

COMMUNITY FUTURES ALBERTA SOUTHWEST

FINANCIAL STATEMENTS

For the year ended March 31, 2023

COMMUNITY FUTURES ALBERTA SOUTHWEST
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Community Futures Alberta Southwest

Opinion

We have audited the financial statements of Community Futures Alberta Southwest, which comprise the statement of financial position as at March 31, 2023, the statement of change in fund balances, and the statement of operations and statement of 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 Community Futures Alberta Southwest as at March 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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

In preparing the financial statements, management is responsible for assessing the Community Futures Alberta Southwest'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 Community Futures Alberta Southwest or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Community Futures Alberta Southwest'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:

INDEPENDENT AUDITOR'S REPORT, 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.

Fort Macleod, Alberta
July 26, 2023



Chartered Professional Accountants

**COMMUNITY FUTURES ALBERTA SOUTHWEST
STATEMENT OF FINANCIAL POSITION
As at March 31, 2023**

	Loan investment funds						2023 Total	2022 Total	
	Operating Fund	PrairieScan Non-Repayable Investment Fund	PrairieScan Conditionally Repayable Investment Fund	PrairieScan Conditionally Repayable EDP Fund	Regional Relief and Recovery Fund	Capital Growth Initiative Fund			
ASSETS									
Current									
Cash and short-term investments		\$ 52,135	\$ 570,799	\$ 1,203,888	\$ 302,201	\$ 101,855	\$ 10,000	\$ 2,240,878	\$ 1,700,055
(note 2)		10,443	-	-	-	-	-	10,443	1,797
Accounts receivable		9,768	5,684	7,326	-	-	-	9,768	9,968
Inventory		-	222,984	103,648	-	-	-	13,010	76,091
Advances from other funds		-	-	-	-	-	-	326,632	334,188
Current portion of loans receivable		-	-	-	-	-	-	-	-
Loans receivable (note 3)		72,346	799,467	1,314,862	302,201	101,855	10,000	2,600,731	2,122,099
		-	1,408,283	870,859	-	3,420,000	-	5,699,142	6,132,458
Capital assets (note 4)		238,490	-	-	-	-	-	238,490	233,459
		\$ 310,836	\$ 2,207,750	\$ 2,185,721	\$ 302,201	\$ 3,521,855	\$ 10,000	\$ 8,538,363	\$ 8,488,016

**COMMUNITY FUTURES ALBERTA SOUTHWEST
STATEMENT OF FINANCIAL POSITION
As at March 31, 2023**

	Loan investment funds						2023 Total	2022 Total
	Operating Fund	PrairieCan Non-Repayable Investment Fund	PrairieCan Conditionally Repayable Investment Fund	PrairieCan Conditionally Repayable EDP Fund	Regional Relief and Recovery Fund	Capital Growth Initiative Fund		
LIABILITIES AND FUND BALANCES								
Current liabilities								
Accounts payable and accrued liabilities	\$ 8,042	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,042	\$ 9,963
Deferred revenue (note 5)	-	-	-	-	-	-	13,010	11,803
Advances to other funds	13,010	-	-	-	-	-	13,010	76,091
Administrative funds loans (note 6)	21,052	-	-	-	-	-	21,052	97,857
Unamortized capital contributions (note 7)	18,014	-	-	-	99,360	10,000	109,360	99,360
Investment funds payable (note 8)	-	-	800,000	200,000	3,420,000	-	4,420,000	4,504,000
	39,066	-	800,000	200,000	3,519,360	10,000	4,568,426	4,701,217
Fund Balances								
Invested in capital assets	220,475	-	-	-	-	-	220,475	233,459
Externally restricted	-	2,207,750	1,385,721	102,201	2,495	-	3,698,167	3,530,330
Unrestricted	51,295	-	-	-	-	-	51,295	23,010
	271,770	2,207,750	1,385,721	102,201	2,495	-	3,969,937	3,786,799
	\$ 310,836	\$ 2,207,750	\$ 2,185,721	\$ 302,201	\$ 3,521,855	\$ 10,000	\$ 8,538,363	\$ 8,488,016

