

Community Futures Network of Alberta
Financial Statements
March 31, 2016

Management's Responsibility

To the Members of the Community Futures Network of Alberta.

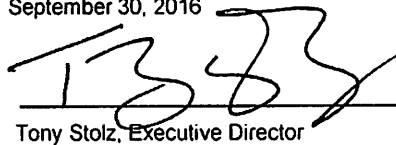
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting 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 safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed 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 audit the financial statements 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 30, 2016



A handwritten signature in black ink, appearing to read 'T Stolz', is written over a horizontal line.

Tony Stolz, Executive Director

Independent Auditors' Report

To the Members of the Community Futures Network of Alberta:

We have audited the accompanying financial statements of the Community Futures Network of Alberta, which comprise the statements of financial position as at March 31, 2016, and the statements of operations and changes in fund balances and cash flows, including related schedules, for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Community Futures Network of Alberta as at March 31, 2016 and the results of its operations, changes in fund balances and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Medicine Hat, Alberta

September 30, 2016

MNP LLP

Chartered Professional Accountants

Community Futures Network of Alberta
Statement of Financial Position

As at March 31, 2016

	<i>CFLIP Fund</i>	<i>CFNA Fund</i>	<i>2016</i>	<i>2015</i>
Assets				
Current				
Cash (Note 3)	1,095,424	83,940	1,179,364	3,189,150
Accounts receivable	-	175,285	175,285	145,234
Interfund advance (Note 4)	-	720,160	720,160	734,254
Investments held in trust (Note 5)	8,668,248	-	8,668,248	4,966,924
Prepaid expenses	-	4,081	4,081	4,880
Lines of credit receivable held in trust (Note 6)	11,585,717	-	11,585,717	10,943,010
	21,349,389	983,466	22,332,855	19,983,452
Capital assets (Note 7)	-	11,556	11,556	11,734
Total Assets	21,349,389	995,022	22,344,411	19,995,185
Liabilities				
Current				
Accounts payable and accruals	28,148	77,313	105,461	182,238
Deferred contributions (Note 8)	-	95,416	95,416	31,629
Due to CFDCs (Note 9)	13,253,668	-	13,253,668	10,863,704
Due to Pan West (Note 10)	-	19,357	19,357	53,740
Interfund advance (Note 4)	720,160	-	720,160	734,254
	14,001,976	192,086	14,194,062	11,865,565
Due to Western Diversification (Note 11)	7,000,000	-	7,000,000	7,000,000
	21,001,976	192,086	21,194,062	18,865,565
Fund Balances				
Share capital (Note 12)	25	-	25	25
Unrestricted	347,308	791,380	1,138,768	1,117,861
Invested in capital assets	-	11,556	11,556	11,734
	347,413	802,936	1,150,349	1,129,620
Total Liabilities and Fund Balances	21,349,389	995,022	22,344,411	19,995,185

Approved on behalf of the Board

Chair – Chris King

Treasurer – Matthew Creighton

The accompanying notes are an integral part of these financial statements

Community Futures Network of Alberta Statement of Operations

For the year ended March 31, 2016

	<i>CFLIP Fund</i>	<i>CFNA Fund</i>	<i>2016</i>	<i>2015</i>
Revenue				
Administration revenue <i>(Note 4)</i>	-	168,539	168,539	78,000
Interest revenue	134,158	-	134,158	141,515
Investment income	95,577	-	95,577	93,777
Project revenue <i>(Note 13)</i>	-	133,761	133,761	101,076
Provincial marketing	-	-	-	81,000
Rental revenue	-	14,392	14,392	17,274
Western Diversification contributions	-	246,253	246,253	266,824
	229,735	562,945	792,680	779,791
Expenses				
Amortization	-	2,677	2,677	2,998
Conference expenses	-	59,761	59,761	65,835
GST expense	51	8,501	8,552	7,843
Insurance	-	2,236	2,236	1,120
Interest and bank charges	58	1,930	1,988	1,048
MAC operations (Community Futures Marketing Campaign)	-	53,424	53,424	68,122
Office	591	16,785	17,376	16,314
Office lease	-	35,112	35,112	34,726
Professional development	-	1,977	1,977	759
Professional fees	29,277	26,749	56,026	50,548
Program funding – interest transfer <i>(Note 4)</i>	147,750	-	147,750	65,000
Project support	-	12,647	12,647	2,631
Salaries, wages and benefits	-	239,726	239,726	217,329
Telephone, fax and internet	-	11,262	11,262	9,661
Training	-	20,178	20,178	8,115
Travel - board and office	-	31,028	31,028	39,830
	177,727	523,993	701,720	591,879
Excess of revenue over expenses before other operations	52,008	38,952	90,960	187,912
Special project expenses <i>(Note 14)</i>	-	(36,368)	(36,368)	(17,169)
EDP Operations - Entrepreneurs with Disabilities <i>(Schedule 1)</i>	-	(69)	(69)	(9)
BizStream Operations <i>(Schedule 2)</i>	-	754	754	(408)
Elevate Operations <i>(Schedule 3)</i>	-	1,704	1,704	-
Excess of revenue over expenses before other items	52,008	4,973	56,981	170,326

