

**COMMUNITY FUTURES CAPITAL REGION**

**Financial Statements**

**Year Ended March 31, 2024**

COMMUNITY FUTURES CAPITAL REGION

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Year Ended March 31, 2024

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Community Futures Capital Region

### *Opinion*

We have audited the financial statements of Community Futures Capital Region (the "organization"), which comprise the statement of financial position as at March 31, 2024, and the statements of revenues and expenditures, 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 organization as at March 31, 2024, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

### *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 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.

### *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 ASNPO, 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.

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



Drayton Valley, Alberta  
June 25, 2024

CHARTERED PROFESSIONAL ACCOUNTANTS

**COMMUNITY FUTURES CAPITAL REGION**  
**Statement of Financial Position**  
**March 31, 2024**


	General Fund 2024	Restricted General 2024	Restricted Disabled 2024	Restricted RRRF 2024	Restricted CGI 2024	Total 2024	Total 2023
<b>ASSETS</b>							
<b>CURRENT</b>							
Cash	\$ 447,210	\$ 273,505	\$ 173,557	\$ -	\$ -	\$ 894,272	\$ 712,725
Accounts receivable (Note 2)	11,790	-	-	-	-	11,790	16,347
Accrued interest receivable (Note 3)	-	10,943	-	8	996	11,947	11,663
Prepaid expenses	3,842	-	-	-	-	3,842	3,882
Inter-fund receivable (Note 4)	-	-	1,600	151,411	12,945	165,956	62,294
Current portion of investment loans receivable (Note 18)	-	236,959	3,272	35,745	19,401	295,377	249,629
	462,842	521,407	178,429	187,164	33,342	1,383,184	1,056,540
PROPERTY, PLANT AND EQUIPMENT (Net of accumulated amortization) (Note 5)	321,809	-	-	-	-	321,809	333,692
LOANS AND NOTES RECEIVABLE (Note 18)	-	1,266,329	4,937	354,097	100,610	1,725,973	4,779,187
	\$ 784,651	\$ 1,787,736	\$ 183,366	\$ 541,261	\$ 133,952	\$ 3,430,966	\$ 6,169,419

See notes to financial statements

**COMMUNITY FUTURES CAPITAL REGION**  
**Statement of Financial Position**  
**March 31, 2024**

	General Fund 2024	Restricted General 2024	Restricted Disabled 2024	Restricted RRRF 2024	Restricted CGI 2024	Total 2024	Total 2023
<b>LIABILITIES AND NET ASSETS</b>							
<b>CURRENT</b>							
Accounts payable	\$ 23,159	\$ 37	\$ -	\$ 148,665	\$ -	\$ 171,861	\$ 17,943
Deferred income (Note 8)	51,336	-	-	-	-	51,336	3,450
Inter-fund payable (Note 4)	145,711	20,246	-	-	-	165,957	62,294
	220,206	20,283	-	148,665	-	389,154	83,687
<b>LONG TERM DEBT (Note 9)</b>	72,011	-	-	-	-	72,011	111,154
	292,217	20,283	-	148,665	-	461,165	194,841
<b>NET ASSETS (Notes 12, 13)</b>	492,434	1,767,453	183,366	392,596	133,952	2,969,801	5,974,578
	\$ 784,651	\$ 1,787,736	\$ 183,366	\$ 541,261	\$ 133,952	\$ 3,430,966	\$ 6,169,419

