  
**Year Ended March 31, 2023**

	General Fund 2023	Non-repayable 2023	Repayable 2023	Disabled 2023	RRRF 2023	Town of Edson Fund 2023	CGI 2023	Total 2023	Total 2022
<b>OPERATING ACTIVITIES</b>									
Excess (deficiency) of revenues over expenses	\$ (35,647)	\$ 84,106	\$ (12,149)	\$ 39,209	\$ (203,051)	\$ (10,648)	\$ (11,604)	\$ (149,784)	\$ (172,558)
Items not affecting cash:									
Amortization of property and equipment	2,712	-	-	-	-	-	-	2,712	4,304
Provision (recovery) of investment losses	-	(52,396)	38,070	(31,119)	69,551	11,380	3,550	39,036	104,358
Forgivable portion of RRRF loans	-	-	-	-	133,500	-	10,000	143,500	127,309
Unrealized (gain)/loss on CFNA fund	-	2,782	-	-	-	-	-	2,782	(1,754)
	(32,935)	34,492	25,921	8,090	-	732	1,946	38,246	61,659
<b>Changes in non-cash working capital:</b>									
Accounts receivable	14,907	-	-	-	-	-	-	14,907	(23,355)
Accounts payable and accrued liabilities	7,773	-	-	-	-	-	-	7,773	(19,593)
Deferred income	(28,208)	-	-	-	-	-	-	(28,208)	(146,828)
Accrued interest receivable	-	1,389	(4,641)	2,340	-	(38)	(784)	(1,734)	(12,004)
Employee deductions payable	(12)	-	-	-	-	-	-	(12)	(52)
	(5,540)	1,389	(4,641)	2,340	-	(38)	(784)	(7,274)	(201,832)
Cash flow from (used by) operating activities	(38,475)	35,881	21,280	10,430	-	694	1,162	30,972	(140,173)
<b>INVESTING ACTIVITIES</b>									
Repayment of loans and notes receivable	-	266,977	38,402	8,146	314,595	15,711	30,471	674,302	1,132,338
Addition to loans and notes receivable	-	(323,560)	-	-	-	(71,400)	(100,000)	(494,960)	(1,363,378)
Recoveries on loans and notes receivable	-	26,625	46,949	30,875	-	-	-	104,449	87,048

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See notes to financial statements

**COMMUNITY FUTURES WEST YELLOWHEAD**  
**Statement of Cash Flows (continued)**  
**Year Ended March 31, 2023**

	General Fund 2023	Non-repayable 2023	Repayable 2023	Disabled 2023	RRRF 2023	Town of Edson Fund 2023	CGI 2023	Total 2023	Total 2022
Change in marketable securities	-	(4,961)	-	-	-	-	-	(4,961)	(3,263)
Cash flow from (used by) investing activities	-	(34,919)	85,351	39,021	314,595	(55,689)	(69,529)	278,830	(147,255)
<b>FINANCING ACTIVITIES</b>									
Interest transfer	9,289	(9,289)	-	-	-	-	-	-	134,522
Fund contributions	-	-	-	-	(351,174)	-	100,000	(351,174)	(445,255)
Fund repayments	(104,300)	-	-	-	156,038	54,995	(31,633)	-	-
Inter-fund receivable/payable	(38,993)	(52,241)	40,315	(63,174)	-	-	-	(38,993)	92,880
Proceeds on RRRF loan	-	-	-	-	-	-	-	-	-
Cash flow from (used by) financing activities	(134,004)	(61,530)	40,315	(63,174)	(195,136)	54,995	68,367	(290,167)	(217,853)
<b>INCREASE (DECREASE) IN CASH FLOW</b>									
Cash - beginning of year	(172,479)	(60,568)	146,946	(13,723)	119,459	-	-	19,635	(505,281)
Cash - end of year	524,831	632,021	330,418	32,949	-	-	-	1,520,219	2,025,500
<b>CASH - END OF YEAR</b>	\$ 352,352	\$ 571,453	\$ 477,364	\$ 19,226	\$ 119,459	\$ -	\$ -	\$ 1,539,854	\$ 1,520,219

See notes to financial statements

# COMMUNITY FUTURES WEST YELLOWHEAD

## Notes to Financial Statements

Year Ended March 31, 2023

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### 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.