Approved on behalf of the board

Director 

Director 

**COMMUNITY FUTURES ALBERTA SOUTHWEST
STATEMENT OF OPERATIONS**
For the year ended March 31, 2023

	Loan investment funds					2023 Total	2022 Total
	Operating Fund	PrairieCan Non-Repayable Investment Fund	PrairieCan Conditionally Repayable Investment Fund	PrairieCan Conditionally Repayable EDP Fund	Regional Relief and Recovery Fund		
Revenue							
Prairie Economic Development Canada contributions (schedule 1)	\$ 306,766	\$ -	\$ -	\$ -	\$ -	\$ 306,766	\$ 297,908
Interest from clients	-	90,210	81,984	-	-	172,194	185,306
Interest from bank	954	3,100	16,767	7,470	1,898	30,189	20,347
Other grants	28,984	-	-	-	-	28,984	-
Miscellaneous	11,615	-	-	-	-	11,615	7,070
Amortization of deferred capital contribution	3,002	-	-	-	-	3,002	-
	<u>351,321</u>	<u>93,310</u>	<u>98,751</u>	<u>7,470</u>	<u>1,898</u>	<u>552,750</u>	<u>510,631</u>
Expenses							
Wages and benefits	171,476	-	-	-	-	171,476	177,367
Community economic development	63,253	-	-	-	-	63,253	38,421
Board member expenses	22,467	-	-	-	-	22,467	11,871
Staff meetings/conferences	13,911	-	-	-	-	13,911	5,587
Professional fees	13,051	-	-	-	-	13,051	12,896
Travel	12,351	-	-	-	-	12,351	11,152
Advertising and promotion	6,387	-	-	-	-	6,387	5,647
Utilities	5,926	-	-	-	-	5,926	5,775
Telephone and fax	5,427	-	-	-	-	5,427	4,726
Insurance	5,198	-	-	-	-	5,198	4,693
Office and administration	4,232	-	-	-	-	4,232	3,797
FDI project	3,075	-	-	-	-	3,075	3,075
Property taxes	2,966	-	-	-	-	2,966	2,861
Electronic ex-net	2,505	-	-	-	-	2,505	3,009
Contract service	2,400	-	-	-	-	2,400	2,400
Program and contract delivery	2,030	-	-	-	-	2,030	2,030
Memberships and subscriptions	2,010	-	-	-	-	2,010	2,304
Equipment repairs and maintenance	1,170	-	-	-	-	1,170	4,019
Maps	200	-	-	-	-	200	97
Amortization	15,986	-	-	-	-	15,986	14,180
	<u>356,021</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>356,021</u>	<u>315,907</u>
Excess (deficiency) of revenue over expenses before other	(4,700)	93,310	98,751	7,470	1,898	196,729	194,724
Other (revenue) and expenses							
Gain on sale of investments	-	-	11,016	2,577	-	13,593	(15,159)
Unrealized loss on investments	-	-	11,016	2,577	-	13,593	3,239
	-	-	11,016	2,577	-	13,593	(11,920)
Excess (deficiency) of revenue over expenses	<u>\$ (4,700)</u>	<u>\$ 93,310</u>	<u>\$ 87,735</u>	<u>\$ 4,893</u>	<u>\$ 1,898</u>	<u>\$ 183,136</u>	<u>\$ 208,644</u>