ON BEHALF OF THE BOARD

 Director

See notes to financial statements

**COMMUNITY FUTURES CAPITAL REGION**  
**Statement of Revenues and Expenditures**  
**Year Ended March 31, 2024**

	General Fund 2024	Restricted General 2024	Restricted Disabled 2024	Restricted RRRF 2024	Restricted CGI 2024	Total 2024	Total 2023
<b>REVENUES</b>							
Federal contracts	\$ 334,106	\$ -	\$ -	\$ -	\$ -	\$ 334,106	\$ 294,963
Investment interest	-	95,783	3,090	2,755	5,382	107,010	111,206
Bank interest	29,573	21,701	7,297	-	-	58,571	18,973
Programs and other (Schedule 3)	22,260	-	-	-	-	22,260	109,412
Loan fees	16,749	-	-	-	-	16,749	18,746
Capital Growth Initiative	3,000	-	-	-	-	3,000	10,000
	405,688	117,484	10,387	2,755	5,382	541,696	563,300
<b>EXPENSES</b>							
Salaries and benefits	262,405	-	-	-	-	262,405	267,269
Professional, accounting and audit	28,218	-	-	-	-	28,218	26,107
Consultants	28,432	-	-	-	-	28,432	24,583
Utilities	16,663	-	-	-	-	16,663	14,542
Advertising and promotion	14,936	-	-	-	-	14,936	37,361
Office	8,712	-	-	-	-	8,712	6,962
Board member expenses	7,038	-	-	-	-	7,038	7,507
Travel	7,054	-	-	-	-	7,054	8,598
Repairs and maintenance	5,860	-	-	-	-	5,860	11,663
Property taxes	4,273	-	-	-	-	4,273	4,228
Insurance	3,049	-	-	-	-	3,049	1,640
Professional development	3,033	-	-	-	-	3,033	13,481
Bank charges and loan costs	579	979	-	-	-	1,558	6,099
Sponsorship	960	-	-	-	-	960	1,500
Memberships and dues	449	-	-	-	-	449	512
Loan payout (Note 14)	-	-	-	-	-	-	4,840
Provision (recovery) for investment losses	1,765	44,761	(1,777)	659,556	2,980	707,285	114,998
Forgivable portion	-	-	-	681,646	-	681,646	80,000
Amortization	11,883	-	-	-	-	11,883	13,500
	405,309	45,740	(1,777)	1,341,202	2,980	1,793,454	645,390
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	\$ 379	\$ 71,744	\$ 12,164	\$ (1,338,447)	\$ 2,402	\$ (1,251,758)	\$ (82,090)

See notes to financial statements

**COMMUNITY FUTURES CAPITAL REGION**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2024**

	General Fund 2024	Restricted General 2024	Restricted Disabled 2024	Restricted RRRF 2024	Restricted CGI 2024	Total 2024	Total 2023
<b>NET ASSETS - BEGINNING OF YEAR</b>							
Deficiency of revenues over expenses	\$ 492,055	\$ 1,695,709	\$ 171,202	\$ 3,517,395	\$ 98,217	\$ 5,974,578	\$ 6,161,668
Contributions during year	379	71,744	12,164	(1,338,447)	2,402	(1,251,758)	(82,090)
Repayments during year	-	-	-	-	33,333	33,333	100,000
Amounts Repayable	-	-	-	(1,637,687)	-	(1,637,687)	(205,000)
	-	-	-	(148,665)	-	(148,665)	-
<b>NET ASSETS - END OF YEAR</b>	\$ 492,434	\$ 1,767,453	\$ 183,366	\$ 392,596	\$ 133,952	\$ 2,969,801	\$ 5,974,578

See notes to financial statements



**COMMUNITY FUTURES CAPITAL REGION**

**Breakdown of Net Assets**

**Year Ended March 31, 2024**

	General Fund 2024	Restricted General 2024	Restricted Disabled 2024	Restricted RRRF 2024	Restricted CGI 2024	Total 2024	Total 2023
Original contributions	\$ -	\$ 1,187,500	\$ 200,000	\$ 1,920,231	\$ 133,333	\$ 3,441,064	\$ 5,194,082
Earned net assets	492,434	579,953	(16,634)	(765,989)	619	290,383	860,496
Forgivable portion	-	-	-	(761,646)	-	(761,646)	(80,000)
	\$ 492,434	\$ 1,767,453	\$ 183,366	\$ 392,596	\$ 133,952	\$ 2,969,801	\$ 5,974,578

