

**Community Futures Network of Alberta - Operating Fund**  
**Financial Statements**  
*March 31, 2020*

## Management's Responsibility

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To the Members of Community Futures Network of Alberta:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with the contribution agreement between Western Economic Diversification and the Community Futures Network of Alberta, dated March 2, 2018. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safe guarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP is appointed by the members to conduct a reasonable assurance engagement and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

September 14, 2020

DocuSigned by:

*Phyllis Maki*

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Phyllis Maki, Executive Director

## Independent Practitioner's Reasonable Assurance Report on Compliance

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### To the Members of Community Futures Network of Alberta:

We have undertaken a reasonable assurance engagement of Community Futures Network of Alberta – Operating Fund's compliance during the period April 1, 2019, to March 31, 2020, with the requirements set out in the Contribution Agreement between Western Economic Diversification Canada and Community Futures Network of Alberta dated March 2, 2018.

#### *Management's Responsibility*

Management is responsible for Community Futures Network of Alberta – Operating Fund's compliance with the specified requirements. Management is also responsible for such internal control as management determines necessary to enable Community Futures Network of Alberta's compliance with the specified requirements.

#### *Our Responsibility*

Our responsibility is to express a reasonable assurance opinion on Community Futures Network of Alberta – Operating Fund's compliance based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Canadian Standard on Assurance Engagements 3531, Direct Engagements to Report on Compliance. This standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the entity complied with the specified requirements, in all significant respects.

Reasonable assurance is a high level of assurance but is not a guarantee that an engagement conducted in accordance with this standard will always detect a significant instance of non-compliance with specified requirements when it exists. Instances of non-compliance can arise from fraud or error and are considered significant if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of our report. A reasonable assurance compliance reporting engagement involves performing procedures to obtain evidence about the entity's compliance with the specified requirements. The nature, timing and extent of procedures selected depends on our professional judgment, including an assessment of the risks of significant non-compliance, whether due to fraud or error.

We believe the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Our Independence and Quality Control*

We have complied with the independence and other ethical requirements of the Rules of Professional Conduct of Alberta, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Canadian Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements* and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### *Other matter*

We are familiar with the terms and conditions of the Contribution Agreement and no breach of such terms and conditions came to our attention during the course of our engagement.

#### *Opinion*

In our opinion, Community Futures Network of Alberta – Operating Fund complied with the specified requirements set out in the Contribution Agreement during the period April 1, 2019, to March 31, 2020, in all significant respects.

We do not provide a legal opinion on Community Futures Network of Alberta – Operating Fund's compliance with the specified requirements.

#### *Restriction on Distribution and Use of Our Report*

Our report is intended solely for Community Futures Network of Alberta – Operating Fund and Western Economic Diversification Canada and should not be distributed to or used by parties other than Community Futures Network of Alberta – Operating Fund's or Western Economic Diversification Canada.

Calgary, Alberta

September 14, 2020

MNP LLP

Chartered Professional Accountants

## Community Futures Network of Alberta – Operating Fund Statement of Financial Position

*As at March 31, 2020*

	WD Operating Fund	WD Conditionally Repayable EDP Fund	WD Non-Repayable Canada Coal Transition Initiative Fund	2020	2019
<b>Assets</b>					
<b>Current</b>					
Cash	132,753	-	-	132,753	181,546
Accounts receivable	7,580	42,686	95,653	145,919	62,271
Due from CFLIP Fund	25,000	-	-	25,000	-
Prepaid expenses	-	-	-	-	1,359
Interfund transfer	58,104	-	-	58,104	-
	<b>223,437</b>	<b>42,686</b>	<b>95,653</b>	<b>361,776</b>	<b>245,176</b>
<b>Capital Assets (Note 4)</b>	-	-	-	-	6,362
	<b>223,437</b>	<b>42,686</b>	<b>95,653</b>	<b>361,776</b>	<b>251,538</b>

The accompanying notes are an integral part of these financial statements

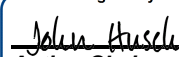
## Community Futures Network of Alberta – Operating Fund Statement of Financial Position (Continued)