**COMMUNITY FUTURES ALBERTA SOUTHWEST
STATEMENT OF CHANGES IN FUND BALANCES
For the year ended March 31, 2023**

	Loan investment funds						2023 Total	2022 Total
	PrairieCan Operating Fund	PrairieCan Non-Repayable Investment Fund	PrairieCan Conditionally Repayable Investment Fund	PrairieCan Conditionally Repayable EDP Fund	Regional Relief and Recovery Fund	Capital Growth Initiative Fund		
Invested in capital assets								
Beginning of year	\$ 233,459	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 233,459	\$ 247,639
Amortization	(15,986)	-	-	-	-	-	(15,986)	(14,180)
Purchase of capital assets	21,016	-	-	-	-	-	21,016	-
Capital contribution additions	(21,016)	-	-	-	-	-	(21,016)	-
Capital contribution amortization	3,002	-	-	-	-	-	3,002	-
End of year	220,475	-	-	-	-	-	220,475	233,459
Externally restricted								
Beginning of year	-	2,134,440	1,297,986	97,307	597	-	3,530,330	3,314,804
Excess of revenue over expenses	-	93,310	87,735	4,894	1,898	-	187,837	215,526
Interfund transfers (note 9)	-	(20,000)	-	-	-	-	(20,000)	-
End of year	-	2,207,750	1,385,721	102,201	2,495	-	3,698,167	3,530,330
Unrestricted								
Beginning of year	23,011	-	-	-	-	-	23,011	17,713
Deficiency of revenue over expenses	(4,700)	-	-	-	-	-	(4,700)	(8,882)
Amortization	15,986	-	-	-	-	-	15,986	14,180
Purchase of capital assets	(21,016)	-	-	-	-	-	(21,016)	-
Capital contribution additions	21,016	-	-	-	-	-	21,016	-
Capital contribution amortization	(3,002)	-	-	-	-	-	(3,002)	-
Interfund transfer (note 9)	20,000	-	-	-	-	-	20,000	-
End of year	51,295	-	-	-	2,495	-	51,295	23,011
	\$ 271,770	\$ 2,207,750	\$ 1,385,721	\$ 102,201	\$ 2,495	\$ -	\$ 3,969,937	\$ 3,786,800

COMMUNITY FUTURES ALBERTA SOUTHWEST STATEMENT OF CASH FLOWS

For the year ended March 31, 2023

	Loan Investment Funds						2023 Total	2022 Total
	Operating Fund	PrairieCan Non-Repayable Investment Fund	PrairieCan Conditionally Repayable Investment Fund	PrairieCan Conditionally Repayable EDP Fund	Regional Relief and Recovery Fund	Capital Growth Initiative Fund		
Cash flows from operating activities								
Excess (deficiency) of revenue over expenses	\$ (4,700)	\$ 93,310	\$ 87,735	\$ 4,893	\$ 1,898	\$ -	\$ 183,136	\$ 206,644
Items not involving cash	15,986	-	-	-	-	-	15,986	14,180
Amortization								
Contribution	(3,002)	-	-	-	-	-	(3,002)	-
Net change in non-cash working capital items	8,284	93,310	87,735	4,893	1,898	-	196,120	220,824
Accounts receivable	(8,646)	-	-	-	-	-	(8,646)	1,028
Inventory	200	-	-	-	-	-	200	97
Accounts payable and accrued liabilities	(1,920)	-	-	-	-	-	(1,920)	(71,012)
Deferred revenue	(11,803)	(75,689)	68,167	-	-	-	(11,803)	(2,945)
Advances to/from other funds	7,322	-	-	-	-	-	-	-
	(6,363)	17,621	155,902	4,893	1,898	-	173,951	147,992
Cash flows from lending activities								
Loan advances	-	(325,503)	(311,163)	-	-	(12,000)	(648,666)	(1,625,797)
Loan repayments	-	205,569	799,915	-	84,000	12,000	1,101,484	1,158,716
Accrued interest on loan portfolio	-	(8,177)	(3,768)	-	-	-	(11,945)	(32,917)
Proceeds from investment funds	-	-	-	-	-	-	-	224,000
Proceeds from administrative funds	-	-	-	-	-	-	-	-
loan	-	-	-	-	-	10,000	10,000	99,360
	-	(128,111)	484,984	-	84,000	10,000	450,873	(176,638)
Cash flows from investing activities								
Purchase of capital assets	(21,016)	-	-	-	-	-	(21,016)	-
Cash flows from financing activities								
Capital contributions	21,016	-	-	-	(84,000)	-	21,016	-
Repayment of loans	-	-	-	-	(84,000)	-	(84,000)	-
	21,016	-	-	-	(84,000)	-	(62,984)	-
Increase (decrease) in cash	(6,363)	(110,490)	640,886	4,893	1,898	10,000	540,824	(28,646)
Cash, beginning of year	58,498	681,289	563,002	297,308	99,957	-	1,700,054	1,728,701
Cash, end of year	\$ 52,135	\$ 570,799	\$ 1,203,888	\$ 302,201	\$ 101,855	\$ 10,000	\$ 2,240,878	\$ 1,700,055

COMMUNITY FUTURES ALBERTA SOUTHWEST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023

1. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) **Cash and short-term investments**
Cash and short-term investments consist of amounts on deposit with banking institutions, funds held in the Community Futures Lending Investment Pool and funds held in Guaranteed Investment Certificates.