Continued on next page

The accompanying notes are an integral part of these financial statements

Community Futures Network of Alberta
Statement of Operations
For the year ended March 31, 2016

	<i>CFLIP Fund</i>	<i>CFNA Fund</i>	<i>2016</i>	<i>2015</i>
Excess of revenue over expenses before other items <i>(Continued from previous page)</i>	52,008	4,973	56,981	170,326
Other revenue (expenses)				
Gain (loss) on change in fair value of financial instruments	(36,252)	-	(36,252)	49,847
Loss on disposal of assets	-	-	-	(524)
	(36,252)	-	(36,252)	50,371
Excess of revenue over expenses	15,756	4,973	20,729	219,649

The accompanying notes are an integral part of these financial statements

Community Futures Network of Alberta
Statement of Changes in Fund Balances

For the year ended March 31, 2016

	CFNA Investment in Capital	CFNA Unrestricted	2016	2015
	CFLIP Fund	Assets		
Balance, beginning of year	331,632	11,734	786,229	1,129,595
Excess of revenue over expenses	15,756	-	4,973	20,729
Amortization of capital assets	-	(2,677)	2,677	-
Addition of capital assets	-	2,499	(2,499)	-
Balance, end of year	347,388	11,556	791,380	1,160,324

The accompanying notes are an integral part of the financial statements

Community Futures Network of Alberta
Statement of Cash Flows
For the year ended March 31, 2016

	2016	2015
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenditures	20,729	219,649
Amortization	2,667	2,998
Interest transfers	(147,750)	(65,000)
Write-down and loss of disposal of capital assets	-	524
Loss (gain) on change in fair value of financial instruments	36,252	(49,847)
	(88,102)	108,324
Changes in working capital accounts		
Accounts receivable	(35,558)	(76,237)
Prepaid expenses	798	4,265
Accounts payable and accruals	(76,776)	134,517
Deferred contributions	63,787	(62,377)
	(47,749)	130,168
Financing		
Advances from CFDC's	2,442,000	3,001,178
Advances to CFDC's	(317,000)	-
Advances from Pan West	390,330	409,792
Advances to Pan West	(424,714)	(402,069)
	2,090,616	3,008,901
Investing		
Purchase of investments (net)	(1,381,852)	(2,520,201)
Advance of line of credit receivable held in trust	(2,210,000)	(1,878,108)
Repayment of lines of credit receivable held in trust	1,567,293	1,123,226
	(2,024,559)	(3,275,083)
Decrease in cash resources	(69,794)	(27,690)
Cash resources, beginning of year	162,447	190,137
Cash resources, end of year (Note 3)	92,653	162,447

The accompanying notes are an integral part of these financial statements

Community Futures Network of Alberta Notes to the Financial Statements

For the year ended March 31, 2016

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 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.

The purpose of the Organization (Community Futures Network of Alberta) is to support the functioning of the 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.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, which are part of Canadian generally accepted accounting principles and include the following significant accounting policies:

Fund accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts are maintained on a fund accounting basis. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the contributors or in accordance with the directives issued by the Board of Directors.

The Organization uses the deferred fund method of accounting. Two funds are maintained: CFNA Operating Fund and the Community Futures Lending and Investment Pool (CFLIP) Investment Fund.

The Operating Fund is used to account for all revenues and expenses related to general and ancillary operations of Organization.

The Investment Fund administers excess funds from CFDCs and invests these funds in a pool in order to earn a rate of interest and provide loans to CFDCs where approved.

Internally restricted funds

The Organization has restricted funds to replace capital assets for future years.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions, rental revenue and investment income are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Community Futures Network of Alberta
Notes to the Financial Statements

For the year ended March 31, 2016

Significant accounting policies *(Continued from previous page)*

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 CICA 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.

The Organization subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

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 revenues 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, cash held in trust, accounts receivable, accrued investment income held in trust, investments held in trust, and line of credit receivable held in trust.