See notes to financial statements

**COMMUNITY FUTURES CAPITAL REGION**  
**Statement of Cash Flows**  
**Year Ended March 31, 2024**

	General Fund 2024	Restricted General 2024	Restricted Disabled 2024	Restricted RRRF 2024	Restricted CGI 2024	Total 2024	Total 2023
<b>OPERATING ACTIVITIES</b>							
Excess (deficiency) of revenues over expenses	\$ 379	\$ 71,744	\$ 12,164	\$ (1,338,447)	\$ 2,402	\$ (1,251,758)	\$ (82,090)
Items not affecting cash:							
Amortization of property, plant and equipment	11,883	-	-	-	-	11,883	13,500
Provision (recovery) for investment losses	1,765	44,761	(1,777)	659,556	2,980	707,285	114,998
Forgiven portion of loan	-	-	-	681,646	-	681,646	80,000
	14,027	116,505	10,387	2,755	5,382	149,056	126,408
Changes in non-cash working capital:							
Accounts and interest receivable	2,794	(5,595)	2,220	(8)	(279)	(868)	(2,370)
Accounts payable	5,215	37	-	148,665	-	153,917	(2,689)
Deferred income	8,743	-	-	-	-	8,743	-
Prepaid expenses	40	-	-	-	-	40	133
Inter-fund payable (receivable)	99,669	82,040	(4,853)	(164,411)	(12,445)	-	-
	116,461	76,482	(2,633)	(15,754)	(12,724)	161,832	(4,926)
Cash flow from (used by) operating activities	130,488	192,987	7,754	(12,999)	(7,342)	310,888	121,482
<b>INVESTING ACTIVITIES</b>							
Purchase of property, plant and equipment	-	-	-	-	-	-	(1,732)
Repayment of loans and notes receivable	-	411,210	71,237	1,799,351	7,009	2,288,807	721,149
Addition to loans and notes receivable	-	(620,129)	(12,000)	-	(33,000)	(665,129)	(604,103)
Cash flow from (used by) investing activities	-	(208,919)	59,237	1,799,351	(25,991)	1,623,678	115,314
<b>FINANCING ACTIVITIES</b>							
Contributions during the year	-	-	-	-	33,333	33,333	100,000
Repayments during the year	-	-	-	(1,786,352)	-	(1,786,352)	(205,000)
Short term debt	-	-	-	-	-	-	(100,000)
Cash flow from (used by) financing activities	-	-	-	(1,786,352)	33,333	(1,753,019)	(205,000)
<b>INCREASE (DECREASE) IN CASH FLOW</b>	130,488	(15,932)	66,991	-	-	181,547	31,796

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See notes to financial statements

**COMMUNITY FUTURES CAPITAL REGION**  
**Statement of Cash Flows (continued)**  
**Year Ended March 31, 2024**

	General Fund 2024	Restricted General 2024	Restricted Disabled 2024	Restricted RRRF 2024	Restricted CGI 2024	Total 2024	Total 2023
Cash - beginning of year	316,722	289,437	106,566	-	-	712,725	680,929
<b>CASH - END OF YEAR</b>	<b>\$ 447,210</b>	<b>\$ 273,505</b>	<b>\$ 173,557</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 894,272</b>	<b>\$ 712,725</b>

See notes to financial statements

# COMMUNITY FUTURES CAPITAL REGION

## Notes to Financial Statements

Year Ended March 31, 2024

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 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 (ASNFPO). Canadian accounting standards for not-for-profit organizations are part of Canadian GAAP.

#### Fund accounting

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

The General Fund accounts for the organization's equity in capital assets, 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. Included in the General Fund is the RRRF Operating Fund.

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.

The Regional Relief and Recovery Fund (RRRF) report restricted resources that are used to provide financial support directly to small-and-medium sized enterprises to address COVID-19 impacts on rural and remote communities. The organization is restricted in the loan applications that can be approved for the RRRF according to its agreement with the Government of Canada.

