

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATIONS

FINANCIAL STATEMENTS

For the year ended March 31, 2024

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATIONS
TABLE OF CONTENTS
March 31, 2024

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 - Operations, which comprise the statement of financial position as at March 31, 2024, 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, 2024, 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 17, 2024

Avail LLP

Chartered Professional Accountants

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATIONS
STATEMENT OF FINANCIAL POSITION
As at March 31, 2024

	Operating Fund	PrairieCan Conditionally Repayable EDP Fund	PrairieCan Non-Repayable Canada Coal Transition Initiative Fund	Regional Relief and Recovery Fund	Capital Growth Initiative Fund	2024 Total	2023 Total
ASSETS							
Current							
Cash	\$ 69,426	\$ -	\$ -	\$ 7,635	\$ -	\$ 77,061	\$ 175,766
Accounts receivable	13,364	59,943	-	-	-	73,307	220,268
Prepaid expenses	8,673	-	-	-	-	8,673	321
Due from CFLIP Fund (note 4)	-	-	-	28,376,614	-	28,376,614	6,762,111
Interfund transfer (note 5)	41,332	-	-	-	44,329	85,661	333,253
	132,795	59,943	-	28,384,249	44,329	28,621,316	7,491,719
Loans receivable (note 6)	-	-	-	41,083,356	3,811,160	44,894,516	84,384,832
	\$ 132,795	\$ 59,943	\$ -	\$ 69,467,605	\$ 3,855,489	\$ 73,515,832	\$ 91,876,551
LIABILITIES AND FUND BALANCES							
Current							
Accounts payable and accrued liabilities	\$ 19,454	\$ -	\$ -	\$ -	\$ -	\$ 19,454	\$ 110,915
Deferred revenue (note 7)	25,000	-	-	-	37,146	62,146	117,618
Interfund transfer (note 5)	-	69,470	-	16,191	-	85,661	333,253
	44,454	69,470	-	16,191	37,146	167,261	561,786
Conditionally repayable contributions (note 8)	-	-	-	7,320,937	-	7,320,937	9,627,538
	44,454	69,470	-	7,337,128	37,146	7,488,198	10,189,324
Fund balances							
Externally restricted	-	(9,527)	-	62,130,477	3,818,343	65,939,293	81,478,772
Unrestricted	88,341	-	-	-	-	88,341	208,455
	88,341	(9,527)	-	62,130,477	3,818,343	66,027,634	81,687,227
	\$ 132,795	\$ 59,943	\$ -	\$ 69,467,605	\$ 3,855,489	\$ 73,515,832	\$ 91,876,551

Approved on behalf of the board
Russell J. Crook
 Director

MS
 Director

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATIONS
STATEMENT OF OPERATIONS
For the year ended March 31, 2024

	Operating Fund	PrairieCan Conditionally Repayable EDP Fund	PrairieCan Non-Repayable Canada Coal Transition Initiative Fund	Regional Relief and Recovery Fund	Capital Growth Initiative Fund	2024 Total	2023 Total
Revenue							
Contributions forgiven Government of Alberta	\$ -	\$ -	\$ -	\$ 2,306,601	\$ -	\$ 2,306,601	\$ -
Prairie Economic Development Canada (schedule 1)	246,253	220,868	-	-	-	467,121	675,747
Projects, conferences, and professional development income	61,733	-	-	-	-	61,733	260,786
Administration income	31,558	-	-	-	1,473	33,031	56,970
Interest transferred from CFLIP	-	-	-	-	-	-	92,528
	339,544	220,868	-	2,306,601	1,055,473	3,922,486	3,983,031
Expenses							
Loan forgiveness	-	-	-	17,684,300	132,657	17,816,957	-
Loan write off	-	-	-	1,087,351	-	1,087,351	-
Salaries and benefits	224,285	-	-	-	-	224,285	228,924
Special projects	13,017	69,512	-	-	-	82,529	238,508
Self-management	-	71,757	-	-	-	71,757	42,064
Project management fee	-	56,000	-	-	1,473	57,473	99,532
Travel - board and office	50,411	1,123	-	-	-	51,534	72,091
Conference expenses	39,532	-	-	-	-	39,532	59,581
Training	34,247	-	-	-	-	34,247	208,204
Marketing	20,750	7,649	-	-	-	28,399	23,649
Professional fees	28,169	-	-	-	-	28,169	18,876
Telephone, fax and internet	23,722	-	-	-	-	23,722	29,825
Office	9,030	-	-	-	-	9,030	10,955
GST expense	2,592	4,599	-	-	-	7,191	10,602
Overhead	-	6,000	-	-	-	6,000	6,000
RRRF website development	5,742	-	-	-	-	5,742	34,154
Bad debts	3,224	-	-	-	-	3,224	-
Insurance	2,652	-	-	-	-	2,652	4,636
Interest and bank charges	2,285	-	-	-	-	2,285	2,049
	459,658	216,640	-	18,771,651	134,130	19,582,079	1,089,650
Excess (deficiency) of revenue over expenses	\$ (120,114)	\$ 4,228	\$ -	\$ (16,465,050)	\$ 921,343	\$ (15,659,593)	\$ 2,893,381

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATIONS
STATEMENT OF CHANGES IN FUND BALANCES
For the year ended March 31, 2024