As at March 31, 2020

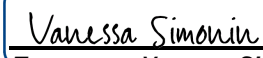
	WD Operating Fund	WD Conditionally Repayable EDP Fund	WD Non- Repayable Canada Coal Transition Initiative Fund	2020	2019
<b>Liabilities</b>					
<b>Current</b>					
Accounts payable and accruals	29,945	6,499	67,347	103,791	59,185
Deferred contributions (Note 8)	35,322	-	6,265	41,587	34,183
Interfund transfers	-	36,063	22,041	58,104	-
	<b>65,267</b>	<b>42,562</b>	<b>95,653</b>	<b>203,482</b>	<b>93,368</b>
<b>Net Assets</b>					
Invested in Capital Assets	-	-	-	-	6,362
Restricted (Note 5)	-	124	-	124	27,482
Unrestricted	158,170	-	-	158,170	124,326
	<b>158,170</b>	<b>124</b>	<b>-</b>	<b>158,294</b>	<b>158,170</b>
<b>Total Liabilities and Net Assets</b>	<b>223,437</b>	<b>42,686</b>	<b>95,653</b>	<b>361,776</b>	<b>251,538</b>

Approved on behalf of the Board

DocuSigned by:

  
Acting Chair – John Husch

DocuSigned by:

  
Treasurer – Vanessa Simonin

The accompanying notes are an integral part of these financial statements

## Community Futures Network of Alberta – Operating Fund Statement of Operations

For the year ended March 31, 2020

	WD Operating Fund	WD Conditionally Repayable EDP Fund	WD Non-Repayable Canada Coal Transition Initiative Fund	2020	2019
<b>Revenue</b>					
Western Economic Diversification	246,253	130,688	214,067	591,008	396,253
Administration income (Note 8)	124,101	-	-	124,101	116,135
Projects, conferences and professional development income (Note 9)	98,956	-	-	98,956	107,511
Grant income	-	-	-	-	52,561
Rental Income	-	-	-	-	5,552
Other income	-	-	8,500	8,500	35,605
Revenue deferred to future year	-	-	(6,265)	(6,265)	-
	<b>469,310</b>	<b>130,688</b>	<b>216,302</b>	<b>816,300</b>	<b>713,617</b>
<b>Expenses</b>					
Salaries and benefits	213,082	-	-	213,082	225,647
Training	8,672	-	142,768	151,440	4,680
Special projects (Note 10)	19,060	15,408	29,057	63,525	79,880
Travel – board and office	58,638	1,317	11,837	71,792	46,846
Professional fees	55,243	-	-	55,243	26,287
Conference expenses	53,138	-	-	53,138	36,040
Project management fee	-	50,000	30,750	80,750	50,000
Self-management	-	49,830	-	49,830	54,966
Telephone, fax and internet	13,587	-	-	13,587	11,910
Overhead	-	12,000	-	12,000	12,000
Marketing	8,754	1,555	138	10,447	23,347
Office	9,481	-	-	9,481	10,118

The accompanying notes are an integral part of these financial statements

## Community Futures Network of Alberta – Operating Fund Statement of Operations (Continued)

*For the year ended March 31, 2020*

	<b>WD Operating Fund</b>	<b>WD Conditionally Repayable EDP Fund</b>	<b>WD Non-Repayable Canada Coal Transition Initiative Fund</b>	<b>2020</b>	<b>2019</b>
<i>CF board training</i>	<b>8,789</b>	-	-	<b>8,789</b>	9,000
<i>Committee expenses</i>	<b>8,157</b>	-	-	<b>8,157</b>	-
<i>GST expense</i>	<b>1,219</b>	<b>454</b>	<b>1,752</b>	<b>3,425</b>	10,048
<i>Professional development</i>	<b>2,500</b>	-	-	<b>2,500</b>	455
<i>Insurance</i>	<b>1,984</b>	-	-	<b>1,984</b>	3,298
<i>Interest and bank charges</i>	<b>644</b>	-	-	<b>644</b>	724
<i>Administrative</i>	-	-	-	-	31,080
<i>Office lease</i>	-	-	-	-	19,407
<i>Opportunities</i>	-	-	-	-	12,338
<i>Other expenses</i>	-	-	-	-	4,994
<i>Amortization</i>	-	-	-	-	1,686
<i>Loss on disposal of capital assets</i>	<b>6,362</b>	-	-	<b>6,362</b>	-
	<b>469,310</b>	<b>130,564</b>	<b>216,302</b>	<b>816,176</b>	<b>674,751</b>
<b><i>Excess of revenue over expenses</i></b>	<b>-</b>	<b>124</b>	<b>-</b>	<b>124</b>	<b>38,866</b>

