

**COMMUNITY FUTURES EAST PARKLAND**  
**Financial Statements**  
**For The Year Ended March 31, 2022**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Community Futures East Parkland

### *Opinion*

We have audited the financial statements of Community Futures East Parkland (the Organization), which comprise the statement of financial position as at March 31, 2022, and the statements of revenues and expenditures and 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, 2022, and its results of 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 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.

### *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 Organization'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 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.

### *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:

Independent Auditor's Report to the Members of Community Futures East Parkland (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 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear our independence, and where applicable, related safeguards.

Stettler, Alberta  
June 13, 2022

RWA LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

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## INDEPENDENT PRACTITIONER'S REASONABLE ASSURANCE REPORT ON COMPLIANCE

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To the Members of Community Futures East Parkland

We have undertaken a reasonable assurance engagement of Community Futures East Parkland's compliance during the period April 1, 2021 to March 31, 2022, with the requirements set out in the Contribution Agreement between Prairies Economic Development Canada and Community Futures East Parkland dated March 30, 2021.

### Management's Responsibility

Management is responsible for Community Futures East Parkland's compliance with the specified requirements. Management is also responsible for such internal control as management determines necessary to enable Community Futures East Parkland's compliance with the specified requirements.

### Our Responsibility

Our responsibility is to express a reasonable assurance opinion on Community Futures East Parkland's compliance based on evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Canadian Standard on Assurance Engagements 3531, Direct Engagements to Report on Compliance. This standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the entity complied with the specified requirements, in all significant respects.

Reasonable assurance is a high level of assurance but is not a guarantee that an engagement conducted in accordance with this standard will always detect a significant instance of non-compliance with specified requirements when it exists. Instances of non-compliance can arise from fraud or error and are considered significant if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of our report. A reasonable assurance compliance reporting engagement involves performing procedures to obtain evidence about the entity's compliance with the specified requirements. The nature, timing and extent of procedures selected depends on our professional judgement, including an assessment of the risks of significant non-compliance, whether due to fraud or error.

We believe the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

### Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Rules of Professional Conduct of Alberta, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Canadian Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements and accordingly, maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## **Opinion**

In our opinion, Community Futures East Parkland complied with the specified requirements set out in the Contribution Agreement during the period April 1, 2021 to March 31, 2022 in all significant respects.

We do not provide a legal opinion on Community Futures East Parkland's compliance with the specified requirements.

## **Restriction on Distribution and Use of Our Report**

Our report is intended solely for Community Futures East Parkland and Prairies Economic Development Canada and should not be distributed to or used by parties other than Community Futures East Parkland or Prairies Economic Development Canada.

Stettler, Alberta  
June 13, 2022

**RWA LLP**  
CHARTERED PROFESSIONAL ACCOUNTANTS

**COMMUNITY FUTURES EAST PARKLAND**  
**Statement of Revenues and Expenditures and Net Assets**  
**For the Year Ended March 31, 2022**

	PrairiesCan Investment Fund (Schedule 1) 2022	PrairiesCan Operating Fund (Schedule 2) 2022	RRRF Operating Fund (Schedule 3) 2022	Total 2022	Total 2021
<b>REVENUE</b>					
Prairies Economic Development Canada (Notes 4, 8)	\$ -	\$ 294,963	\$ -	\$ 294,963	\$ 294,963
Community Futures Network of Alberta (Notes 4, 9)	-	38,030	-	38,030	52,911
Interest on loan portfolio	278,460	-	-	278,460	249,886
Other fees and investment income	20,703	4,188	783	25,674	23,868
Donations, fees and sundry	-	6,570	-	6,570	2,444
Community Futures Network of Alberta (Notes 4, 8)	-	-	12,155	12,155	207,074
	299,163	343,751	12,938	655,852	831,146
<b>EXPENSES</b>					
Accounting and audit fees	-	13,500	2,000	15,500	15,500
Advertising and promotion	-	1,841	-	1,841	16,790
Amortization	-	3,618	4,849	8,467	8,246
Building repairs and maintenance	-	6,445	-	6,445	10,789
Economic development projects	-	36,605	-	36,605	114,050
GST (non-refundable)	-	1,447	-	1,447	2,405
Impairment expense (recovery)	19,906	-	-	19,906	(15,225)
Insurance	-	5,821	-	5,821	3,257
Interest and bank charges	-	931	-	931	955
Legal and collection costs (recovery)	(823)	5,580	-	4,757	4,189
Office supplies and postage	-	6,618	1,902	8,520	20,928
Salaries and benefits	-	257,148	2,947	260,095	283,846
Sub-contracts	-	1,200	-	1,200	1,926
Telephone	-	8,777	-	8,777	8,490
Training, memberships and registrations	-	3,429	1,273	4,702	2,505
Travel, automotive and meetings	-	13,022	-	13,022	10,297
Utilities	-	4,756	-	4,756	3,683
	19,083	370,738	12,971	402,792	492,631