Financial liabilities include accounts payable, accruals and amounts due to CFDCs, Pan-West and Western Economic 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

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.

	<i>Method</i>	<i>Rate</i>
Computer equipment	declining balance	30 %
Leasehold improvements	declining balance	13 %
Office equipment	declining balance	20 %

Measurement uncertainty and use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization of capital assets 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 revenues and expenses in the periods in which they become known.

Community Futures Network of Alberta
Notes to the Financial Statements

For the year ended March 31, 2016

3. Cash

	2016	2015
Bank balance	92,653	162,448
Cash held in trust	1,086,711	3,026,702
	1,179,364	3,189,150

As March 31, 2016 the Organization holds monies of \$19,357 (\$53,740 in 2015) on behalf of Pan West.

Of the total amount held in trust within CFLIP for CFNA and CFDCs, \$720,160 (\$734,254 in 2015), may be used to repay the interfund advance

4. Interfund advance

Interfund advances are unsecured, non interest bearing and due upon demand. The CFLIP investment fund owes \$720,160 (\$734,254 in 2015) to the CFNA operating fund for investment income designated for the CFNA operating fund.

During the year, the CFNA transferred \$147,750 (\$65,000 in 2015) from interest earned on its investment holding in CFLIP. This transaction was required to fund the levels of incremental operating activity approved by the Organization's board of directors. Normally, Western Economic Diversification approval of such an interest transfer is sought and received (up to \$188,000 approved for current year).

	2016	2015
Interest transfers		
CFLIP administration	70,000	65,000
Executive Director recruitment	15,980	-
MAC Phase I	40,546	-
Special debts collection	7,550	-
TEA coordinator	9,287	-
Miscellaneous	4,387	-
	147,750	65,000
EDP	12,000	12,000
Other administration	8,789	1,000
	20,789	13,000
Administrative revenue	168,539	78,000

Community Futures Network of Alberta
Notes to the Financial Statements
For the year ended March 31, 2016

5. Investments held in trust

Community Futures Network of Alberta holds investments in trust for 25 Community Future Development Corporations. Fixed income investments include bonds and debentures with interest rates ranging from 1.07% to 6.00% (2.75% to 8.00% in 2015) and maturity dates ranging from March 27, 2017 to December 1, 2045 (December 3, 2015 to December 1, 2041 in 2015).

	2016	2015
Fixed income	3,462,707	2,358,811
Equities	1,593,503	1,086,587
Balanced funds	1,753,124	518,688
Equity Funds	862,043	137,217
Bond Funds	960,546	834,804
Accrued interest income	36,326	30,817
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	8,668,248	4,966,924
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Community Futures Network of Alberta
Notes to the Financial Statements

For the year ended March 31, 2016

6. Lines of credit receivable held in trust

Community Futures Network of Alberta issues lines of credit to CFDC members. The corporate prime rate was 2.70% at March 31, 2016 (2.85% in 2015).

Lines of credit consist of the following:

	2016	2015
Line of credit due from CF Centre West bearing interest at prime, receivable in monthly instalments of interest only, with balance due September 2020, secured by a general security agreement and a demand promissory note.	738,000	600,000
Line of credit due from CF East Central Alberta bearing interest at prime, receivable in monthly instalments of interest only, with balance due November 2018, secured by a general security agreement and a demand promissory note.	1,298,169	902,517
Line of credit due from CF Elk Island bearing interest at prime, receivable in monthly instalments of interest only, with balance due November 2018, secured by a general security agreement and a demand promissory note.	1,300,000	1,300,000
Line of credit due from CF Grande Prairie and Region bearing interest at prime, receivable in monthly instalments of interest only, with balance due November 2018, secured by a general security agreement and a demand promissory note.	4,400,000	2,746,632
Line of credit due from CF Highwood bearing interest at prime, receivable in monthly instalments of interest only, with balance due September 2020, secured by a general security agreement and a demand promissory note.	666,222	697,509
Line of credit due from CF Northwest Alberta bearing interest at prime, receivable in monthly instalments of interest only, with balance due March 2016, secured by a general security agreement and a demand promissory note.	-	300,000
Line of credit due from CF Peace Country bearing interest at prime minus 0.75%, receivable in monthly instalments of interest only, with balance due August 2016 secured by a general security agreement and a demand promissory note.	650,000	901,415
Line of credit due from CF West Yellowhead bearing interest at prime, receivable in monthly instalments of interest only, with balance due August 2016, secured by a general security agreement and a demand promissory note.	323,830	331,913
Line of credit due from CF Wood Buffalo bearing interest at prime, receivable in monthly instalments of interest only, with balance due November 2018, secured by a general security agreement and a demand promissory note.	373,944	1,017,462
Line of credit due from Entre Corp Business Development Centre Ltd. bearing interest at prime, receivable in monthly instalments of interest only, with balance due August 2018, secured by a general security agreement and a demand promissory note.	1,345,562	1,495,562
Line of credit due from CF St. Paul Smoky Lake Business Development Centre Ltd. bearing interest at prime, receivable in monthly instalments of interest only, with balance due November 2018, secured by a general security agreement and a demand promissory note.	500,000	650,000
	11,585,717	10,943,010