The Alberta Women's Economic Recovery - Capital Growth Initiative (CGI) Fund reports restricted resources that are used to provide financial support directly to women entrepreneurs operating small-and-medium sized enterprises. The organization is restricted in the loan applications that can be approved according to its agreement with the Community Futures Network of Alberta.

#### 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 operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

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# COMMUNITY FUTURES CAPITAL REGION

## Notes to Financial Statements

Year Ended March 31, 2024

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

#### Cash and cash equivalents

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

#### 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% - 2023) of the rest of the portfolio except for the RRRF portfolio that is at 4% (3% - 2023). A specific allowance is established on an individual loan basis, to reduce the carrying book values to estimated realizable values. Estimated realizable values are determined by discounting the expected future cash flows at the effective interest rate inherent in the loans. When the amounts and timing of future cash flows cannot be reliably established, estimated realizable values are determined by reference to market prices for the loans of their underlying security.

#### Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Building and land	3%	declining balance method
Computer hardware	33%	declining balance method
Computer software	50%	declining balance method
Office furniture and fixtures	30%	declining balance method

The organization regularly reviews its property, plant and equipment to eliminate obsolete items. Government grants are treated as a reduction of property, plant and equipment cost.

Property, plant and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

#### Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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. 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, 2024

### 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. ACCOUNTS RECEIVABLE

Accounts receivable is comprised of:

	<u>2024</u>	<u>2023</u>
Trade receivables	\$ -	\$ 8,924
GST receivable	1,757	1,332
Loan fees receivable	12,739	7,034
Less: provision for loan fees receivable	<u>(2,706)</u>	<u>(943)</u>
	<u>\$ 11,790</u>	<u>\$ 16,347</u>

**COMMUNITY FUTURES CAPITAL REGION**

**Notes to Financial Statements**

**Year Ended March 31, 2024**

3. ACCRUED INTEREST RECEIVABLE

	Restricted General	Restricted RRRF	Restricted CGI	2024	2023
Interest in arrears	\$ 36,033	\$ 8	\$ 996	\$ 37,037	\$ 33,375
Less: provision for loan losses	(25,090)	-	-	(25,090)	(21,712)
	<b>\$ 10,943</b>	<b>\$ 8</b>	<b>\$ 996</b>	<b>\$ 11,947</b>	<b>\$ 11,663</b>

4. INTER-FUND RECEIVABLE/PAYABLE

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

5. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Building and land	\$ 503,158	\$ 194,427	\$ 308,731	\$ 318,279
Office furniture and fixtures	63,324	50,246	13,078	15,050
Computer hardware	63,118	63,118	-	363
Computer software	2,764	2,764	-	-
	<b>\$ 632,364</b>	<b>\$ 310,555</b>	<b>\$ 321,809</b>	<b>\$ 333,692</b>

6. INVESTMENT LOANS RECEIVABLE

The breakdown of transactions related to the RRRF investment loans receivable is as follows:

	2024	2023
Balance, beginning of year	\$ 3,530,395	\$ 3,931,582
Advances during the year	-	-
Repayments during the year	(1,799,351)	(212,000)
Allowance for doubtful loans during the year	(659,556)	(109,187)
Forgiven portion during the year	(681,646)	(80,000)
Balance, end of year	<b>\$ 389,842</b>	<b>\$ 3,530,395</b>

The breakdown of transactions related to the CGI investment loans receivable is as follows:

Balance, beginning of year	\$ 97,000	\$ -
Advances during the year	33,000	100,000
Repayments during the year	(7,009)	-
Allowance for doubtful loans during the year	(2,980)	(3,000)
Balance, end of year	<b>\$ 120,011</b>	<b>\$ 97,000</b>

**COMMUNITY FUTURES CAPITAL REGION**

**Notes to Financial Statements**

**Year Ended March 31, 2024**

7. SHORT TERM DEBT

The organization also has a credit facility of \$750,000 that bears interest at prime rate from Community Futures Network of Alberta. As at March 31, 2024, the organization used \$Nil (2023 - \$Nil) from its credit facility. As a security for the repayment, the organization provided a general security agreement and a promissory note for the total amount of the loan.