**COMMUNITY FUTURES EAST PARKLAND**  
**Statement of Revenues and Expenditures and Net Assets (continued)**  
**For the Year Ended March 31, 2022**

	PrairieCan Investment Fund (Schedule 1) 2022	PrairieCan Operating Fund (Schedule 2) 2022	RRRF Operating Fund (Schedule 3) 2022	Total 2022	Total 2021
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	280,080	(26,987)	(33)	<b>253,060</b>	338,515
<b>OTHER INCOME</b>	-	-	-	-	(3,419)
Gain (loss) on disposal of property and equipment					
<b>NET EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	280,080	(26,987)	(33)	<b>253,060</b>	335,096
<b>FUND BALANCES: BEGINNING OF YEAR</b>	6,530,125	777,668	12,663	<b>7,320,456</b>	6,985,360
	6,810,205	750,681	12,630	<b>7,573,516</b>	7,320,456
<b>INTERFUND TRANSFER</b>	16,613	(16,613)	-	-	-
<b>FUND BALANCES : END OF YEAR</b>	\$ 6,826,818	\$ 734,068	\$ 12,630	<b>\$ 7,573,516</b>	\$ 7,320,456

**COMMUNITY FUTURES EAST PARKLAND**  
**Statement of Financial Position**  
**As at March 31, 2022**

	PrairieCan Investment Fund 2022	PrairieCan Operating Fund 2022	RRRF Operating Fund 2022	Total 2022	Total 2021
<b>ASSETS</b>					
<b>CURRENT</b>					
Cash and guaranteed investment certificates	\$ 2,470,948	\$ 726,016	\$ 145,905	\$ 3,342,869	\$ 2,942,642
Accounts receivable	-	15,501	-	15,501	3,596
Prepaid expenses	-	10,306	-	10,306	13,097
Current portion of loans receivable (Note 7)	622,650	-	-	622,650	539,738
Community Futures Lending and Investment Pool	125,013	-	-	125,013	122,243
	3,218,611	751,823	145,905	4,116,339	3,621,316
<b>PROPERTY AND EQUIPMENT (Note 5)</b>	-	12,147	12,630	24,777	29,210
<b>LOANS RECEIVABLE (Note 7)</b>	3,621,822	-	5,399,220	9,021,042	8,604,489
	\$ 6,840,433	\$ 763,970	\$ 5,557,755	\$ 13,162,158	\$ 12,255,015

**LIABILITIES AND NET ASSETS**

<b>CURRENT</b>					
Accounts payable	\$ 1,015	\$ 23,643	\$ 2,000	\$ 26,658	\$ 26,886
Deferred revenue	12,600	6,259	143,905	162,764	11,200
	13,615	29,902	145,905	189,422	38,086
<b>LONG-TERM DEBT (Note 10)</b>	-	-	5,399,220	5,399,220	4,896,473
	13,615	29,902	5,545,125	5,588,642	4,934,559

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**COMMUNITY FUTURES EAST PARKLAND**  
**Statement of Financial Position (continued)**  
**As at March 31, 2022**

