

COMMUNITY FUTURES CAPITAL REGION

Financial Statements

Year Ended March 31, 2019

COMMUNITY FUTURES CAPITAL REGION

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Year Ended March 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Members of Community Futures Capital Region

Opinion

We have audited the financial statements of Community Futures Capital Region (the Company), which comprise the statement of financial position as at March 31, 2019, and the statements of changes in net assets and 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 Company as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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

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 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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:

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Independent Auditor's Report to the Members of Community Futures Capital Region *(continued)*

- 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 Company'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 Company'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 Company 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.



Drayton Valley, Alberta
June 17, 2019

CHARTERED PROFESSIONAL ACCOUNTANTS

COMMUNITY FUTURES CAPITAL REGION

Statement of Financial Position

March 31, 2019

	General Fund 2019	Restricted General 2019	Restricted Disabled 2019	Total 2019	Total 2018
ASSETS					
CURRENT					
Cash	\$ 114,687	\$ 188,766	\$ 143,040	\$ 446,493	\$ 463,878
Term deposits	-	155,921	-	155,921	151,772
Accounts receivable (Note 3)	3,827	-	-	3,827	3,788
Accrued interest receivable (Note 4)	-	4,343	-	4,343	2,981
Prepaid expenses	1,886	-	-	1,886	1,862
Inter-fund receivable (Note 5)	-	-	74,692	74,692	-
Current portion of investment loans receivable (Note 7)	-	291,338	-	291,338	225,503
	120,400	640,368	217,732	978,500	849,784
PROPERTY AND EQUIPMENT (Net of accumulated amortization) (Note 6)	343,982	-	-	343,982	355,143
LOANS AND NOTES RECEIVABLE (Note 7)	-	785,796	-	785,796	755,450
	\$ 464,382	\$ 1,426,164	\$ 217,732	\$ 2,108,278	\$ 1,960,377

See notes to financial statements

COMMUNITY FUTURES CAPITAL REGION

Statement of Financial Position

March 31, 2019

	General Fund 2019	Restricted General 2019	Restricted Disabled 2019	Total 2019	Total 2018
LIABILITIES AND NET ASSETS					
CURRENT					
Accounts payable	\$ 14,810	\$ -	\$ -	\$ 14,810	\$ 19,618
Deferred income	41,280	-	-	41,280	-
Inter-fund payable (Note 5)	50,661	24,031	-	74,692	-
	106,751	24,031	-	130,782	19,618
NET ASSETS (Notes 9, 10)	357,631	1,402,133	217,732	1,977,496	1,940,759
	\$ 464,382	\$ 1,426,164	\$ 217,732	\$ 2,108,278	\$ 1,960,377

ON BEHALF OF THE BOARD

_____ Director
 _____ Director

COMMUNITY FUTURES CAPITAL REGION
Statement of General Fund Revenues and Expenses

Year Ended March 31, 2019

	Total 2019	Total 2018
REVENUE		
Federal contracts	\$ 294,963	\$ 294,963
Summer entrepreneurial program	10,900	6,905
Loan fees and other	10,896	14,279
Open farm days	9,231	-
Status of women	7,652	-
Interest	1,716	1,330
Canada Alberta job grant	1,667	-
Other Revenue	521	-
Succession planning program	-	68,500
	<u>337,546</u>	<u>385,977</u>
EXPENSES		
Salaries and benefits	221,633	221,873
Professional, accounting and audit	16,149	17,137
Office	12,606	17,651
Utilities	11,064	10,020
Non-wage grant expenses	10,356	-
Board member expenses	9,861	8,685
Repairs and maintenance	9,569	7,319
Travel	6,675	5,005
Property taxes	3,941	3,860
Summer entrepreneurial program expenses	3,000	3,500
Advertising and promotion	2,747	3,130
Community education program	2,220	1,381
Professional development	1,918	2,668
Insurance	1,241	2,483
Sponsorships	800	-
Memberships and dues	626	711
Bank charges and loan costs	617	465
Provision for investment losses	617	8,737
Publications	250	-
GST not recovered	-	350
Succession planning	-	67,290
Amortization	12,939	13,266
	<u>328,829</u>	<u>395,531</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 8,717	\$ (9,554)