(b) **Revenue recognition**
Restricted contributions related to general operations are recognized as revenue of the general fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the general fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(c) **Investments**
Investments are recorded at fair value. Changes in fair value are recognized in the statement of operations.

(d) **Allowance for loan impairment**
The organization maintains an allowance that reduces the carrying value of the loans to their estimated realizable amount. The allowance is increased by a charge to income and reduced by write-offs, net of recoveries. Specific provisions are established through examination of individual loans in order to reduce their book values to their estimated net realizable values. Estimated realizable values are determined by reference to their underlying security.

(e) **Capital assets**
Purchased property and equipment are recorded at cost. Contributed property and equipment are recorded at fair market value at the date of the contribution. Amortization is provided for on a straight-line basis over the assets' estimated useful lives.

Computer equipment	3 1/2 years
Office equipment	5 years
Paving	20 years
Building	20 years

One-half the normal rate of amortization is recorded in the year of acquisition.

COMMUNITY FUTURES ALBERTA SOUTHWEST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023

1. Significant accounting policies, continued

(f) Fund accounting

The organization follows the restricted fund method of accounting for contributions.

The operating fund reports all assets, liabilities, revenue and expenses to carry out community development and administrative activities and the assets, liabilities, revenue and expenses related to the organization's property and equipment.

The PrairiesCan Non-Repayable Investment Fund is a non-repayable contribution that is restricted in accordance with the Community Futures Program. All revenue from loans approved under the investment fund and all repayments on account of principal shall be credited to the investment fund. This agreement is in effect from the date it is signed by the Government of Canada until seven years following the end of the funding period.

The PrairiesCan Conditionally Repayable Investment Fund is a repayable contribution that is restricted in accordance with the Community Futures Program. All revenue from loans approved under the repayable investment fund and all repayments on account of principal shall be credited to the repayable investment fund. Effective April 1, 2001, the repayable western youth entrepreneur investment fund has been merged with the repayable investment fund, as per direction from the Minister of Prairies Economic Development. As a result, \$219,840 was transferred from the repayable youth fund to the repayable investment fund. The amount repayable will be the original investment contribution, net of any investment losses. Once the amount has been repaid in full, the obligation to repay the Minister will be terminated.

The PrairiesCan Conditionally Repayable EDP Fund is a repayable contribution that is restricted in accordance with the Community Futures Program. Assistance may be provided to persons who have a disability due to physical or mental impairment such that the ability to perform at least one of the basic activities of self-employment or entrepreneurship is restricted. The maximum for any one business will normally be \$20,000.

Loans approved and disbursed under the PrairiesCan Non-Repayable Investment Fund, the PrairiesCan Conditionally Repayable Investment Fund, and the PrairiesCan Conditionally Repayable EDP Fund are made for the purpose of investing in local businesses. The organization must demonstrate that the funds will be used to develop and diversify the local economy, to create or maintain employment by assisting local businesses to stabilize or expand, or to help entrepreneurs create new local businesses. Assistance to businesses will be provided in the form of loans, loan guarantees or equity participation.

The Regional Relief and Recovery Fund is used to account for repayable investment funds the organization received from the Government of Canada to provide loans for small and medium-sized enterprises to enable their recovery from economic disruptions caused by the COVID-19 pandemic.

The Capital Growth Initiative Loan Fund is used to account for repayable investment funds the organization received from the Community Futures Network of Alberta to provide loans for small and medium-sized enterprises owned by women entrepreneurs to increase access to capital.