	PrairieCan Investment Fund 2022	PrairieCan Operating Fund 2022	RRRF Operating Fund 2022	Total 2022	Total 2021
<b>NET ASSETS</b>					
Property and equipment	-	12,147	12,630	24,777	29,210
Share capital (Note 3)	-	8	-	8	8
PrairieCan conditionally repayable contributions (Note 6)	1,488,211	-	-	1,488,211	1,425,613
PrairieCan non-repayable investment fund	5,338,607	-	-	5,338,607	5,104,512
PrairieCan operating fund	-	721,913	-	721,913	761,895
RRRF operating fund	-	-	-	-	(782)
	6,826,818	734,068	12,630	7,573,516	7,320,456
	\$ 6,840,433	\$ 763,970	\$ 5,557,755	\$ 13,162,158	\$ 12,255,015

**COMMUNITY FUTURES EAST PARKLAND**  
**Statement of Cash Flows**  
**For the Year Ended March 31, 2022**

	PrairieCan Investment Fund 2022	PrairieCan Operating Fund 2022	RRRF Operating Fund 2022	Total 2022	Total 2021
<b>OPERATING ACTIVITIES</b>					
Excess (deficiency) of revenue over expenses	\$ 280,080	\$ (26,987)	\$ (33)	\$ 253,060	\$ 335,096
Items not affecting cash:					
Amortization	-	3,618	4,849	8,467	8,246
Loss on disposal of property and equipment	-	-	-	-	3,419
	280,080	(23,369)	4,816	261,527	346,761
Changes in non-cash working capital:					
Accounts receivable	217	(12,122)	-	(11,905)	2,762
Accounts payable	15	(240)	-	(225)	1,047
Deferred revenue	1,400	6,259	143,905	151,564	(1,200)
Prepaid expenses	-	2,791	-	2,791	(3,980)
	1,632	(3,312)	143,905	142,225	(1,371)
Cash flow from (used by) operating activities	281,712	(26,681)	148,721	403,752	345,390
<b>INVESTING ACTIVITIES</b>					
Purchase of property and equipment	-	-	(4,033)	(4,033)	(24,087)
Principal repayments on loan portfolio (including write offs)	1,434,992	-	167,252	1,602,244	1,482,452
RRRF loan advances	-	-	728,000	728,000	4,912,000
RRRF loan repayments	-	-	(167,253)	(167,253)	(15,527)
Proceeds on loan portfolio	(1,329,000)	-	(820,000)	(2,149,000)	(5,739,580)
Legal, collection, and other costs added to loan portfolio	(30,712)	-	-	(30,712)	(17,395)
Impairment allowance	20,000	-	-	20,000	(420,000)
Increase in CFLIP	(2,770)	-	-	(2,770)	(2,889)
Interfund transfer	16,613	(16,613)	-	-	-
Cash flow from (used by) investing activities	109,123	(16,613)	(96,034)	(3,524)	174,974

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**COMMUNITY FUTURES EAST PARKLAND**  
**Statement of Cash Flows (continued)**  
**For the Year Ended March 31, 2022**

	PrairieCan Investment Fund 2022	PrairieCan Operating Fund 2022	RRRF Operating Fund 2022	Total 2022	Total 2021
<b>INCREASE (DECREASE) IN CASH FLOW</b>					
Cash - beginning of year	390,835	(43,294)	52,687	400,228	520,364
	2,080,113	769,310	93,218	2,942,642	2,422,278
	<u>\$ 2,470,948</u>	<u>\$ 726,016</u>	<u>\$ 145,905</u>	<u>\$ 3,342,869</u>	<u>\$ 2,942,642</u>
<b>CASH - END OF YEAR</b>					
<b>CASH CONSISTS OF:</b>					
PrairieCan operating	\$ -	\$ 71,016	\$ -	\$ 71,016	\$ 114,311
PrairieCan operating GIC's	-	655,000	-	655,000	655,000
PrairieCan non-repayable	2,193,375	-	-	2,193,375	1,657,542
PrairieCan repayable	84,870	-	-	84,870	270,338
PrairieCan EDP	191,688	-	-	191,688	151,233
PrairieCan non-repayable GIC	1,015	-	-	1,015	1,000
RRRF operating fund	-	-	145,905	145,905	93,218
	<u>\$ 2,470,948</u>	<u>\$ 726,016</u>	<u>\$ 145,905</u>	<u>\$ 3,342,869</u>	<u>\$ 2,942,642</u>