*The accompanying notes are an integral part of these financial statements*

**Community Futures Network of Alberta – Operating Fund**  
**Statement of Changes in Net Assets**

*For the year ended March 31, 2020*

	<i>CFNA Unrestricted</i>	<i>CFNA Restricted</i>	<i>CFNA Invested in Capital Assets</i>	<i>WD Conditionally Repayable EDP Fund</i>	<i>2020</i>	<i>2019</i>
<b>Balance, beginning of year</b>	124,326	27,482	6,362	-	158,170	119,304
<b>Excess of revenue over expenses</b>	-	-	-	124	124	38,866
<b>Use of restricted fund (Note 5)</b>	27,482	(27,482)	-	-	-	-
<b>Loss on disposal of capital assets</b>	6,362	-	(6,362)	-	-	-
<b>Balance, end of year</b>	158,170	-	-	124	158,294	158,170

*The accompanying notes are an integral part of these financial statements*



**Community Futures Network of Alberta - Operating Fund**  
**Statement of Cash Flows**  
*For the year ended March 31, 2020*

	2020	2019
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess of revenue over expenses	124	38,866
Amortization	-	1,686
Loss on disposal of capital assets	<b>6,362</b>	-
	<b>6,486</b>	40,552
Changes in working capital accounts		
Accounts receivable	<b>(83,648)</b>	15,952
Increase in due from CFLIP Fund	<b>(25,000)</b>	-
Prepaid expenses	<b>1,359</b>	63,063
Accounts payable and accruals	<b>44,606</b>	(19,187)
Deferred contributions	<b>7,404</b>	(77,683)
<b>(Decrease) increase in cash resources</b>	<b>(48,793)</b>	22,697
<b>Cash resources, beginning of year</b>	<b>181,546</b>	158,849
<b>Cash resources, end of year</b>	<b>132,753</b>	181,546

*The accompanying notes are an integral part of these financial statements*

# Community Futures Network of Alberta - Operating Fund

## Notes to the Financial Statements

For the year ended March 31, 2020

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### 1. Incorporation and nature of the organization

Originally formed under the Societies Act of Alberta as Community Futures Network Society of Alberta on September 27, 1996, the Organization provided membership services to Alberta Community Futures Development Corporations (CFDCs). Then, at the request of the membership, Community Futures Lending and Investment Pool of Alberta was formed under Part 9 of the Alberta Corporations Act. Ownership of shares in Community Futures Lending and Investment Pool of Alberta was not a requirement of the 27 Alberta CFDC members of Community Futures Network Society of Alberta. Twenty-five (25) of twenty-seven (27) Alberta CFDCs purchased and do hold common voting shares in Community Futures Lending and Investment Pool of Alberta. Each share issued was accompanied by a Community Futures Lending and Investment Pool – Cash Pooling Agreement signed between the corporation and each shareholder.

On March 31, 2006, the Society was dissolved and assets transferred to Community Futures Lending and Investment Pool of Alberta. Effective April 1, 2006, Community Futures Lending and Investment Pool of Alberta formally changed its name to Community Futures Network of Alberta (CFNA).

The purpose of the Organization (Community Futures Network of Alberta) is to support the functioning of the Community Futures (CF) program in Alberta and to provide membership services to the 27 Alberta CFDCs. As well, the Organization provides Alberta CFDCs with a membership focused pool to invest excess funds and/or to provide Alberta CFDCs with a preferred source for incremental investment fund monies.

The Organization is exempt from income tax under section 149.1 (1) of the Income Tax Act. To maintain its status as a tax-exempt entity under the Act, the Organization must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

### 2. Financial statement presentation

These statements have been prepared to comply with the reporting conditions outlined in the contribution agreement between Western Economic Diversification and Community Futures Network of Alberta dated March 2, 2018 ("the Agreement"). This agreement does not require all the same disclosure and presentation that would be required under Canadian accounting standards for not-for-profit organizations. These statements reflect those transactions related to the Community Futures Network of Alberta - Operating Fund and as such do not include all assets, liabilities, revenues and expenditures related to the Community Futures Network of Alberta.

### 3. Significant accounting policies

The financial statements have been prepared in accordance with the Agreement referred to above, which include the following significant accounting policies:

#### **Revenue recognition**

The Organization uses the deferral method of accounting for contributions and reports on a fund accounting basis. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions, including project and other revenues, are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### **Government transfers**

The Organization recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Organization recognizes revenue as the liability is settled.

