

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATING FUND

FINANCIAL STATEMENTS

For the year ended March 31, 2023

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATING FUND
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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, 2023, 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, 2023, 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 6, 2023



Chartered Professional Accountants

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATING FUND
STATEMENT OF FINANCIAL POSITION
As at March 31, 2023

	Operating Fund	PrairieCan Conditionally Repayable EDP Fund	PrairieCan Non-Repayable Canada Coal Transition Initiative Fund	Regional Relief and Recovery Fund	Capital Growth Initiative Fund	2023 Total	2022 Total
ASSETS							
Current							
Cash	\$ 43,868	\$ -	\$ -	\$ 131,898	\$ -	\$ 175,766	\$ 293,002
Accounts receivable	41,225	57,566	121,477	-	-	220,268	187,252
Prepaid expenses	321	-	-	-	-	321	4,071
Due from CFLIP Fund (note 4)	77,727	-	-	6,684,384	-	6,762,111	2,703,392
Interfund transfer (note 5)	181,229	-	-	-	152,024	333,253	144,501
	344,370	57,566	121,477	6,816,282	152,024	7,491,719	3,332,218
Loans receivable (note 6)	-	-	-	81,547,238	2,837,594	84,384,832	85,535,188
	\$ 344,370	\$ 57,566	\$ 121,477	\$ 88,363,520	\$ 2,989,618	\$ 91,876,551	\$ 88,867,406
LIABILITIES AND FUND BALANCES							
Current							
Accounts payable and accrued liabilities	\$ 110,915	\$ -	\$ -	\$ -	\$ -	\$ 110,915	\$ 70,646
Deferred revenue (note 7)	25,000	-	-	-	92,618	117,618	230,875
Interfund transfer (note 5)	-	71,321	121,477	140,455	-	333,253	144,501
	135,915	71,321	121,477	140,455	92,618	561,786	446,022
Conditionally repayable contributions (note 8)	-	-	-	9,627,538	-	9,627,538	9,627,538
	135,915	71,321	121,477	9,767,993	92,618	10,189,324	10,073,560
Fund balances							
Externally restricted	-	(13,755)	-	78,595,527	2,897,000	81,478,772	78,595,009
Unrestricted	208,455	-	-	-	-	208,455	198,837
	208,455	(13,755)	-	78,595,527	2,897,000	81,687,227	78,793,846
	\$ 344,370	\$ 57,566	\$ 121,477	\$ 88,363,520	\$ 2,989,618	\$ 91,876,551	\$ 88,867,406

Approved on behalf of the board
Russell J. Crook
 Director _____

Tony Walker
 Director _____

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATING FUND
STATEMENT OF OPERATIONS
For the year ended March 31, 2023

	Operating Fund	PrairieCan Conditionally Repayable EDP Fund	PrairieCan Non-Repayable Canada Coal Transition Initiative Fund	Regional Relief and Recovery Fund	Capital Growth Initiative Fund	2023 Total	2022 Total
Revenue							
Government of Alberta	\$ -	\$ -	\$ -	\$ -	\$ 2,897,000	\$ 2,897,000	\$ -
Prairies Economic Development Canada (schedule 1)	246,253	165,373	264,121	-	-	675,747	14,709,332
Projects, conferences, and professional development income	260,786	-	-	-	-	260,786	118,226
Interest transferred from CFLIP	92,528	-	-	-	-	92,528	-
Administration income	46,589	-	-	-	10,381	56,970	108,944
Other income	-	-	-	-	-	-	3,000
RRRF operating expense recovery	-	-	-	-	-	-	109,154
	646,156	165,373	264,121	-	2,907,381	3,983,031	15,048,656
Expenses							
Special projects	151,399	56,785	30,324	-	-	238,508	133,801
Salaries and benefits	228,924	-	-	-	-	228,924	264,706
Training	23,106	-	185,098	-	-	208,204	161,209
Project management fee	-	56,000	33,150	-	10,382	99,532	90,550
Travel - board and office	66,026	444	5,621	-	-	72,091	8,261
Conference expenses	59,581	-	-	-	-	59,581	25,447
Self-management	-	42,064	-	-	-	42,064	55,307
RRRF website development	34,154	-	-	-	-	34,154	83,814
Telephone, fax and internet	29,825	-	-	-	-	29,825	9,580
Marketing	9,504	14,145	-	-	-	23,649	30,593
Professional fees	18,876	-	-	-	-	18,876	7,233
Office	10,955	-	-	-	-	10,955	5,417
GST expense	7,121	2,133	1,348	-	-	10,602	7,414
Overhead	-	6,000	-	-	-	6,000	6,000
Insurance	4,636	-	-	-	-	4,636	2,177
Interest and bank charges	2,049	-	-	-	-	2,049	1,544
RRRF operating	-	-	-	-	-	-	10,046
Alberta Community and Co-operative Association	-	-	-	-	-	-	750
	646,156	177,571	255,541	-	10,382	1,089,650	903,849
Excess (deficiency) of revenue over expenses	\$ -	\$ (12,198)	\$ 8,580	\$ -	\$ 2,896,999	\$ 2,893,381	\$ 14,144,807

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATING FUND
STATEMENT OF CHANGES IN FUND BALANCES
For the year ended March 31, 2023