COMMUNITY FUTURES CAPITAL REGION
Statement of Loan Investment Fund Revenues and Expenses

Year Ended March 31, 2019

	Restricted General 2019	Restricted Disabled 2019	Total 2019	Total 2018
REVENUE				
Investment interest	\$ 72,878	\$ -	\$ 72,878	\$ 67,805
Bank interest	4,181	2,533	6,714	5,322
CFLIP interest	4,778	-	4,778	1,772
Unrealized gain (loss) - CFLIP	(630)	-	(630)	-
	<u>81,207</u>	<u>2,533</u>	<u>83,740</u>	<u>74,899</u>
EXPENSES				
Provision for investment losses	55,434	-	55,434	102,468
Bank charges and loan costs	286	-	286	288
	<u>55,720</u>	<u>-</u>	<u>55,720</u>	<u>102,756</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 25,487</u>	<u>\$ 2,533</u>	<u>\$ 28,020</u>	<u>\$ (27,857)</u>

COMMUNITY FUTURES CAPITAL REGION

Statement of Changes in Net Assets

Year Ended March 31, 2019

	General Fund 2019	Restricted General 2019	Restricted Disabled 2019	Total 2019	Total 2018
NET ASSETS - BEGINNING OF YEAR					
As previously reported	\$ 248,620	\$ 1,476,940	\$ 215,199	\$ 1,940,759	\$ 1,978,170
Correction of a prior period accounting error <i>(Note 2)</i>	100,294	(100,294)	-	-	-
As restated	348,914	1,376,646	215,199	1,940,759	1,978,170
Excess of revenues over expenses	8,717	25,487	2,533	36,737	(37,411)
Interest transfer	-	-	-	-	-
NET ASSETS - END OF YEAR	\$ 357,631	\$ 1,402,133	\$ 217,732	\$ 1,977,496	\$ 1,940,759

Breakdown of Net Assets

Year Ended March 31, 2019

	General Fund 2019	Restricted General 2019	Restricted Disabled 2019	Total 2019	Total 2018
Original contributions	\$ -	\$ 1,187,500	\$ 200,000	\$ 1,387,500	\$ 1,387,500
Earned net assets	357,631	214,633	17,732	589,996	553,259
	\$ 357,631	\$ 1,402,133	\$ 217,732	\$ 1,977,496	\$ 1,940,759

COMMUNITY FUTURES CAPITAL REGION

Statement of Cash Flows

Year Ended March 31, 2019

	General Fund 2019	Restricted General 2019	Restricted Disabled 2019	Total 2019	Total 2018
OPERATING ACTIVITIES					
Excess (deficiency) of revenues over expenses	\$ 8,717	\$ 25,487	\$ 2,533	\$ 36,737	\$ (37,410)
Items not affecting cash:					
Amortization of property and equipment	12,939	-	-	12,939	13,266
Provision for investment loss	617	55,434	-	56,051	111,205
	<u>22,273</u>	<u>80,921</u>	<u>2,533</u>	<u>105,727</u>	<u>87,061</u>
Changes in non-cash working capital:					
Accounts and interest receivable	(680)	(1,362)	-	(2,042)	(19,068)
Inter-fund payable (receivable)	150,955	(76,263)	(74,692)	-	-
Accounts payable	(4,808)	-	-	(4,808)	369
Deferred income	41,280	-	-	41,280	-
	<u>186,747</u>	<u>(77,625)</u>	<u>(74,692)</u>	<u>34,430</u>	<u>(18,699)</u>
Cash flow from (used by) operating activities	<u>209,020</u>	<u>3,296</u>	<u>(72,159)</u>	<u>140,157</u>	<u>68,362</u>
INVESTING ACTIVITIES					
Purchase of property and equipment	(1,778)	-	-	(1,778)	-
Repayment of loans and notes receivable	-	381,801	-	381,801	325,871
Advances to loans and notes receivable	-	(533,416)	-	(533,416)	(431,920)
Cash flow from (used by) investing activities	<u>(1,778)</u>	<u>(151,615)</u>	<u>-</u>	<u>(153,393)</u>	<u>(106,049)</u>
INCREASE (DECREASE) IN CASH FLOW	<u>207,242</u>	<u>(148,319)</u>	<u>(72,159)</u>	<u>(13,236)</u>	<u>(37,687)</u>
Cash (deficiency) - beginning of year	<u>(92,555)</u>	<u>493,006</u>	<u>215,199</u>	<u>615,650</u>	<u>653,337</u>
CASH - END OF YEAR	<u>\$ 114,687</u>	<u>\$ 344,687</u>	<u>\$ 143,040</u>	<u>\$ 602,414</u>	<u>\$ 615,650</u>
CASH CONSISTS OF:					
Cash	\$ 114,687	\$ 188,766	\$ 143,040	\$ 446,493	\$ 463,878
Term deposits	-	155,921	-	155,921	151,772
	<u>\$ 114,687</u>	<u>\$ 344,687</u>	<u>\$ 143,040</u>	<u>\$ 602,414</u>	<u>\$ 615,650</u>

