

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATING FUND

FINANCIAL STATEMENTS

For the year ended March 31, 2021

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATING FUND
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March 31, 2021

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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, 2021, 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, 2021, 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 Western Economic Diversification and Community Futures Network of Alberta, dated March 2, 2018 (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.

Other Matter

The financial statements of the organization for the year ended March 31, 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements dated September 14, 2020.

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 15, 2021

Chartered Professional Accountants

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATING FUND
STATEMENT OF FINANCIAL POSITION
As at March 31, 2021

	WD Operating Fund	WD Conditionally Repayable EDP Fund	WD Non- Repayable Canada Coal Transition Initiative Fund	Regional Relief and Recovery Fund (RRRF)	2021 Total	2020 Total
ASSETS						
Current						
Cash	\$ 102,419	\$ -	\$ -	\$ 4,315,924	\$ 4,418,343	\$ 132,753
Accounts receivable	195,378	91,370	75,448	62,500	424,696	145,919
Due from CFLIP Fund (note 4)	-	-	-	215,886	215,886	25,000
Interfund transfer (note 5)	195,283	-	-	-	195,283	58,105
	493,080	91,370	75,448	4,594,310	5,254,208	361,777
Loans receivable (note 6)	-	-	-	79,289,870	79,289,870	-
	\$ 493,080	\$ 91,370	\$ 75,448	\$ 83,884,180	\$ 84,544,078	\$ 361,777
LIABILITIES AND FUND BALANCES						
Current						
Accounts payable and accrued liabilities	\$ 65,297	\$ 694	\$ 433	\$ -	\$ 66,424	\$ 103,791
Deferred revenue (note 7)	251,333	-	-	-	251,333	41,587
Interfund transfer (note 5)	-	90,553	71,668	33,062	195,283	58,105
	316,630	91,247	72,101	33,062	513,040	203,483
Conditionally repayable contributions (note 8)	-	-	-	19,382,000	19,382,000	-
	316,630	91,247	72,101	19,415,062	19,895,040	203,483
Fund balances						
Externally restricted	-	123	3,347	64,469,118	64,472,588	123
Unrestricted	176,450	-	-	-	176,450	158,171
	176,450	123	3,347	64,469,118	64,649,038	158,294
	\$ 493,080	\$ 91,370	\$ 75,448	\$ 83,884,180	\$ 84,544,078	\$ 361,777

Approved on behalf of the board

Director John Husch

Director Wayne Schultz

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATING FUND
STATEMENT OF OPERATIONS
For the year ended March 31, 2021

	WD Operating Fund	WD Conditionally Repayable EDP Fund	WD Non- Repayable Canada Coal Transition Initiative Fund	Regional Relief and Recovery Fund (RRRF)	2021 Total	2020 Total
Revenue						
Western Economic Diversification (schedule 1)	\$ 321,253	\$ 220,088	\$ 260,593	\$ 64,440,000	\$ 65,241,934	\$ 591,008
RRRF operating - WD	-	-	-	1,200,000	1,200,000	-
RRRF operating - provincial	-	-	-	794,480	794,480	-
Administration income	123,774	-	-	-	123,774	124,101
Projects, conferences, and professional development income	165,536	-	-	-	165,536	98,956
Other income	-	-	-	-	-	8,500
Revenue deferred to future year	-	-	-	-	-	(6,265)
	610,563	220,088	260,593	66,434,480	67,525,724	816,300
Expenses						
RRRF operating	-	-	-	1,965,362	1,965,362	-
Salaries and benefits	278,844	-	-	-	278,844	213,082
Training	-	-	199,686	-	199,686	151,440
RRRF website development	150,274	-	-	-	150,274	-
Project management fee	-	55,000	30,750	-	85,750	80,750
Self-management	-	78,441	-	-	78,441	49,830
Special projects	26,742	51,389	20,450	-	98,581	63,525
Business Link	50,000	7,000	-	-	57,000	-
Professional fees	24,894	-	-	-	24,894	55,243
Marketing	4,550	13,568	-	-	18,118	10,447
Telephone, fax and internet	16,081	-	-	-	16,081	13,587
Alberta Community and Co- operative Association	12,000	-	-	-	12,000	-
Overhead	-	12,000	-	-	12,000	12,000
GST expense	6,828	2,690	2,031	-	11,549	3,425
Conference expenses	10,110	-	-	-	10,110	53,138
Travel - board and office	3,181	-	4,329	-	7,510	71,792
Office	4,580	-	-	-	4,580	9,481
Interest and bank charges	2,166	-	-	-	2,166	644
Insurance	2,034	-	-	-	2,034	1,984
Professional development	-	-	-	-	-	2,500
CF board training	-	-	-	-	-	8,789
Committee expenses	-	-	-	-	-	8,157
Loss on disposal of capital assets	-	-	-	-	-	6,362
	592,284	220,088	257,246	1,965,362	3,034,980	816,176
Excess of revenue over expenses	\$ 18,279	\$ -	\$ 3,347	\$ 64,469,118	\$ 64,490,744	\$ 124