**COMMUNITY FUTURES EAST PARKLAND**  
**PrairiesCan Investment Fund and Net Assets**

(Schedule 1)

**For the Year Ended March 31, 2022**

	PrairiesCan Conditionally Repayable EDP Fund 2022	PrairiesCan Non-repayable Investment Fund 2022	PrairiesCan Conditionally Repayable Investment Fund 2022	Total Investment Funds 2022	Total Investment Funds 2021
<b>REVENUE</b>					
Interest on loan portfolio	\$ 5,548	\$ 224,067	\$ 48,845	\$ 278,460	\$ 249,886
Other fees and investment income	2,700	16,494	1,509	20,703	11,714
	8,248	240,561	50,354	299,163	261,600
<b>EXPENSES</b>					
Impairment expense (recovery)	-	23,000	(3,094)	19,906	(15,225)
Legal and collection costs (recovery)	(302)	79	(600)	(823)	(1,201)
	(302)	23,079	(3,694)	19,083	(16,426)
<b>EXCESS OF REVENUE OVER EXPENSE</b>	8,550	217,482	54,048	280,080	278,026
<b>FUND BALANCES: BEGINNING OF YEAR</b>	336,619	5,104,512	1,088,994	6,530,125	6,252,099
<b>INTERFUND TRANSFERS</b>	-	16,613	-	16,613	-
<b>FUND BALANCES: END OF YEAR</b>	\$ 345,169	\$ 5,338,607	\$ 1,143,042	\$ 6,826,818	\$ 6,530,125

**COMMUNITY FUTURES EAST PARKLAND**  
**PrairiesCan Operating Fund and Net Assets**  
**For the Year Ended March 31, 2022**

*(Schedule 2)*

	2022	2021
<b>REVENUE</b>		
Prairies Economic Development Canada <i>(Notes 4, 8)</i>	\$ 294,963	\$ 294,963
Community Futures Network of Alberta <i>(Notes 4, 9)</i>	38,030	52,911
Other fees and investment income	4,188	10,936
Donations, fees and sundry	6,570	2,444
Gain (loss) on disposal of assets	-	(3,419)
	<b>343,751</b>	<b>357,835</b>
<b>EXPENSES</b>		
Accounting and audit fees	13,500	13,500
Advertising and promotion	1,841	6,212
Amortization	3,618	5,200
Building repairs and maintenance	6,445	6,182
Economic development projects	36,605	4,000
GST (non-refundable)	1,447	2,405
Insurance	5,821	3,019
Interest and bank charges	931	955
Legal and collection costs	5,580	5,390
Office supplies and postage	6,618	3,051
Salaries and benefits	257,148	251,446
Sub-contracts	1,200	1,926
Telephone	8,777	1,430
Training, memberships and registrations	3,429	1,905
Travel, automotive and meetings	13,022	3,031
Utilities	4,756	3,683
	<b>370,738</b>	<b>313,335</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>(26,987)</b>	<b>44,500</b>
<b>FUND BALANCES: BEGINNING OF YEAR</b>	<b>777,668</b>	<b>733,261</b>
<b>INTERFUND TRANSFERS</b>	<b>(16,613)</b>	<b>(93)</b>
<b>FUND BALANCES: END OF YEAR</b>	<b>\$ 734,068</b>	<b>\$ 777,668</b>