		Operating Fund	PrairieCan Conditionally Repayable EDP Fund	PrairieCan Non-Repayable Canada Coal Transition Initiative Fund	Regional Relief and Recovery Fund	Capital Growth Initiative Fund	2023 Total	2022 Total
Balance, beginning of year	\$	198,837	\$ (1,557)	\$ 1,039	\$ 78,595,527	\$ -	\$ 78,793,846	\$ 64,649,039
Excess (deficiency) of revenue over expenses	-		(12,198)	8,579	-	2,897,000	2,893,381	14,144,807
Interfund transfer	9,618		-	(9,618)	-	-	-	-
Balance, end of year	\$	208,455	\$ (13,755)	\$ -	\$ 78,595,527	\$ 2,897,000	\$ 81,687,227	\$ 78,793,846

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATING FUND
STATEMENT OF CASH FLOWS
For the year ended March 31, 2023

	Operating Fund	PrairieCan Conditionally Repayable EDP Fund	PrairieCan Non-Repayable Canada Coal Transition Initiative Fund	Regional Relief and Recovery Fund	Capital Growth Initiative Fund	2023 Total	2022 Total
Cash flows from operating activities							
Excess (deficiency) of revenue over expenses	\$ -	\$ (12,198)	\$ 8,580	\$ -	\$ 2,896,999	\$ 2,893,381	\$ 14,144,807
Net change in non-cash working capital items							
Accounts receivable	(31,140)	(8,171)	6,294	-	-	(33,017)	237,445
Due from CFLIP Fund	(77,727)	-	-	(3,980,992)	-	(4,058,719)	(2,487,505)
Prepaid expenses	3,750	-	-	-	-	3,750	(4,070)
Accounts payable and accrued liabilities	89,048	(6,418)	(42,361)	-	-	40,269	4,222
Deferred revenue	(205,875)	-	-	-	92,619	(113,256)	(20,458)
Interfund transfers	(27,110)	26,787	27,487	124,860	(152,024)	-	-
	(249,054)	-	-	(3,856,132)	2,837,594	(1,267,592)	11,874,441
Cash flows from financing activities							
Conditionally repayable contributions	-	-	-	-	-	-	1,000,000
Contributions repaid	-	-	-	-	-	-	(10,754,463)
	-	-	-	-	-	-	(9,754,463)
Cash flows from lending activities							
Loan advances	-	-	-	-	(2,897,000)	(2,897,000)	(8,732,824)
Loan repayments	-	-	-	3,987,950	59,406	4,047,356	2,487,505
	-	-	-	3,987,950	(2,837,594)	1,150,356	(6,245,319)
Increase (decrease) in cash	(249,054)	-	-	131,818	-	(117,236)	(4,125,341)
Cash, beginning of year	292,922	-	-	80	-	293,002	4,418,343
Cash, end of year	\$ 43,868	\$ -	\$ -	\$ 131,898	\$ -	\$ 175,766	\$ 293,002

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATING FUND

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

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, 2023

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.

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATING FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023

4. Due from CFLIP Fund

	2023	2022
Regional Relief and Recovery Fund repayments	\$ 6,684,384	\$ 2,703,392
Interest transfer	77,727	-
	<u>\$ 6,762,111</u>	<u>\$ 2,703,392</u>

During the year, there was \$3,980,994 of RRRF repayments transferred to CFLIP to be invested.

CFNA also received approval from Prairies Economic Development Canada to transfer \$92,528 of interest from CFLIP to CFNA to cover administrative expenses. \$14,801 was transferred in prior years, leaving \$77,727 of additional interest to be transferred.

5. Interfund transfers

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

	2023	2022
Canada Coal Transition Initiative Fund	\$ (121,477)	\$ 84,372
EDP Fund	(71,321)	44,534
Regional Recovery and Relief Fund	(140,455)	15,595
Capital Growth Initiative	152,024	-
PrairiesCan Operating Fund	181,229	(144,501)
	<u>\$ -</u>	<u>\$ -</u>

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, 2023, \$6,684,384 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. The funds are repaid to Community Futures Network of Alberta as clients make repayments to each individual office. As of March 31, 2023, \$59,406 in repayments have been received.

COMMUNITY FUTURES NETWORK OF ALBERTA - OPERATING FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023

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	Repayable	Balance, end of year
Capital Growth Initiative	\$ -	\$ 2,970,000	\$ (2,897,000)	\$ -	\$ 73,000
Capital Growth Initiative- Admin	-	30,000	(10,382)	-	19,618
Business Link	25,000	-	-	-	25,000
Cyber Security	191,074	-	(112,326)	(78,748)	-
CFLIP transfer	14,801	-	(14,801)	-	-
	\$ 230,875	\$ 3,000,000	\$ (3,034,509)	\$ (78,748)	\$ 117,618

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, 2025.

	2023	2022
British Columbia	\$ 4,070,441	\$ 4,070,441
Manitoba	3,518,237	3,518,237
Saskatchewan	2,038,860	2,038,860
	\$ 9,627,538	\$ 9,627,538

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 - OPERATING FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023

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
SCHEDULE TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023

Schedule of PrairiesCan operating fund revenue and expenses

Schedule 1

	2023	2022
Prairies Economic Development Canada - contributions	\$ 246,253	\$ 321,253
Expenses		
Salaries and benefits	228,924	264,706
Travel - board and office	66,026	6,488
Telephone, fax and internet	29,825	9,580
Training	23,106	-
Professional fees	18,876	7,233
Office	10,955	21,626
Marketing	9,504	17,102
GST expense	4,883	2,192
Insurance	4,636	2,177
Interest and bank charges	2,049	1,544
RRRF portal	-	6,746
	398,784	339,394
Deficiency of revenue over expenses	\$ (152,531)	\$ (18,141)