Community Futures Network of Alberta
Notes to the Financial Statements
For the year ended March 31, 2016

7. Capital assets

			2016	2015
	<i>Cost</i>	<i>Accumulated amortization</i>	<i>Net book value</i>	<i>Net book value</i>
Computer equipment	6,634	3,548	3,086	2,224
Leasehold improvements	4,069	1,189	2,880	3,310
Office equipment	21,309	15,719	5,590	6,200
	32,012	20,456	11,556	11,734

8. Deferred contributions

	2016	2015
BizStream operations	14,416	23,840
Core funding	-	491
MAC operations	81,000	-
Video conferencing	-	7,298
Balance, end of year	95,416	31,629

Community Futures Network of Alberta
Notes to the Financial Statements

For the year ended March 31, 2016

9. Due to CFDCs

CFDCs are independent organizations contracted by Canada to deliver the Community Futures program. Due to CFDCs consists of funds due to the members as of the year end based on their proportionate investment in the investments held in trust. The amount payable to the individual members includes interest generated net of professional fees of the fund in proportion to their investment. This amount is classified as current due to the individual members' ability to demand repayment within the year.

	2016	2015
Balance, beginning of year	10,863,704	7,499,556
Interest and investment income earned	229,735	235,291
Realized/unrealized gain on investments	(36,252)	49,847
Fees and other expenses	(29,977)	(28,640)
Net change due to investment purchases and disposals, loan advances and repayments and pool additions and distributions	2,226,458	3,107,650

Balance, end of year	13,253,668	10,863,704
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Amounts owing to each CFDC are as follows:

Community Futures Centre West	2,071	2,030
Community Futures East Parkland	897,107	1,179,010
Community Futures Lac La Biche	1,036,335	1,015,647
Community Futures Elk Island	236,625	231,902
Community Futures Wild Rose	1,357,580	1,330,480
Community Futures Highwood	723,983	215,219
Community Futures Tawatlnaw	2,046,113	2,005,269
Community Futures Chinook	831,432	365,069
Community Futures Big Country	988,150	-
Community Futures Lloydminster and Region	543,729	382,969
Community Futures Wood Buffalo	193,120	189,265
Community Futures Central Alberta	761,670	631,704
Community Futures West Yellowhead	312,503	306,265
Community Futures Alberta Southwest	1,763,522	1,728,319
Community Futures Crowsnest Pass	827,753	564,074
Community Futures Lesser Slave Lake	589,122	577,362
Community Futures Lethbridge	141,953	139,120

	13,253,668	10,863,704
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10. Due to Pan West

CFNA holds funds in trust for Pan West and administers these funds based on an approved budget on behalf of Pan West. These funds are not the ownership of the CFNA and the operations are not included in the CFNA statements.

	2016	2015
Balance, beginning of year	53,740	46,017
Receipts on behalf of Pan West	390,331	409,792
Disbursements on behalf of Pan West	(424,714)	(402,069)
Balance, end of year	19,357	53,740

Community Futures Network of Alberta
Notes to the Financial Statements

For the year ended March 31, 2016

11. Due to Western Diversification

Due to Western Diversification consists of a conditionally repayable contribution to the Organization for an eligible investment fund deposit in the amount of \$7,000,000. The contribution is repayable to Western Diversification when total deposits in the investment pool exceeds \$25,000,000 of which the Minister's portion is \$7,000,000 plus accrued interest. The current balance is \$21,349,389 (\$18,945,408 in 2015). The Minister may, upon 30 days written notice, require CFNA to repay the amount of the contribution, at a rate of 25% of the total deposits and interest in excess of \$25,000,000 per annum, up to a maximum of \$7,000,000 plus accrued interest. As at year end, the pool does not exceed \$25,000,000 and management does not expect it to exceed \$25,000,000 within the year.