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATING FUND
STATEMENT OF CHANGES IN FUND BALANCES
For the year ended March 31, 2021

	WD Operating Fund	WD Conditionally Repayable EDP Fund	WD Non- Repayable Canada Coal Transition Initiative Fund	Regional Relief and Recovery Fund (RRRF)	2021 Total	2020 Total
Balance, beginning of year	\$ 158,171	\$ 123	\$ -	\$ -	\$ 158,294	\$ 158,170
Excess of revenue over expenses	18,279	-	3,347	64,469,118	64,490,744	124
Balance, end of year	\$ 176,450	\$ 123	\$ 3,347	\$ 64,469,118	\$ 64,649,038	\$ 158,294

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATING FUND
STATEMENT OF CASH FLOWS
For the year ended March 31, 2021

	WD Operating Fund	WD Conditionally Repayable EDP Fund	WD Non- Repayable Canada Coal Transition Initiative Fund	Regional Relief and Recovery Fund (RRRF)	2021 Total	2020 Total
Cash flows from operating activities						
Excess of revenue over expenses	\$ 18,279	\$ -	\$ 3,347	\$ 64,469,118	\$ 64,490,744	\$ 124
Items not involving cash						
Loss on disposal of capital assets	-	-	-	-	-	6,362
	18,279	-	3,347	64,469,118	64,490,744	6,486
Net change in non-cash working capital items						
Accounts receivable	(187,798)	(48,684)	20,205	(62,500)	(278,777)	(83,648)
Due from CFLIP Fund	25,000	-	-	(215,886)	(190,886)	(25,000)
Prepaid expenses	-	-	-	-	-	1,359
Accounts payable and accrued liabilities	35,352	(5,805)	(66,914)	-	(37,367)	44,606
Deferred revenue	216,011	-	(6,265)	-	209,746	7,404
Interfund transfers	(137,178)	54,489	49,627	33,062	-	-
	(30,334)	-	-	64,223,794	64,193,460	(48,793)
Cash flows from financing activities						
Conditionally repayable contributions	-	-	-	19,382,000	19,382,000	-
Cash flows from lending activities						
Loan advances	-	-	-	(79,505,756)	(79,505,756)	-
Loan repayments	-	-	-	215,886	215,886	-
	-	-	-	(79,289,870)	(79,289,870)	-
Increase (decrease) in cash	(30,334)	-	-	4,315,924	4,285,590	(48,793)
Cash, beginning of year	132,753	-	-	-	132,753	181,546
Cash, end of year	\$ 102,419	\$ -	\$ -	\$ 4,315,924	\$ 4,418,343	\$ 132,753

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATING FUND

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2021

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. 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.

2. Basis of preparation

These statements have been prepared in accordance 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 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 Western Economic Diversification and Community Futures Network of Alberta, dated March 2, 2018. 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, 2021

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 Western Economic Diversification.

(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

	2021	2020
Regional Relief and Recovery Fund repayments	\$ 215,886	\$ -
Interest transfer	-	25,000
	<u>\$ 215,886</u>	<u>\$ 25,000</u>

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATING FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2021

5. Interfund transfers

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

	2021	2020
Regional Recovery and Relief Fund	\$ 33,062	\$ -
EDP Fund	90,553	36,063
Canada Coal Transition Initiative Fund	71,668	22,042
WD Operating Fund	(195,283)	(58,105)
	\$ -	\$ -

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 Future's 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, 2021, \$215,886 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	\$ -	\$ 148,828
RRRF marketing and portal	-	160,900	(98,196)	62,704
Business Link	-	82,000	(57,000)	25,000
CFLIP transfer	14,801	-	-	14,801
Western Economic Development	20,521	-	(20,521)	-
Canada Coal Transition Initiative Fund	6,265	-	(6,265)	-
	\$ 41,587	\$ 391,728	\$ (181,982)	\$ 251,333

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATING FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2021

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, 2022 become immediately repayable. The remainder of the funds borrowed become repayable in equal monthly payments on an interest-free basis over a three year term commencing on January 31, 2023. The entire outstanding loan balance must be repaid in full by December 31, 2025.

	2021	2020
Manitoba	\$ 9,563,222	\$ -
British Columbia	7,208,222	-
Saskatchewan	2,610,556	-
	\$ 19,382,000	\$ -

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, 2021

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.

12. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATING FUND
SCHEDULE TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2021

Schedule of WD operating fund revenue and expenses

Schedule 1

	Operating fund	Regional Relief and Recovery Fund	Total 2021
WD contributions	\$ 246,253	\$ 75,000	\$ 321,253
Expenses			
Salaries and benefits	258,511	20,333	278,844
RRRF portal	-	29,750	29,750
Professional fees	24,894	3,795	28,689
Office	4,580	21,122	25,702
Telephone, fax and internet	16,081	-	16,081
GST expense	4,577	-	4,577
Marketing	4,550	-	4,550
Travel - board and office	3,181	-	3,181
Interest and bank charges	2,166	-	2,166
Insurance	2,034	-	2,034
	320,574	75,000	395,574
Deficiency of revenue over expenses	\$ (74,321)	\$ -	\$ (74,321)

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.