8. DEFERRED REVENUE

Deferred revenues represent the amount of the restricted contributions that are related to disbursements of future periods. These funds are disbursed in accordance with the signed grant agreements.

	<u>2024</u>	<u>2023</u>
Balance, beginning of the year	\$ 3,450	\$ 3,450
PLUS: Amounts received related to the following year	51,336	-
LESS: Amounts recognized as revenue in the year	<u>(3,450)</u>	-
	<u>\$ 51,336</u>	<u>\$ 3,450</u>

Deferred revenue consists of:

Rural Opportunities Fund ("ROF") 2.0	\$ 51,336	\$ -
Young Entrepreneur Training Initiative (YETI)	-	<u>3,450</u>
	<u>\$ 51,336</u>	<u>\$ 3,450</u>

9. LONG TERM DEBT

	<u>2024</u>	<u>2023</u>
Community Futures Alberta	<u>\$ 72,011</u>	<u>\$ 111,154</u>

Community Futures Alberta loan non-interest bearing with no fixed terms of repayment. The term for this loan ends December 31, 2025. At the time the funds from this loan are "used for operating costs related to RRRF loan aftercare and assisting SMEs in their communities in response to COVID-19" the corresponding portion of this loan will be forgiven.



COMMUNITY FUTURES CAPITAL REGION

Notes to Financial Statements

Year Ended March 31, 2024

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10. RELATED PARTY TRANSACTIONS

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

Rick Morawski, board chair  
Sandra McIntosh, board vice chair  
Vanessa Simonin, board secretary/treasurer  
Ron Hanchurak, board director  
Shannon Elliot, board director

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

	<u>2024</u>		<u>2023</u>
<u>Board and committee expenses and reimbursements</u>			
Board members	\$ 4,122	\$	562

11. INTEREST TRANSFERS

Prairies Economic Development Canada has pre-approved the organization for an interest transfer of up to 75% of net growth to a maximum of \$100,000. Interest transfers are not allowed when the organization has an operating surplus or when the transfer will create an operating surplus. This allows the organization to transfer funds from a restricted investment fund to the general fund.

The organization transferred \$Nil from its investment funds to operating funds (2023 - \$Nil).

12. GENERAL FUND NET ASSETS

Included in the general fund net assets is \$321,809 (2023 - \$333,692) that is invested in capital assets.

**COMMUNITY FUTURES CAPITAL REGION**

**Notes to Financial Statements**

**Year Ended March 31, 2024**

13. EXTERNALLY RESTRICTED ASSETS

Loan funds contributed by the government are classified as repayable (general), 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:

	2024	2023
General	\$ 1,767,453	\$ 1,695,709
Disabled	183,366	171,202
RRRF	392,596	3,517,395
CGI	133,952	98,217
	\$ 2,477,367	\$ 5,482,523

Under the terms and conditions of the contribution agreement with Prairies Economic Development Canada (PrairiesCan), the Regional Relief and Recovery Fund (RRRF) is fully repayable upon the repayment of loans from small-and-medium sized enterprises, or when RRRF loan funds remain undisbursed and are requested to be returned by PrairiesCan.

Under the terms and conditions of the project agreement with Community Futures Network of Alberta (CFNA), the Alberta Women's Economic Recovery - Capital Growth Initiative (CGI) is fully repayable upon the completion of the program or upon the organization's decision to no longer participate in the CGI program.