See notes to financial statements

COMMUNITY FUTURES CAPITAL REGION

Notes to Financial Statements

Year Ended March 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization purpose and basis of presentation

Community Futures Capital Region (the "organization") is a not-for-profit organization incorporated provincially under the Not-for-profit Corporations Act of Alberta. Management has determined that they are exempt from payment of income tax under Section 149(1) of the Income Tax Act.

With the financial support of the Government of Canada, it provides loans and financial services to small businesses otherwise unable to obtain financing, delivers government services and programs related to employment and economic development, provides training and business advisory services, and contributes leadership and expertise in economic development to local communities.

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPFO).

Fund accounting

Community Futures Capital Region follows the restricted fund method of accounting for contributions.

The General Fund accounts for the organization's operating costs, operating grants and general revenues. Project funding is reported as revenue and the related project costs are included in various categories of expense. Cash balances in excess of those required to fund loans approved are retained in the general fund for efficient investment in short term securities. Net transfers of cash appear as inter-fund transfers and the accumulated balance is reflected as inter-fund receivables and payables.

The Loan Investment Funds report restricted resources that are to be used for assistance to small businesses and entrepreneurs in the form of loans, loan guarantees or equity participation. Loans from the Loan Investment Fund for the Disabled are limited to businesses owned and operated by disabled entrepreneurs. The organization is restricted in the types of loans that can be made according to its agreement with the Government of Canada.

Recognition of Contributions

Federal contracts and grants are included in revenue in the year in which they are received or become receivable, with the exception that amounts received to fund specific expenditures are included in revenue in the year the funds are expended.

Recognition of Other Revenues

Revenue from all other sources is included in revenue in the year in which it is received or becomes receivable.

Contributed services

The organization would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Because of the difficulty of compiling these hours, contributed services are not recognized in the financial statements.

Cash and cash equivalents

Cash and cash equivalents consist of balances with banks and short-term investments with maturities not exceeding 90 days.

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COMMUNITY FUTURES CAPITAL REGION

Notes to Financial Statements

Year Ended March 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investment Loans and Accrued Interest Receivable

Investment loans receivable are classified as held to maturity financial instruments and are recorded at the lower of principal plus accrued interest and estimated realizable value.

Interest income from loans is recorded on the accrual basis for all loans not classified as impaired. Loans are classified as impaired when there is reasonable doubt as to the timely collection of some portion of principal or interest. This assessment is made by management and the Board of Directors.

When a loan is classified as impaired, recognition of interest income in accordance with the original loan agreement ceases. Any subsequent payments received on an impaired loan are applied to reduce the recorded investment in the loan.

Allowance for Doubtful Loans

The organization maintains an allowance for doubtful loans that reduces the carrying value of loans to their estimated realizable amount. The allowance is increased by a provision for investment losses which is charged to income and reduced by write-offs, net of recoveries.

The Allowance for Doubtful Loans is calculated by management based on specific doubtful loans plus 3% (3% - 2017) of the rest of the portfolio.

Property and equipment

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Equipment is amortized over their estimated useful lives on a declining balance basis at the following rates.

Building and land	3%	declining balance method
Computer hardware	33%	declining balance method
Computer software	50%	declining balance method
Office furniture and fixtures	20%	declining balance method

Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Current estimates include, allowance for doubtful accounts and depreciation of capital assets. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

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COMMUNITY FUTURES CAPITAL REGION

Notes to Financial Statements

Year Ended March 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial Instruments Policy

Held for trading

The organization has classified the following financial assets and liabilities as held for trading: cash and short term investments. These instruments are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Held for trading financial instruments are subsequently measured at their fair value. Gains and losses arising from changes in fair value are recognized immediately in net income.