COMMUNITY FUTURES ALBERTA SOUTHWEST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023

1. Significant accounting policies, continued

(g) Equity in capital assets

The organization has chosen to continue to treat equity in capital assets as a separate component of fund balances.

(h) Financial instruments

The organization initially measures all of its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments which are measured at fair value. Changes in fair value are recognized in the statement of operations.

(i) Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

Loans receivable and foreclosed assets are reported after management's evaluation as to their collectibility and estimated net realizable value. Other significant areas with measurement uncertainty are accounts receivable and allowance for doubtful accounts, amortization of tangible capital assets, and deferred revenue. By their nature, these estimates are subject to measurement uncertainty and the impact on the financial statements of future periods could be material.

2. Cash and short-term investments

Included in cash and short-term investments are investments held in Community Futures Lending and Investment Pool (CFLIP) of \$777,472 (cost of \$737,460) with a variable interest rate depending on the performance of the investments. Interest earned in 2023 was between 2 and 4%. The 2022 CFLIP balance was \$766,827 (cost of \$713,223).

In addition, cash includes guaranteed investment certificates for \$1,000,000 (2022 - \$209,355) bearing interest between 4.25% and 5.55% (2022 - 0.80% to 2.10%). The investments mature in November 2023 and December 2023.

COMMUNITY FUTURES ALBERTA SOUTHWEST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023

3. Loans receivable

Outstanding loans to entrepreneurs are interest bearing at fixed rates varying from 6.0% to 8.5% with monthly blended principal and interest repayments amortized for terms of between 12 and 180 months. Regional Relief and Recovery Fund loans do not bear interest and do not require payment until January 1, 2024. Capital Growth Initiative loans bear interest at a rate of prime plus 2% with monthly blended principal and interest repayments amortized for a term of 5 years. Security is taken on these loans as appropriate and includes personal guarantees, general security agreements covering personal and business assets, assignment of insurance, and mortgages on land and buildings.

	Recorded loan	Accrued interest	Allowance	Carrying value	Current portion	Long-term portion
PrairiesCan Non-repayable Investment Fund	\$ 1,575,703	\$ 55,565	\$ -	\$ 1,631,267	\$ 222,984	\$ 1,408,283
PrairiesCan Conditionally Repayable Investment Fund	1,015,256	37,263	(78,013)	1,052,519	103,648	870,859
PrairiesCan Conditionally Repayable EDP Fund	-	-	-	-	-	-
Regional Relief and Recovery Fund	3,420,000	-	-	3,420,000	-	3,420,000
Capital Growth Initiative Fund	-	-	-	-	-	-
	\$ 6,010,959	\$ 92,828	\$ (78,013)	\$ 6,103,786	\$ 326,632	\$ 5,699,142

Included in the PrairiesCan Non-repayable Investment Fund are three loans with balances over \$150,000, totaling \$485,856, along with four loans in the PrairiesCan Conditionally Repayable Fund over \$150,000, with a total balance of \$603,771.

During the year, there were the following changes in the allowance for doubtful accounts:

	Beginning balance	Provision	Write-offs	Reversals	Ending balance
PrairiesCan Conditionally Repayable Investment Fund	\$ 78,013	\$ -	\$ -	\$ -	\$ 78,013

COMMUNITY FUTURES ALBERTA SOUTHWEST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023

4. Capital assets

	Cost	Accumulated amortization	2023 Net	2022 Net
Land	\$ 45,000	\$ -	\$ 45,000	\$ 45,000
Building	238,123	68,468	169,655	181,561
Paving	6,653	832	5,821	6,153
Office equipment	16,086	16,086	-	745
Computer equipment	33,728	15,714	18,014	-
	\$ 339,590	\$ 101,100	\$ 238,490	\$ 233,459

5. Deferred revenue

	Opening	Received	Spent	Closing
Prairies Economic Development Canada	\$ 11,803	\$ 294,963	\$ 306,766	\$ -
	\$ 11,803	\$ 294,963	\$ 306,766	\$ -

6. Administrative funds loans

During the 2022 year, the Government of Canada (via Community Futures Network of Alberta) provided a loan totaling \$99,360 to be used for administrative costs relating to the Regional Relief and Recovery Fund loan aftercare and assisting small and medium-sized enterprises in their communities in response to COVID-19. The loan is interest-free and is repayable on December 31, 2025 net of any portion spent on eligible costs. No eligible costs were incurred in the year.