**COMMUNITY FUTURES EAST PARKLAND**  
**RRRF Operating Funds and Net Assets**  
**For The Year Ended March 31, 2022**

*(Schedule 3)*

	2022	2021
<b>REVENUE</b>		
Community Futures Network of Alberta (Notes 4, 8)	\$ 12,155	\$ 207,074
Investment income	783	1,218
	<b>12,938</b>	<b>208,292</b>
<b>EXPENSES</b>		
Advertising	-	10,578
Amortization	4,849	3,046
Building repairs and maintenance	-	4,607
Economic development projects	-	110,050
Insurance	-	238
Office supplies	1,902	17,877
Professional fees	2,000	2,000
Telephone	-	7,060
Training and membership	1,273	600
Travel, automotive and meetings	-	7,266
Wages and benefits	2,947	32,400
	<b>12,971</b>	<b>195,722</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>(33)</b>	<b>12,570</b>
<b>FUND BALANCES: BEGINNING OF YEAR</b>	<b>12,663</b>	<b>-</b>
<b>INTERFUND TRANSFERS</b>	<b>-</b>	<b>93</b>
<b>FUND BALANCES: END OF YEAR</b>	<b>\$ 12,630</b>	<b>\$ 12,663</b>

**COMMUNITY FUTURES EAST PARKLAND**  
**Notes to Financial Statements**  
**For the Year Ended March 31, 2022**

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**1. PURPOSE OF THE ORGANIZATION**

Community Futures East Parkland (the Organization) is a community based not-for-profit, incorporated under the statutes of the Province of Alberta. The Government of Canada, through the Department of Prairies Economic Development Canada, provides financial assistance to the Organization. The purpose of the Organization is to support community economic development, diversify the economy, support the creation and expansion of small and medium size enterprises, maintain and create new employment and provide business services to the communities in its rural region of East Parkland.

The Organization is governed by a local volunteer Board of Directors and is exempt from income taxes in accordance with Section 149 of the Canadian Income Tax Act.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations. This requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reported period. These estimates are reviewed periodically, as adjustments become necessary, they are reported in earnings in the period in which they became known. An example where significant estimates are required is in the determination of loan impairment allowance and bad debt expense.

Fund Accounting

Community Futures East Parkland follows the restricted fund method of accounting for contributions.

The General Operating Fund encompasses the day-to-day administration of the corporation. All general operating expenses and unrestricted contributions and resources are recorded in this fund.

The Investment Fund activities are limited to the services provided to small businesses in the form of loans, loan guarantees and equity participation to promote new business or the expansion of existing business. Investment funds are further segregated into PrairiesCan Non-repayable Investment Fund and PrairiesCan Conditionally Repayable Investment Fund. The PrairiesCan Non-repayable Investment Fund is not repayable to Prairies Economic Development Canada at the end of the operating agreement. The PrairiesCan Conditionally Repayable Investment Fund is repayable (note 6).

In addition to the primary lending function, the organization administers a number of other restricted programs including the following:

- PrairiesCan Conditionally Repayable EDP Fund - This program provides business loans and supporting services to individuals with disabilities (note 6).
- Economic Development Opportunities - The organization is involved in certain community economic development projects with primary funding provided through Prairies Economic Development Canada and other funding agencies.

**COMMUNITY FUTURES EAST PARKLAND**  
**Notes to Financial Statements**  
**For the Year Ended March 31, 2022**

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

Revenue Recognition

Restricted government grant contributions related to general operations are recognized as revenue of the general operating fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund in the period in which it relates.

Unrestricted government grant contributions are recognized as revenue in the general operating fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Loan interest revenue is recognized as earned and collection is reasonably assured using the effective interest rate method (rate specified in the loan agreement).

Administration, application fees, and other revenue is recognized as revenue when received or collection is reasonably assured.