Loans and receivables

The organization has classified the following financial assets as loans and receivables: trade accounts receivable and long term loans receivable. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate method, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount, and less any reduction for impairment or uncollectibility. Gains or losses arising from changes in fair value are recognized in net income from derecognition or impairment.

Other financial liabilities

The organization has classified the following financial liabilities as other financial liabilities: accounts payable and accruals. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to its net carry value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount. Gains and losses arising from the changes in fair value are recognized in net income upon derecognition or impairment.

2. CORRECTION OF A PRIOR PERIOD ACCOUNTING ERROR

During the year it was discovered that the organization had inadvertently not recorded approved interest transfer requests to transfer interest revenue earned in the restricted general fund to the general fund for the purpose of offsetting one-time expenses incurred in fiscal years 2009 and 2010. The following table summarizes the impact of the changes to the prior period financial statements.

	As Previously stated	Amount of change	As Restated
Net assets - restricted general	\$ 1,476,940	\$ (100,294)	\$ 1,376,646
Net assets - general fund	248,620	100,294	348,914
	<u>\$ 1,725,560</u>	<u>\$ -</u>	<u>\$ 1,725,560</u>

COMMUNITY FUTURES CAPITAL REGION

Notes to Financial Statements

Year Ended March 31, 2019

3. ACCOUNTS RECEIVABLE

Accounts receivable is comprised of

	2019	2018
GST receivable	\$ 1,547	\$ 1,108
Trade receivables	500	-
Loan fees receivable	6,592	11,417
Less: provision for loan fees receivable	(4,812)	(8,737)
	\$ 3,827	\$ 3,788

4. ACCRUED INTEREST RECEIVABLE

	Restricted General	Restricted Disabled	2019	2018
Interest in arrears	\$ 23,665	\$ -	\$ 23,665	\$ 21,533
Less: provision for loan losses	(19,322)	-	(19,322)	(18,552)
	\$ 4,343	\$ -	\$ 4,343	\$ 2,981

5. INTER-FUND RECEIVABLE/PAYABLE

The inter-fund balances are of an operating nature and will be paid/repaid in the next fiscal year.

6. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Building and land	\$ 486,550	\$ 144,532	\$ 342,018	\$ 352,596
Computer hardware	58,174	56,210	1,964	2,547
Computer software	2,764	2,764	-	-
Office furniture and fixtures	44,477	44,477	-	-
	\$ 591,965	\$ 247,983	\$ 343,982	\$ 355,143

COMMUNITY FUTURES CAPITAL REGION

Notes to Financial Statements

Year Ended March 31, 2019

7. INVESTMENT LOANS RECEIVABLE

	Restricted General	Restricted Disabled	2019	2018
Loans Receivable	\$ 1,209,475	\$ -	\$ 1,209,475	\$ 1,121,889
Less: allowance for loan impairment	(132,341)	-	(132,341)	(140,936)
Less: current portion	(291,338)	-	(291,338)	(225,503)
	<u>\$ 785,796</u>	<u>\$ -</u>	<u>\$ 785,796</u>	<u>\$ 755,450</u>

An allowance for impairment on investment loans is made based on expected loan default rates, potential loss ratios and review of loans portfolio, as determined by management as follows:

ALLOWANCE FOR LOAN IMPAIRMENT:

Balance, beginning of year	\$ (140,936)	\$ -	\$ (140,936)	\$ (129,147)
Provision for loan losses	(54,593)	-	(54,593)	(83,915)
Amounts written off to the allowance	63,188	-	63,188	72,126
Amounts recovered from the allowance	-	-	-	-
Balance at end of year	<u>\$ (132,341)</u>	<u>\$ -</u>	<u>\$ (132,341)</u>	<u>\$ (140,936)</u>
Total recorded investment on impaired loans	<u>\$ 276,555</u>	<u>\$ -</u>	<u>\$ 276,555</u>	<u>\$ 211,058</u>

In accordance with the Corporation's objectives, the Corporation has provided loans to small businesses. Outstanding loans to entrepreneurs are interest bearing at fixed rates varying from 6.0% to 10.0% per annum with monthly blended principal and interest repayments amortized for terms between 12 and 60 months. Security is taken on these loans as appropriate to the situation and includes personal guarantees, general security agreements covering business assets and mortgages on property.