#### **Financial instruments**

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CPA Canada 3840 Related Party Transactions.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

## Community Futures Network of Alberta - Operating Fund Notes to the Financial Statements

*For the year ended March 31, 2020*

### 3. Significant accounting policies *(Continued from previous page)*

#### **Financial instruments** *(Continued from the previous page)*

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess (deficiency) of revenue over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

Financial assets include cash and accounts receivable

Financial liabilities include accounts payable and accruals and amounts due to CFLIP Fund and Western Diversification.

#### **Cash and cash equivalents**

Cash and cash equivalents are balances held within Canadian banks. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

#### **Capital assets**

Purchased capital assets are recorded at cost.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives. All asset additions are amortized 50% in the year of purchase.

	<b>Method</b>	<b>Rate</b>
Computers	declining balance	30 %
Furniture and fixtures	declining balance	20 %
Leasehold improvements	declining balance	13 %

#### **Measurement uncertainty and use of estimates**

The preparation of financial statements in conformity with the Agreement requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for warranty and after sales service costs. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenue over expenses in the periods in which they become known.

### 4. Capital assets

	<b>Cost</b>	<b>2020 Net book value</b>	<b>2019 Net book value</b>
Computers	-	-	1,604
Furniture and fixtures	-	-	2,862
Leasehold improvements	-	-	1,896
	-	-	6,362

During the year, all capital assets were disposed of for \$nil proceeds resulting in a loss on disposal of \$6,362.

## Community Futures Network of Alberta - Operating Fund Notes to the Financial Statements

*For the year ended March 31, 2020*

### 5. Restricted funds

In fiscal 2019, CFNA received funds for specific projects that exceeded amounts spend. As a result of the excess funds, the Board decided to internally restrict the excess amounts to deliver the same or similar projects in the future. The amounts have been spent during the current year, consequently, at year end, \$nil (2019 - \$20,144) and \$nil (2019 - \$7,338) has been internally restricted to pay for future conference and professional development - spring training amounts respectfully.

During the year, the EDP fund generated a surplus of \$124 (2019 - \$nil) as a result of GST recoverable on expenditures incurred during the year.

### 6. Economic dependence

A significant portion of the Organization's revenue is from government funding. The grant funding can be canceled if the Organization does not observe certain established guidelines. The Organization's ability to continue viable operations is dependent upon maintaining adherence to the criteria within the federal government guidelines. As at the date of these financial statements the Organization believes that it is in compliance with the guidelines.

### 7. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

### 8. Administration income

During the year, the CFNA received approval from Western Economic Diversification ("WD") to transfer \$95,000 (2019 - \$105,000) from interest earned on its investment holding in CFLIP. Of the amount transferred during the year, \$14,801 (2019 - \$13,662) is repayable to the CFLIP Fund. Amounts not repaid to CFLIP will reduce future interest transfers. The interest transfer amounts are required to fund the levels of incremental operating activity approved by the Organization's board of directors.

The interest transfer repayable is included in deferred contributions along with \$20,521 (2019 - \$20,521) received from WD in March for April expenses and \$6,265 (2019 - \$nil) from the Canada Coal Transition Initiative Fund ("CROP") for next year's operations.

	2020	2019
<b>Interest transfers</b>		
CFLIP transfer for administration	70,000	83,662
CF Board training	-	9,000
Opportunities	-	12,338
CFLIP review	25,000	-
CFLIP transfer repayable recognized as revenue during the year	13,662	-
CFLIP transfer repayable	(14,801)	(13,662)
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Administrative revenue	93,861	91,338
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Entrepreneurs with disabilities program administration	12,000	12,000
Canada Coal Transition Initiative Fund administration	18,240	-
Elevate administration	-	3,900
Other administration	-	6,897
Loan renewal fees	-	2,000
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	30,240	24,797
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	124,101	116,135
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## Community Futures Network of Alberta - Operating Fund Notes to the Financial Statements

*For the year ended March 31, 2020*

### 9. Other revenue

	2020	2019
Conference revenue	50,208	56,842
Professional development - spring training	2,061	13,762
Training	46,687	33,266
Summer Student (STEP) program	-	3,641
	98,956	107,511

### 10. Special projects

	2020	2019
<b>WD Operating Fund</b>		
Administrative	-	6,465
Services	1,410	7,990
Capacity building	10,400	7,222
Other	1,680	15,000
Training	5,570	18,628
	19,060	55,305
<b>WD Conditionally Repayable EDP Fund</b>		
Special projects	15,408	24,575
<b>Canada Coal Transition Initiative Fund</b>		
Administration	18,240	-
Marketing	10,817	-
	29,057	-
	63,525	79,880

### 11. Significant event

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.