12. Share capital

	2016	2015
Issued		
Common shares		
25 voting shares	25	25

13. Project revenue

	2016	2015
Conference revenue	74,451	73,030
On-line training	14,145	-
PD - spring training	22,355	-
Projects - other	22,810	28,046
	133,761	101,076

14. Special project expenses

	2016	2015
CF special debts collection program	7,550	-
Executive director recruitment	15,980	-
Legacy video	-	12,040
Loan security data base	-	5,129
Other projects	3,551	-
TEA coordinator	9,287	-
	36,368	17,169

Community Futures Network of Alberta Notes to the Financial Statements

For the year ended March 31, 2016

14. Capital management

The Organization's objectives when managing capital are to monitor amount of investments and lines of credit receivable compared to potential funding repayments and monitor the actual results compared to the annual budget every quarter with the Board of Directors.

The Organization sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Organization may take out a short term line of credit or request grant increases if requiring for short term funding of operations

On a regular basis, the Board of Directors meets with its fund manager to gain input, knowledge and understanding of the financial markets current and the fund manager's professional input in any expected change to the market anticipated over the near term.

Based upon that independent input and the Organization's overall investor profile being focused on low-risk tolerance and high levels of liquidity, the board reviews, investigates, discusses and approves any required updates or changes to its Investment Charter. The board approved Investment Charter is the foundation for the fund management agreement entered into between the Organization and its professional fund manager. That agreement determines investment targets and investment type maximums. The fund manager completes investment transactions to ensure compliance with board defined investment strategy.

Quarterly, the fund manager provides detailed reporting on the Organization's investment fund holdings. Those holdings are measured internally by the CFNA in terms of performance and alignment with the board's approved Investment Charter.

The Organization manages the capital structure in order to ensure sufficient levels of liquidity is available. In order to maintain the capital structure, the Organization may take out a short term line of credit.

15. 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 or credit risks arising from these financial instruments except as otherwise disclosed.

Risk management policy

The Organization, as part of operations, has established avoidance of undue concentrations of risk and requirements for collateral to mitigate credit risk as risk management objectives. In seeking to meet these objectives, the Organization follows a risk management policy approved by its Board of Directors.

Credit concentration

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of accounts receivable. As at March 31, 2016 two funders accounted for 48% (59% from one funder in 2015) of total accounts receivable. However, the Organization believes that there is minimal risk associated with the collection of these amounts.

Fair value of financial instruments

The carrying amount of cash, accounts receivable, investments held in trust, accounts payable and accruals is approximated by their fair value due to their short term nature. Fair value is determined by reference to published bid price "in an active market". The change in fair value of these financial instruments is recognized as unrealized gains (losses) on investments.

The due to CFDCs is recorded at amortized cost as the fair value cannot be reliably estimated because they are non-interest bearing and have no set terms of repayment.

The change in fair value of financial instruments is due to unrealized gains (losses) on investments.

Community Futures Network of Alberta
Notes to the Financial Statements

For the year ended March 31, 2016

Financial instruments *(Continued from previous page)*

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. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through varying terms of maturity on fixed income investments.

16. Economic dependence

The Organization's primary source of revenue is 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 its right to follow 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.

17. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

Schedule 1
Community Futures Network of Alberta
EDP Operations
For the year ended March 31, 2016

	2016	2015
Revenue		
Western Diversification contributions	150,704	164,692
Expenditures		
Director's contract	39,000	36,000
GST expense	2,275	2,761
Marketing and advertising	5,885	16,466
Materials	6,127	35,146
Overhead	12,091	12,265
Special projects	20,318	18,024
Training	56,274	28,243
Travel and accommodations	8,803	15,796
	150,773	164,701
Deficiency of revenue over expenditures	(69)	(9)

Schedule 2
Community Futures Network of Alberta
BizStream Operations
For the year ended March 31, 2016

	2016	2015
Revenue		
Building the Capacity of Rural Alberta Business Project	49,423	33,002
Expenditures		
Administration	18,000	18,000
Consulting Fees	14,000	-
Event Costs	1,023	408
GST expense	754	804
Marketing	7,113	10,263
Projects	-	3,251
Training	3,594	-
Travel	4,185	684
	48,669	33,410
Excess (deficiency) of revenue over expenditures	754	(408)

Schedule 3

Community Futures Network of Alberta
Elevate Operations
For the year ended March 31, 2016

	2016	2015
Revenue		
Wage/Benefit Income	15,318	-
Project Cost Income	13,802	-
Administration	1,950	-
	31,070	-
Expenditures		
Administration	1,050	-
Advertising	9,402	-
Contract Fees	1,950	-
GST expense	307	-
Rental Subsidy	900	-
Training	1,425	-
Travel	430	-
Wages	13,902	-
	29,366	-
Excess of revenue over expenditures	1,704	-