In the the current year, the Community Futures Network of Alberta provided funding totaling \$10,000 to be used for administrative costs related to the Capital Growth Initiative Fund Loan aftercare and assisting for small and medium-sized enterprises owned by women entrepreneurs to increase access to capital. The funds are repayable on March 31, 2025 net of any portion spent on eligible costs.

COMMUNITY FUTURES ALBERTA SOUTHWEST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023

7. Unamortized capital contribution

Unamortized capital contributions represent the externally funded portion of capital assets that will be recognized as revenue in future periods. The change in unamortized capital contribution balance for the period is as follows:

	2023	2022
Balance, beginning of year	\$ -	\$ -
Contributions received	21,016	-
Amortization of capital contribution	(3,002)	-
	<u>\$ 18,014</u>	<u>\$ -</u>

Current year contributions received consist of \$21,016 from the Building Capacity and Responding to Growing Regional Business Demands grant.

8. Investment funds payable

Prairies Economic Development Canada contributions are required to be maintained in particular funds. These contributions are available solely for the mandate of each fund.

In prior years, Prairies Economic Development Canada provided contributions totalling \$1,000,000 to improve access to capital for qualifying business.

Upon notice of the Minister of Prairies Economic Development Canada (the "Minister"), the organization must repay the lesser of the uncommitted cash balance with each of these funds and the amount of the repayable contributions within each funds. As of March 31, 2023, no such notice has been given by the Minister.

The Government of Canada has provided contributions totalling \$3,420,000 for the Regional Relief and Recovery Fund. The contributions are repayable net of any loan forgiveness, losses and loan collection fees.

In the current year, the Community Futures Network of Alberta provided contributions totalling \$12,000 for the Capital Growth Initiative Fund. The contributions are repayable net of any loan forgiveness, losses, and loan collection fees. During the year repayments of \$12,000 were made.

9. Interfund transfers

The interfund transfer of \$20,000 from the non-repayable fund to the operating fund was approved by the Board for operating expenses.

COMMUNITY FUTURES ALBERTA SOUTHWEST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023

10. Financial instruments

Credit risk

The organization is exposed to credit risk on the loans receivables with its customers. In order to reduce credit risk, the organization has adopted credit policies which include the analysis of the financial position of its customers and the regular review of the loan portfolio. The organization does not have significant exposure to any individual customer or counterpart.

Interest rate risk

Interest rate risk refers to the potential impact of changes in interest rates on the organization's earnings when maturities of its financial liabilities are not matched with the maturities of its financial assets. At March 31, 2023, the increase or decrease in net earnings for each one percent in interest rates would not have a significant effect on net earnings.

11. Economic dependence

The organization is economically dependent on Prairies Economic Diversification for its operating fund.

COMMUNITY FUTURES ALBERTA SOUTHWEST
SCHEDULE OF OPERATING FUNDS
For the year ended March 31, 2023

	2023	2022
Prairies Economic Development Canada		
Contribution per agreement	\$ 294,963	\$ 294,963
Deferred revenue from prior year	11,803	14,748
	306,766	309,711
Expenses		
Wages and benefits	171,476	177,367
Community economic development	34,208	38,421
Board member expenses	22,467	11,871
Staff meetings/conferences	13,911	5,587
Professional fees	13,051	12,896
Travel	8,503	7,430
Advertising and promotion	6,387	5,647
Utilities	5,926	5,775
Telephone and fax	5,427	4,726
Insurance	5,198	4,693
Office and administration	4,232	3,797
FDI project	3,075	3,075
Property taxes	2,966	2,861
Electronic ex-net	2,505	3,009
Contract service	2,400	2,400
Program and contract delivery	2,030	2,030
Memberships and subscriptions	2,010	2,304
Equipment repairs and maintenance	1,170	4,019
	306,942	297,908
Excess (deficiency) of revenue over expenses	\$ (176)	\$ 11,803