

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATING FUND

FINANCIAL STATEMENTS

For the year ended March 31, 2022

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATING FUND
TABLE OF CONTENTS
March 31, 2022

INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF OPERATIONS	4
STATEMENT OF CHANGES IN FUND BALANCES	5
STATEMENT OF CASH FLOWS	6
NOTES TO THE FINANCIAL STATEMENTS	7 - 11
SCHEDULE TO THE FINANCIAL STATEMENTS	12

INDEPENDENT AUDITOR'S REPORT

To the Members of Community Futures Network of Alberta

Opinion

We have audited the financial statements of Community Futures Network of Alberta - Operating Fund, which comprise the statement of financial position as at March 31, 2022, 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 the organization as at March 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with the requirements set out in the Contribution Agreement between Prairies Economic Development Canada and Community Futures Network of Alberta, dated March 29, 2021 (the "Agreement").

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 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.

Emphasis of Matter

We draw attention to note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the organization to meet the requirements of the Agreement. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of the matter.

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 the Agreement, 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.

INDEPENDENT AUDITOR'S REPORT, continued

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:

- ♦ 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.



Lethbridge, Alberta
September 12, 2022

Chartered Professional Accountants

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATING FUND
STATEMENT OF FINANCIAL POSITION
As at March 31, 2022

	PrairiesCan Operating Fund	PrairiesCan Conditionally Repayable EDP Fund	PrairiesCan Non- Repayable Canada Coal Transition Initiative Fund	Regional Relief and Recovery Fund (RRRF)	2022 Total	2021 Total
ASSETS						
Current						
Cash	\$ 292,922	\$ -	\$ -	\$ 80	\$ 293,002	\$ 4,418,343
Accounts receivable	10,085	49,395	127,772	-	187,252	424,696
Prepaid expenses	4,071	-	-	-	4,071	-
Due from CFLIP Fund (note 4)	-	-	-	2,703,392	2,703,392	215,886
Interfund transfer (note 5)	144,501	-	-	-	144,501	195,283
	451,579	49,395	127,772	2,703,472	3,332,218	5,254,208
Loans receivable (note 6)	-	-	-	85,535,188	85,535,188	79,289,870
	\$ 451,579	\$ 49,395	\$ 127,772	\$ 88,238,660	\$ 88,867,406	\$ 84,544,078
LIABILITIES AND FUND BALANCES						
Current						
Accounts payable and accrued liabilities	\$ 39,067	\$ 6,418	\$ 42,361	\$ -	\$ 87,846	\$ 66,424
Deferred revenue (note 7)	230,875	-	-	-	230,875	251,333
Interfund transfer (note 5)	-	44,534	84,372	15,595	144,501	195,283
	269,942	50,952	126,733	15,595	463,222	513,040
Conditionally repayable contributions (note 8)	-	-	-	9,627,538	9,627,538	19,382,000
	269,942	50,952	126,733	9,643,133	10,090,760	19,895,040
Fund balances						
Externally restricted	-	(1,557)	1,039	78,595,527	78,595,009	64,472,588
Unrestricted	181,637	-	-	-	181,637	176,450
	181,637	(1,557)	1,039	78,595,527	78,776,646	64,649,038
	\$ 451,579	\$ 49,395	\$ 127,772	\$ 88,238,660	\$ 88,867,406	\$ 84,544,078

Approved on behalf of the board

Director John Husch

Director Russell J Crook

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATING FUND
STATEMENT OF OPERATIONS
For the year ended March 31, 2022

	PrairieCan Operating Fund	PrairieCan Conditionally Repayable EDP Fund	PrairieCan Non- Repayable Canada Coal Transition Initiative Fund	Regional Relief and Recovery Fund (RRRF)	2022 Total	2021 Total
Revenue						
Prairie Economic Development Canada (schedule 1)	\$ 321,253	\$ 145,945	\$ 214,834	\$ 14,027,300	\$ 14,709,332	\$ 65,241,934
Projects, conferences, and professional development income	118,226	-	-	-	118,226	165,536
RRRF operating expense recovery	-	-	-	109,154	109,154	-
Administration income	108,944	-	-	-	108,944	123,774
Other income	-	-	3,000	-	3,000	-
RRRF operating - PrairieCan	-	-	-	-	-	1,200,000
RRRF operating - provincial	-	-	-	-	-	794,480
	548,423	145,945	217,834	14,136,454	15,048,656	67,525,724
Expenses						
Salaries and benefits	264,706	-	-	-	264,706	278,844
Training	-	-	161,209	-	161,209	199,686
Special projects	96,771	15,309	21,721	-	133,801	98,581
Project management fee	-	56,000	34,550	-	90,550	85,750
RRRF website development	83,814	-	-	-	83,814	150,274
Self-management	-	55,307	-	-	55,307	78,441
Marketing	17,102	13,490	-	-	30,592	18,118
Conference expenses	25,447	-	-	-	25,447	10,110
Professional fees	7,233	-	-	-	7,233	24,894
RRRF operating	-	-	-	10,045	10,045	1,965,362
Telephone, fax and internet	9,580	-	-	-	9,580	16,081
Travel - board and office	6,488	-	1,773	-	8,261	7,510
GST expense	5,007	1,519	889	-	7,415	11,549
Overhead	-	6,000	-	-	6,000	12,000
Office	5,417	-	-	-	5,417	4,580
Insurance	2,177	-	-	-	2,177	2,034
Interest and bank charges	1,544	-	-	-	1,544	2,166
Alberta Community and Co- operative Association	750	-	-	-	750	12,000
Business Link	-	-	-	-	-	57,000
	526,036	147,625	220,142	10,045	903,848	3,034,980
Excess (deficiency) of revenue over expenses	\$ 22,387	\$ (1,680)	\$ (2,308)	\$ 14,126,409	\$ 14,144,808	\$ 64,490,744