The Alberta Women's Economic Recovery - Capital Growth Initiative (CGI) Fund reports restricted resources that are used to provide financial support directly to women entrepreneurs operating small-and-medium sized enterprises. The organization is restricted in the loan applications that can be approved according to its agreement with the Community Futures Network of Alberta.

#### 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, 2023

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### 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% - 2022) 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.

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## COMMUNITY FUTURES WEST YELLOWHEAD

### Notes to Financial Statements

Year Ended March 31, 2023

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#### 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, 2023**

3. ACCOUNTS RECEIVABLE

Accounts receivable is comprised of:

	2023		2022
Trade accounts receivable	\$ 8,554	\$	23,668
GST receivable	1,502		2,053
Employee deductions receivable	757		-
	<b>\$ 10,813</b>	\$	<b>25,721</b>

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Office equipment and furniture	\$ 102,456	\$ 96,658	\$ 5,798	\$ 7,248
Computer equipment	145,713	144,943	770	1,711
Leasehold improvements	33,919	32,635	1,284	1,605
S.E.A. Equipment	15,437	15,437	-	-
	<b>\$ 297,525</b>	<b>\$ 289,673</b>	<b>\$ 7,852</b>	<b>\$ 10,564</b>

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:

	2023		2022
Balance, beginning of year	\$ 2,766,345	\$	2,541,692
Advances during the year	-		780,522
Repayments during the year	(314,595)		(428,560)
Allowance for doubtful loans during the year	(69,551)		-
Forgiven portion during the year	(133,500)		(127,309)
	<b>\$ 2,248,699</b>	\$	<b>2,766,345</b>

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 as at March 31, 2023 were \$750,000.

**COMMUNITY FUTURES WEST YELLOWHEAD**

**Notes to Financial Statements**

**Year Ended March 31, 2023**

**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>2023</u>	<u>2022</u>
Balance, beginning of the year	\$ 74,797	\$ 221,625
PLUS: Amounts received related to the following year	131,714	104,752
LESS: Amounts recognized as revenue in the year	<u>(159,922)</u>	<u>(251,580)</u>
	<u>\$ 46,589</u>	<u>\$ 74,797</u>

Deferred revenue consists of:

Municipal projects contributions	\$ 20,000	\$ -
Digital Service Squad	14,989	55,933
Capital Growth Initiative admin funds	10,000	-
Project Gazelle	1,500	12,211
Lemonade Day 2023	100	-
Smartstart Hinton	<u>-</u>	<u>6,653</u>
	<u>\$ 46,589</u>	<u>\$ 74,797</u>

**8. LONG TERM DEBT**

	<u>2023</u>	<u>2022</u>
Community Futures Alberta	<u>\$ 53,887</u>	<u>\$ 92,880</u>

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 \$7,852 (2022 - \$10,564) 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 \$9,289 from it's investment funds to operating funds (2022 - \$13,407), which pre-approval was obtained for this year.



## COMMUNITY FUTURES WEST YELLOWHEAD

### Notes to Financial Statements

Year Ended March 31, 2023

#### 11. EXTERNALLY RESTRICTED NET ASSETS

Loan funds contributed by the government are classified as non-repayable, repayable, disabled, RRRF, Town of Edson and CGI 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:

	2023	2022
Non-repayable	\$ 1,690,537	\$ 1,615,720
Repayable	649,312	661,461
Disabled	177,918	138,709
RRRF	2,330,219	2,884,444
Town of Edson	186,581	197,229
CGI	88,396	-
	\$ 5,122,963	\$ 5,497,563

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.

Under the terms and conditions of the project agreement with Community Futures Network of Alberta (CFNA), the Alberta Women's Economic Recovery - Capital Growth Initiative (CGI) is fully repayable upon the repayment of loans from small-and-medium sized enterprises.

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, 2023

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#### 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:

2024	\$	32,404
2025		32,404
2026		32,404
2027		2,700
		<hr/>
	\$	<u>99,912</u>

#### 13. COMMITMENTS

As of March 31, 2023, loans of \$nil (2022 - \$13,000) were approved by the Board of Directors, of which \$nil (2022 - \$13,000) has been advanced subsequent to year end.