8. SHORT TERM DEBT

The organization also has a credit facility of \$750,000 from Community Futures Network of Alberta. As at March 31, 2019, the organization used \$Nil (\$Nil in 2018) from its credit facility. As a security for the repayment, the Society provided a general security agreement and a promissory note for the total amount of the loan.

9. GENERAL FUND NET ASSETS

Included in the general fund net assets is \$343,982 (2018 - \$355,143) that is invested in capital assets.

COMMUNITY FUTURES CAPITAL REGION

Notes to Financial Statements

Year Ended March 31, 2019

10. EXTERNALLY RESTRICTED ASSETS

Loan funds contributed by the government are classified as repayable, non-repayable and disabled according to the nature of the restrictions placed on their use and the term of the program for which they were advanced. Externally imposed restrictions on loan investment fund balances are as follows:

	<u>2019</u>	<u>2018</u>
General	\$ 1,402,133	\$ 1,376,646
Disabled	<u>217,732</u>	<u>215,199</u>
	<u>\$ 1,619,865</u>	<u>\$ 1,591,845</u>

Under the terms and conditions of the contribution agreement with the Department of Western Economic Diversification, loan investment funds include Conditionally Repayable Funds in the amount of \$1,387,500 that are repayable if any of the following conditions occur:

- a) The Conditionally Repayable Investment fund is not administered according to the terms and conditions specified in the Agreement; or
- b) Based on review and evaluations of the operations and the Conditionally Repayable Investment Fund of the organization, the Conditionally Repayable investment Fund is not providing a satisfactory level of benefits in terms of employment creation, the development of community-owned or controlled businesses and strengthening of the western Canadian economy; or
- c) In the opinion of the Minister, the Conditionally Repayable Investment Fund is no longer necessary or relevant to the development of the Western Canadian economy; or
- d) The Agreement is terminated as described in Section 12 of the Agreement; or
- e) An event of default occurs as described in Section 7 of the Agreement; or
- f) The Minister does not approve terms and conditions to extend the project beyond March 31, 2021.
- g) If this agreement is not renewed beyond the March 31, 2021 ending date, the outstanding loans receivable would be liquidated in an orderly fashion over a period of 3 to 5 years. Minimal staff would be kept on to oversee this process and operational costs would have to be covered by the interest earned by the loans as the Department of Western Economic Diversification would no longer fund operational costs. No new loans receivable would be granted and no other projects would be initiated.

COMMUNITY FUTURES CAPITAL REGION

Notes to Financial Statements

Year Ended March 31, 2019

11. RELATED PARTY TRANSACTIONS

a) During the year, the Corporation entered into transactions with the following related parties:

Rick Morawski, board chair
Tyler Bentley, board vice chair
Vanessa Simonin, board secretary/treasurer
Ron Hanchurak, board director
Patricia Piironen, board director
Brad Hopfauf, board director
Wanda Compton, board director
Christina Tyschuck, board director
Ray Labossiere, board director

b) The Corporation entered into the following transactions with related parties.

	<u>2019</u>	<u>2018</u>
<u>Board and committee expenses and reimbursements</u>		
Board members	<u>5,762</u>	<u>3,122</u>
Grand total	<u>\$ 5,762</u>	<u>\$ 3,122</u>

12. ECONOMIC DEPENDENCE

The organization receives a significant portion of its operating revenues from the Federal and Provincial governments and is economically dependent upon them.

COMMUNITY FUTURES CAPITAL REGION

Notes to Financial Statements

Year Ended March 31, 2019

13. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2019.

(a) Credit risk

The company is exposed to credit risk on investment loans receivable from its applicants. In order to reduce its credit risk, the company has adopted credit policies and all loans are approved by the Board of Directors. The organization also provides for doubtful accounts based on estimated realizable value of the investment loans receivable.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, obligations under capital leases, contributions to the pension plan, and accounts payable.

(c) 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. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate on short-term debt.

(d) Changes in Risk

There have been no changes in the organization's risk exposures from the prior year