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATING FUND
STATEMENT OF CHANGES IN FUND BALANCES
For the year ended March 31, 2022

	PrairieCan Operating Fund	PrairieCan Conditionally Repayable EDP Fund	PrairieCan Non- Repayable Transition Initiative Fund	Canada Coal Transition Initiative Fund	Regional Relief and Recovery Fund (RRRF)	2022 Total	2021 Total
Balance, beginning of year	\$ 176,450	\$ 123	\$ 3,347	\$ 64,469,118	\$ 64,649,038	\$ 158,294	
Excess of revenue over expenses	22,387	(1,680)	(2,308)	14,126,409	14,144,808	64,490,744	
Balance, end of year	\$ 198,837	\$ (1,557)	\$ 1,039	\$ 78,595,527	\$ 78,793,846	\$ 64,649,038	

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATING FUND
STATEMENT OF CASH FLOWS
For the year ended March 31, 2022

	PrairiesCan Operating Fund	PrairiesCan Conditionally Repayable EDP Fund	PrairiesCan Non- Repayable Canada Coal Transition Initiative Fund	Regional Relief and Recovery Fund (RRRF)	2022 Total	2021 Total
Cash flows from operating activities						
Excess (deficiency) of revenue over expenses	\$ 22,387	\$ (1,680)	\$ (2,308)	\$ 14,126,409	\$ 14,144,808	\$ 64,490,744
	22,387	(1,680)	(2,308)	14,126,409	14,144,808	64,490,744
Net change in non-cash working capital items						
Accounts receivable	185,292	41,975	(52,323)	62,500	237,444	(278,777)
Due from CFLIP Fund	-	-	-	(2,487,505)	(2,487,505)	(190,886)
Prepaid expenses	(4,070)	-	-	-	(4,070)	-
Accounts payable and accrued liabilities	(43,428)	5,723	41,927	-	4,222	(37,368)
Deferred revenue	(20,458)	-	-	-	(20,458)	209,747
Interfund transfers	50,780	(46,018)	12,704	(17,466)	-	-
	190,503	-	-	11,683,938	11,874,441	64,193,460
Cash flows from financing activities						
Conditionally repayable contributions	-	-	-	1,000,000	1,000,000	19,382,000
Contributions repaid	-	-	-	(10,754,463)	(10,754,463)	-
	-	-	-	(9,754,463)	(9,754,463)	19,382,000
Cash flows from lending activities						
Loan advances	-	-	-	(8,732,824)	(8,732,824)	(79,505,756)
Loan repayments	-	-	-	2,487,505	2,487,505	215,886
	-	-	-	(6,245,319)	(6,245,319)	(79,289,870)
Increase (decrease) in cash	190,503	-	-	(4,315,844)	(4,125,341)	4,285,590
Cash, beginning of year	102,419	-	-	4,315,924	4,418,343	132,753
Cash, end of year	\$ 292,922	\$ -	\$ -	\$ 80	\$ 293,002	\$ 4,418,343

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATING FUND

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022

1. Nature of operations

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. 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.

2. Basis of preparation

These statements have been prepared in accordance with the reporting conditions outlined in the contribution agreement between Prairies Economic Development Canada and Community Futures Network of Alberta dated March 29, 2021 (the "Agreement"). This Agreement requires the use of Canadian accounting standards for not-for-profit organizations, except that the statements of financial position, results of operation, and cash flows of Community Futures Network of Alberta - Operating Fund be presented in a separate financial statement. Accordingly, these financial statements do not reflect all the assets, liabilities, revenues, and expenses related to CFNA.

3. Significant accounting policies

The organization applies Canadian accounting standards for not-for-profit organizations, except for the requirements set out in the Contribution Agreement between Prairies Economic Development Canada and Community Futures Network of Alberta, dated March 29, 2021. The significant policies are detailed as follows:

(a) 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.

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATING FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2022

3. Significant accounting policies, continued

(b) 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.