Subsequent to March 31, 2023, loans of \$nil (2022 - \$21,400) were approved under Town of Edson fund, of which \$nil (2022 - \$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, 2023

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#### 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, 2023.

*(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, 2023

17. INVESTMENT IN LOANS RECEIVABLE

	Non-repayable	Repayable	Disabled	RRRF	Town of Edson Fund	CGI	2023	2022
Loans Receivable	\$ 1,025,572	\$ 186,018	\$ 109,961	\$ 2,318,250	\$ 111,393	\$ 59,529	\$ 3,810,723	\$ 4,133,565
Less: allowance for loan impairment	(70,820)	(111,976)	(3,299)	(69,551)	(11,380)	(3,550)	(270,576)	(127,091)
Less: current portion	(170,329)	(47,805)	(8,881)	(1,390,950)	(45,740)	(22,046)	(1,685,751)	(439,353)
	\$ 784,423	\$ 26,237	\$ 97,781	\$ 857,749	\$ 54,273	\$ 33,933	\$ 1,854,396	\$ 3,567,121
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:								
<b>ALLOWANCE FOR LOAN PAYMENT</b>								
Balance, beginning of year	\$ (96,591)	\$ (26,957)	\$ (3,543)	\$ -	\$ -	\$ -	\$ (127,091)	\$ (208,895)
Provision for loan losses	(27,196)	(85,019)	244	(69,551)	(11,380)	(3,550)	(196,452)	(191,405)
Amounts written off to the allowance	52,967	-	-	-	-	-	52,967	273,209
Balance at end of year	\$ (70,820)	\$ (111,976)	\$ (3,299)	\$ (69,551)	\$ (11,380)	\$ (3,550)	\$ (270,576)	\$ (127,091)
Total recorded investment on impaired loans	\$ 212,044	\$ 74,568	\$ -	\$ -	\$ 100,013	\$ 55,979	\$ 442,604	\$ 433,888

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.

See notes to financial statements

**COMMUNITY FUTURES WEST YELLOWHEAD**

**RRRF Statement of Financial Position**

**(Schedule 1)**

**Year Ended March 31, 2023**

	RRRF Operating 2023	RRRF Fund 2023	2023	2022
<b>ASSETS</b>				
<b>CURRENT</b>				
Cash	\$ -	\$ 119,459	\$ 119,459	\$ -
Interfund receivable	53,887	(37,939)	15,948	210,979
Current portion of loans receivable	-	1,390,950	1,390,950	169,438
	<u>\$ 53,887</u>	<u>\$ 1,472,470</u>	<u>\$ 1,526,357</u>	<u>\$ 380,417</u>
<b>PROPERTY AND EQUIPMENT</b>				
	\$ 3,846	\$ -	\$ 3,846	\$ 5,288
<b>INVESTMENT LOANS RECEIVABLE</b>				
	-	857,749	857,749	2,596,907
<b>TOTAL ASSETS</b>	<u>\$ 57,733</u>	<u>\$ 2,330,219</u>	<u>\$ 2,387,952</u>	<u>\$ 2,982,612</u>
<b>LIABILITIES</b>				
<b>CURRENT</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LONG TERM DEBT</b>				
	\$ 53,887	\$ -	\$ 53,887	\$ 92,880
<b>TOTAL LIABILITIES</b>	<u>\$ 53,887</u>	<u>\$ -</u>	<u>\$ 53,887</u>	<u>\$ 92,880</u>
<b>NET ASSETS</b>				
Net Assets - beginning of the year	\$ -	\$ 2,884,444	\$ 2,884,444	\$ 3,222,486
Equity in capital assets	3,846	-	3,846	5,288
Excess of revenues over expenses	-	(203,051)	(203,051)	(127,309)
Contributions during the year	-	-	-	134,522
Repayment during the year	-	(351,174)	(351,174)	(345,255)
<b>TOTAL NET ASSETS</b>	<u>3,846</u>	<u>2,330,219</u>	<u>2,334,065</u>	<u>2,889,732</u>
<b>TOTAL NET ASSETS AND LIABILITIES</b>	<u>\$ 57,733</u>	<u>\$ 2,330,219</u>	<u>\$ 2,387,952</u>	<u>\$ 2,982,612</u>