Under the terms and conditions of the contribution agreement with the Prairies Economic Development Canada, 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 in accordance with the provisions of the Agreement; or
- e) An event of default occurs as described the Agreement; or
- f) The Minister does not approve terms and conditions to extend the project beyond March 31, 2026.
- g) If this agreement is not renewed beyond the March 31, 2026 ending date, the outstanding loans receivable would be liquidated in an orderly fashion. 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 PrairiesCan would no longer fund operational costs. No new loans receivable would be granted and no other projects would be initiated.

14. LOAN PAYOUT

During the 2001 fiscal year, an investment loan had been advanced in which a holdback was required resulting in a Letter of Credit payable. The investment loan was repaid in full during the 2009 fiscal year and the holdback was released during the fiscal year ended March 31, 2023.

## COMMUNITY FUTURES CAPITAL REGION

### Notes to Financial Statements

Year Ended March 31, 2024

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#### 15. COMMITMENTS

As at March 31, 2024, loan investment applications of \$150,000 had been approved by the Board of Directors, of which \$150,000 has been advanced subsequent to year end.

#### 16. ECONOMIC DEPENDENCE

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

#### 17. 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, 2024.

##### Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. In order to reduce its credit risk, the organization reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization has a significant number of customers which minimizes concentration of credit risk.

##### 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.

##### 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 bank indebtedness and credit facilities.

##### Changes in risk

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

**COMMUNITY FUTURES CAPITAL REGION**

**Notes to Financial Statements**

**Year Ended March 31, 2024**

**18. INVESTMENT LOANS RECEIVABLE**

	Restricted General 2024	Restricted Disabled 2024	Restricted RRRF 2024	Restricted CGI 2024	Total 2024	Total 2023
Loans Receivable	\$ 1,604,244	\$ 8,463	\$ 1,158,585	\$ 125,991	\$ 2,897,283	\$ 5,202,607
Less: allowance for loan impairment	(100,956)	(254)	(768,743)	(5,980)	(875,933)	(173,791)
Less: current portion	(236,959)	(3,272)	(35,745)	(19,401)	(295,377)	(249,629)
	<u>\$ 1,266,329</u>	<u>\$ 4,937</u>	<u>\$ 354,097</u>	<u>\$ 100,610</u>	<u>\$ 1,725,973</u>	<u>\$ 4,779,187</u>

**ALLOWANCE FOR LOAN IMPAIRMENT**

Balance, beginning of year	\$ (59,573)	\$ (2,031)	\$ (109,187)	\$ (3,000)	\$ (173,791)	\$ (76,108)
Provision for loan losses	(41,383)	1,777	(659,556)	(2,980)	(702,142)	(137,120)
Amounts written off to the allowance	-	-	-	-	-	27,108
Amounts recovered from the allowance	-	-	-	-	-	12,329
<b>Balance at end of year</b>	<u>\$ (100,956)</u>	<u>\$ (254)</u>	<u>\$ (768,743)</u>	<u>\$ (5,980)</u>	<u>\$ (875,933)</u>	<u>\$ (173,791)</u>

**Total recorded investment on  
impaired loans**

	\$ 146,481	\$ -	\$ 752,500	\$ 10,000	\$ 908,981	\$ 49,794
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See notes to financial statements