(c) 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.

(d) Financial instruments

The organization initially measures its financial assets and liabilities at fair value. The organization subsequently measures its financial assets and financial liabilities at amortized cost, except for portfolio investments, which are subsequently measured at fair value.

Financial assets measured at amortized cost include cash, and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and amounts due to Prairies Economic Development Canada.

(e) Income taxes

The organization is operated exclusively for not-for-profit purposes and accordingly will be exempted from income taxes as long as it complies with the requirements of section 149.1 (l) of the Income Tax Act.

(f) Measurement uncertainty

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 liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

4. Due from CFLIP Fund

	2022	2021
Regional Relief and Recovery Fund repayments	\$ 2,703,392	\$ 215,886

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATING FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2022

5. Interfund transfers

Transfers are required annually in order to balance each fund. The transfers are as follows:

	2022	2021
Canada Coal Transition Initiative Fund	\$ 84,372	\$ 71,668
EDP Fund	44,534	90,553
Regional Recovery and Relief Fund	15,595	33,062
PrairiesCan Operating Fund	(144,501)	(195,283)
	\$ -	\$ -

6. Loans receivable

Funding was received for the Regional Relief and Recovery Fund by Community Futures Network of Alberta through three phases. This funding was then disbursed to the various Community Futures offices to loan to clients. The funds are repaid to Community Futures Network of Alberta as clients make repayments to each individual office. As of March 31, 2022, \$2,703,392 in repayments have been received.

7. Deferred revenue

Deferred revenue relates to revenue received for subsequent years, as follows:

	Balance, beginning of year	Received	Recognized as revenue in current year	Balance, end of year
Cyber Security	\$ 148,828	\$ 129,042	\$ (86,796)	\$ 191,074
RRRF marketing and portal	62,704	-	(62,704)	-
Business Link	25,000	-	-	25,000
CFLIP transfer	14,801	-	-	14,801
	\$ 251,333	\$ 129,042	\$ (149,500)	\$ 230,875

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATING FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2022

8. Conditionally repayable contributions

Funding was received for the Regional Relief and Recovery Fund by Community Futures Network of Alberta from the various western provinces as a result of a higher need in Alberta. This funding is conditionally repayable back to each individual province.

Any funds not advanced to the individual Community Future's offices within Alberta as at December 31, 2023 become immediately repayable. The remainder of the funds borrowed become repayable in equal monthly payments on an interest-free basis over a two year term commencing on January 1, 2024. The entire outstanding loan balance must be repaid in full by December 31, 2025.

	2022	2021
British Columbia	\$ 4,070,441	\$ 7,208,222
Manitoba	3,518,237	9,563,222
Saskatchewan	2,038,860	2,610,556
	\$ 9,627,538	\$ 19,382,000

During the year, \$1,000,000 was received from Saskatchewan.

In addition, repayments to Manitoba were made in the amount of \$3,332,883. Repayments to PrairiesCan were also made in the amount of \$7,421,579, resulting in reductions to the loan balances owing to the provinces as follows: British Columbia - \$3,137,781, Saskatchewan - \$1,571,696, and Manitoba - \$2,712,102.

9. 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.

10. 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.

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATING FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2022

11. COVID-19

Events have occurred as a result of the COVID-19 (coronavirus) pandemic that have caused economic uncertainty. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government responses, remain unclear at this time.

Some of the key impacts include, but are not limited to, interruptions of production and supply chains, unavailability of personnel, reductions in revenue, decline in value of financial investments, disruptions or stoppages in non-essential travel, and the closure of facilities and businesses.

The organization's revenues increased due to receiving additional funding for the increased costs associated with the Regional Relief and Recovery Fund. The organization is following Government guidelines and has developed policies to ensure the safety of employees is maintained. Management is not aware of any material impairments that will further impact the financial assets or liabilities of the organization due to the pandemic.

The situation is continually changing and the future impact on the organization is not readily determinable at this time.

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATING FUND
SCHEDULE TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2022

Schedule of PrairiesCan operating fund revenue and expenses			Schedule 1
	Operating fund	Regional Relief and Recovery Fund	Total 2022
Prairies Economic Development Canada - contributions	\$ 246,253	\$ 75,000	\$ 321,253
Expenses			
Salaries and benefits	212,661	52,045	264,706
RRRF portal	-	6,746	6,746
Professional fees	7,233	-	7,233
Office	5,417	16,209	21,626
Telephone, fax and internet	9,580	-	9,580
GST expense	2,192	-	2,192
Marketing	17,102	-	17,102
Travel - board and office	6,488	-	6,488
Interest and bank charges	1,544	-	1,544
Insurance	2,177	-	2,177
	264,394	75,000	339,394
Deficiency of revenue over expenses	\$ (18,141)	\$ -	\$ (18,141)

The Regional Relief and Recovery Fund operating expenses, except for salaries and benefits, are included in the RRRF website development line on the statement of operations.