	Operating Fund	PrairieCan Conditionally Repayable EDP Fund	PrairieCan Non-Repayable Canada Coal Transition Initiative Fund	Regional Relief and Recovery Fund	Capital Growth Initiative Fund	2024 Total	2023 Total
Balance, beginning of year	\$ 208,455	\$ (13,755)	\$ -	\$ 78,595,527	\$ 2,897,000	\$ 81,687,227	\$ 78,793,846
Excess (deficiency) of revenue over expenses	(120,114)	4,228	-	(16,465,050)	921,343	(15,659,593)	2,893,381
Balance, end of year	\$ 88,341	\$ (9,527)	\$ -	\$ 62,130,477	\$ 3,818,343	\$ 66,027,634	\$ 81,687,227

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATIONS
STATEMENT OF CASH FLOWS
For the year ended March 31, 2024

	Operating Fund	PrairiesCan Conditionally Repayable EDP Fund	PrairiesCan Non-Repayable Canada Coal Transition Initiative Fund	Regional Relief and Recovery Fund	Capital Growth Initiative Fund	2024 Total	2023 Total
Cash flows from operating activities							
Excess (deficiency) of revenue over expenses	\$ (120,114)	\$ 4,228	\$ -	\$ (16,465,050)	\$ 921,343	\$ (15,659,593)	\$ 2,893,381
Items not involving cash							
Contributions forgiven	-	-	-	(2,306,601)	-	(2,306,601)	-
Loan forgiveness	-	-	-	17,684,300	132,657	17,816,957	-
Loan write off	-	-	-	1,087,351	-	1,087,351	-
	(120,114)	4,228	-	-	1,054,000	938,114	2,893,381
Net change in non-cash working capital items							
Accounts receivable	27,861	(2,377)	121,477	-	-	146,961	(33,017)
Due from CFLJP Fund	77,727	-	-	(21,692,231)	-	(21,614,504)	(4,058,719)
Prepaid expenses	(8,352)	-	-	-	-	(8,352)	3,750
Accounts payable and accrued liabilities	(91,461)	-	-	-	-	(91,461)	40,269
Deferred revenue	-	-	-	-	(55,472)	(55,472)	(113,256)
Interfund transfers	139,897	(1,851)	(121,477)	(124,264)	107,695	-	-
	25,558	-	-	(21,816,495)	1,106,223	(20,684,714)	(1,267,592)
Cash flows from lending activities							
Loan advances	-	-	-	-	(1,204,973)	(1,204,973)	(2,897,000)
Loan repayments	-	-	-	21,692,232	98,750	21,790,982	4,047,356
	-	-	-	21,692,232	(1,106,223)	20,586,009	1,150,356
Increase (decrease) in cash	25,558	-	-	(124,263)	-	(98,705)	(117,236)
Cash, beginning of year	43,868	-	-	131,898	-	175,766	293,002
Cash, end of year	\$ 69,426	\$ -	\$ -	\$ 7,635	\$ -	\$ 77,061	\$ 175,766

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2024

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 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 - OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2024

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.

In particular, the loans receivable and conditionally repayable contributions are subject to measurement uncertainty as the settlement of these amounts is dependent on the collection of loans issued by members.

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2024

4. Due from CFLIP Fund

	2024	2023
Regional Relief and Recovery Fund repayments	\$ 28,376,614	\$ 6,684,384
Interest transfer	-	77,727
	\$ 28,376,614	\$ 6,762,111

During the year, there was \$21,692,229 of RRRF repayments transferred to CFLIP to be invested.

5. Interfund transfers

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

	2024	2023
Canada Coal Transition Initiative Fund	\$ -	\$ (121,477)
EDP Fund	(69,470)	(71,321)
Regional Recovery and Relief Fund	(16,191)	(140,455)
Capital Growth Initiative	44,329	152,024
PrairiesCan Operating Fund	41,332	181,229
	\$ -	\$ -

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, 2024, \$28,376,615 in repayments have been received.

Funding was received for the Capital Growth Initiative by Community Futures Network of Alberta. This funding was disbursed to the various Community Futures Offices to loan to clients. Up until March 15, 2024 funds are repaid to Community Futures Network of Alberta as clients make repayments to each individual office. As of March 31, 2024, \$98,750 repayments have been received. As of March 16, 2024 Community Futures Offices are not required to make repayments provided that principal repayments are used to make further loans.

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2024

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
Capital Growth Initiative	\$ 73,000	\$ 981,000	\$ (1,054,000)	\$ -
Capital Growth Initiative- Admin	19,618	19,000	(1,473)	37,145
Business Link	25,000	-	-	25,000
	\$ 117,618	\$ 1,000,000	\$ (1,055,473)	\$ 62,145

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 Futures 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, 2026.

	2024	2023
British Columbia	\$ 2,977,664	\$ 4,070,441
Manitoba	2,726,247	3,518,237
Saskatchewan	1,617,026	2,038,860
	\$ 7,320,937	\$ 9,627,538

The balances include adjustments for loan forgiveness and loan losses experienced of \$791,990 for Manitoba, \$1,092,777 for British Columbia and \$421,834 for Saskatchewan as of March 31, 2024.

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.

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2024

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 - OPERATIONS
SCHEDULE TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2024

Schedule of PrairiesCan operating fund revenue and expenses

Schedule 1

	2024	2023
Prairies Economic Development Canada - contributions	\$ 246,253	\$ 246,253
Expenses		
Salaries and benefits	224,285	228,924
Travel - board and office	50,411	66,026
Training	34,247	23,106
Professional fees	28,169	18,876
Telephone, fax and internet	23,722	29,825
Marketing	20,750	9,504
Office	9,030	10,955
Bad debts	3,224	-
Insurance	2,652	4,636
Interest and bank charges	2,285	2,049
GST expense	-	4,883
	398,775	398,784
Deficiency of revenue over expenses	\$ (152,522)	\$ (152,531)