See notes to financial statements

**COMMUNITY FUTURES WEST YELLOWHEAD**

**RRRF Statement of Revenue and Expenditures**

**(Schedule 2)**

**Year Ended March 31, 2023**

	RRRF Operating 2023	RRRF Fund 2023	2023	2022
<b>REVENUES</b>				
RRRF Operating Funds	\$ 39,012	\$ -	\$ 39,012	\$ -
<b>EXPENDITURES</b>				
Forgivable portion of RRRF loans	-	133,500	133,500	127,309
Provision for loan losses	-	69,551	69,551	-
Salaries and benefits	31,801	-	31,801	-
Professional, accounting and audit	7,211	-	7,211	-
Amortization	1,443	-	1,443	4,195
Travel	-	-	-	-
Advertising and promotions	-	-	-	-
Repairs and maintenance	-	-	-	-
Seminars and training	-	-	-	-
Postage and delivery	-	-	-	-
Office supplies	-	-	-	-
Programs	-	-	-	-
	<u>40,455</u>	<u>203,051</u>	<u>243,506</u>	<u>131,504</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ (1,443)</b>	<b>\$ (203,051)</b>	<b>\$ (204,494)</b>	<b>\$ (131,504)</b>

**COMMUNITY FUTURES WEST YELLOWHEAD**

**Statement of Program Revenues and Expenditures**

**(Schedule 3)**

**Year Ended March 31, 2023**

	2023	2022
<b>REVENUES</b>		
PanWest Capacity Dollars	\$ 50,000	\$ -
Digital Service Squad (DSS)	40,843	8,087
Business Retention and Expansion (BRE) Program	40,062	-
Youth	10,954	12,900
Project Gazelle	10,711	3,776
SmartStart Hinton	7,351	5,378
Town of Hinton Grant Income	5,532	-
EDP Revenue	1,647	840
Training	90	-
Co-Sharing Revenue	-	21
Town Of Edson	-	35,000
PanWest ROF Energy Project Revenue (PanWest)	-	56,360
PanWest #choosewestyellowhead (PW#CWY)	-	128,302
	<u>167,190</u>	<u>250,664</u>
<b>GENERAL PROGRAM EXPENDITURES</b>		
BRE Program	37,515	-
PanWest Capacity Dollars	27,930	-
Junior Achievement & Youth	11,182	12,200
Digital Service Squad Expenses	5,466	2,764
Town of Hinton Grant Expenses	5,057	-
Project Gazelle Expenses	4,795	569
SmartStart Hinton	3,997	5,044
EDP Expenses	1,616	2,514
DSS Advertising/Marketing	196	-
PanWest Travel, Meals & Accom.	-	2,045
PW#CWY Mktg, Branding & Materials	-	4,672
Co-Sharing Expenses	-	61
PW#CWY H & S Business Advisor	-	38,970
PanWest Facilitator Fees & Coaching	-	5,125
PW#CWY Community Liaison	-	50,912
PanWest Staffing Costs (subs)	-	6,653
PanWest Marketing & Promotions	-	566
	<u>97,754</u>	<u>132,095</u>
<b>EXCESS OF PROGRAM REVENUES OVER PROGRAM GENERAL EXPENDITURES</b>	<u>69,436</u>	<u>118,569</u>
<b>WAGE EXPENDITURES</b>		
DSS wages	34,861	6,660
PanWest Capacity wages	24,032	-
Project Gazelle wages	5,916	-
Town of Edson wages	-	39,119
PanWest #CWY wages	-	32,384
PanWest Coal wages	-	45,713
BRE wages	2,547	-
SmartStart Hinton wages	3,361	-
	<u>70,717</u>	<u>123,876</u>

*(continues)*

**COMMUNITY FUTURES WEST YELLOWHEAD**  
**Statement of Program Revenues and Expenditures (continued) (Schedule 3)**  
**Year Ended March 31, 2023**

	2023	2022
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>\$ (1,281)</b>	<b>\$ (5,307)</b>