**COMMUNITY FUTURES CAPITAL REGION**

**Statement of RRRF Financial Position**

**(Schedule 1)**

**Year Ended March 31, 2024**

	RRRF Operating 2024	Restricted RRRF 2024	Total 2024	Total 2023
<b>ASSETS</b>				
<b>CURRENT</b>				
Accrued interest receivable	\$ -	\$ 8	\$ 8	\$ -
Inter-fund receivable	72,511	151,411	223,922	111,154
Current portion of investment loans receivable	-	35,745	35,745	20,166
	<u>\$ 72,511</u>	<u>\$ 187,164</u>	<u>\$ 259,675</u>	<u>\$ 131,320</u>
INVESTMENT LOANS RECEIVABLE	\$ -	\$ 354,097	\$ 354,097	\$ 3,510,229
<b>TOTAL ASSETS</b>	<u>\$ 72,511</u>	<u>\$ 541,261</u>	<u>\$ 613,772</u>	<u>\$ 3,641,549</u>
<b>LIABILITIES</b>				
<b>CURRENT</b>				
Accounts payable	\$ 500	\$ 148,665	\$ 149,165	\$ -
Inter-fund payable	-	-	-	13,000
	<u>\$ 500</u>	<u>\$ 148,665</u>	<u>\$ 149,165</u>	<u>\$ 13,000</u>
LONG TERM DEBT	\$ 72,011	\$ -	\$ 72,011	\$ 111,154
<b>TOTAL LIABILITIES</b>	<u>\$ 72,511</u>	<u>\$ 148,665</u>	<u>\$ 221,176</u>	<u>\$ 124,154</u>
<b>NET ASSETS</b>				
Net Assets - beginning of the year	\$ -	\$ 3,517,395	\$ 3,517,395	\$ 3,911,582
Excess of revenues over expenses	-	(1,338,447)	(1,338,447)	(189,187)
Contributions during the year	-	-	-	-
Repayment during the year	-	(1,786,352)	(1,786,352)	(205,000)
<b>TOTAL NET ASSETS</b>	<u>-</u>	<u>392,596</u>	<u>392,596</u>	<u>3,517,395</u>
<b>TOTAL NET ASSETS AND LIABILITIES</b>	<u>\$ 72,511</u>	<u>\$ 541,261</u>	<u>\$ 613,772</u>	<u>\$ 3,641,549</u>

**COMMUNITY FUTURES CAPITAL REGION**

**Statement of RRRF Revenues and Expenses**

**(Schedule 2)**

**Year Ended March 31, 2024**

	RRRF Operating 2024	Restricted RRRF 2024	Total 2024	Total 2023
<b>REVENUES</b>				
Federal contracts	\$ 39,143	\$ -	\$ 39,143	\$ -
Loan Interest	-	2,755	2,755	-
	<u>39,143</u>	<u>2,755</u>	<u>41,898</u>	<u>-</u>
<b>EXPENSES</b>				
Provision (recovery) for investment losses	-	659,556	659,556	109,187
Forgivable portion	-	681,646	681,646	80,000
Professional, accounting and audit	5,830	-	5,830	-
Salaries and benefits	33,313	-	33,313	-
	<u>39,143</u>	<u>1,341,202</u>	<u>1,380,345</u>	<u>189,187</u>
<b>EXCESS OF REVENUES OVER EXPENSES FROM RRRF OPERATIONS</b>	<u>-</u>	<u>(1,338,447)</u>	<u>(1,338,447)</u>	<u>(189,187)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LOSS FROM RRRF OPERATIONS</b>	<u>\$ -</u>	<u>\$ (1,338,447)</u>	<u>\$ (1,338,447)</u>	<u>\$ (189,187)</u>

**COMMUNITY FUTURES CAPITAL REGION**  
**Statement of Program Revenues and Expenditures**  
**Year Ended March 31, 2024**

(Schedule 3)

	2024	2023
<b>REVENUES</b>		
Rural Opportunities Fund 2.0	\$ 7,463	\$ 50,000
Alberta Jobs Grant	5,333	-
Canada Summer Jobs grant	4,714	4,714
Summer entrepreneurial program	3,950	12,429
Workshop revenue	800	-
CROP grant	-	36,795
Cyber security initiative	-	5,474
	22,260	109,412
<b>EXPENDITURES</b>		
Rural Opportunities Fund 2.0 expenses	7,463	50,000
Alberta Jobs Grant expenses	5,333	-
Canada Summer Jobs expenses	4,714	4,714
Summer entrepreneurial program expenses	4,084	16,447
Workshop Expenses	800	-
CROP grant expenses	-	48,381
Cyber security initiative expenses	-	5,474
	22,394	125,016
<b>LOSS FROM OPERATIONS</b>	<b>\$ (134)</b>	<b>\$ (15,604)</b>