Investments

The Corporation records loans to clients at the lower of principal plus accrued interest and net realizable value. Loans are evaluated on a specific account basis to determine net realizable value including estimating the fair value of the security underlying the loans, net of the expected costs of realization. The continuing creditworthiness of the borrowers is assessed to determine if a loan is impaired. A loan is classified as impaired when there is certainty that the principal and interest will not be collected. The allowance represents the amount required to reduce the carrying value of the loans to the higher of the present value of the cash flows expected to be generated from the loans or the amount of collateral held for the loans. Write-offs are recorded after all restructuring or collection activities have taken place and the possibility of further recovery is considered by management to be remote.

The investment in Community Futures Lending and Investment Pool are recorded at amortized cost.

Property and equipment

Amortization is provided at the following rates and methods:

Building and renovations	15 years	straight-line method
Office furniture and equipment	20%	declining balance method
Computer	55%	declining balance method
Computer software	100%	declining balance method

Current year additions are amortized at one-half the normal rates.

Cash and short term investments

Cash and guaranteed investment certificates purchased with maturity of less than a year are classified as cash equivalents.



**COMMUNITY FUTURES EAST PARKLAND**  
**Notes to Financial Statements**  
**For the Year Ended March 31, 2022**

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

Financial instruments

The loan portfolio is recorded at the originating amounts net of an allowance for loan impairment as outlined above. Any adjustment in the fair value on fixed rate loans resulting from changes in the interest rates has not been reflected in the financial statements. The fair values of cash, accounts receivable Community Futures Lending and Investment Pool, and accounts payable approximate their carrying value due to the short-term nature of these assets.

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, market, liquidity, currency, or credit risk arising from these except as follows:

- The Organization is exposed to credit risk on the loans receivable from its clients to the extent their clients may experience financial difficulty and would be unable to meet their obligations. In order to reduce such risk, the organization has adopted appropriate policies through the approval process and regular review of client accounts. There is a concentration of credit risk within the geographical area of Central Alberta as loans are only advanced to businesses operating within this area.
- The Organization is exposed to interest rate risk as the Community Futures Lending and Investment Pool and the loan investments bear interest at fixed rates.

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.

Comparative figures

Wherever necessary, the comparative amounts have been reclassified to conform to the current year's presentation.

**3. SHARE CAPITAL**

One share is issued to each active director for nominal proceeds of \$1 each. The shares are for voting purposes only and have no right to resale or dividends.

**4. ECONOMIC DEPENDENCE**

The organization receives a substantial portion of its operating revenues from the federal government and is economically dependent upon it.

**COMMUNITY FUTURES EAST PARKLAND**  
**Notes to Financial Statements**  
**For the Year Ended March 31, 2022**

**5. PROPERTY AND EQUIPMENT**

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Land	\$ 3,000	\$ -	\$ 3,000	\$ 3,000
Building and renovations	107,052	103,153	3,899	-
Office furniture and equipment	31,210	17,303	13,906	17,383
Computer	65,022	61,050	3,972	8,828
	<u>\$ 206,284</u>	<u>\$ 181,506</u>	<u>\$ 24,777</u>	<u>\$ 29,211</u>

**6. CONDITIONALLY REPAYABLE CONTRIBUTIONS**

The corporation is party to a funding agreement with Prairies Economic Development Canada. As part of this funding agreement the funds may be required to be repaid if the corporation does not adhere to certain terms and conditions of the agreement. Alternatively, the funds may become repayable if the Minister determines based on reviews and evaluations, that the program is not providing satisfactory levels of economic benefits. In the event of default, the funds will become repayable within 60 days. The funds are to include all returns of principal, interest and investments made from these funds. A portion of the interest earned by the Repayable fund contribution may be used to support the organization's operating fund with prior written approval from the Department of Prairies Economic Development Canada.

The repayable investment funds are comprised of the following:

	PrairiesCan Conditionally Repayable	PrairiesCan Conditionally Repayable EDP	Total
Original PrairiesCan contributions	\$ 650,000	\$ 200,000	\$ 850,000
Cumulative net interest	957,874	212,507	1,170,381
Cumulative loan impairment	(464,832)	(67,338)	(532,170)
	<u>\$ 1,143,042</u>	<u>\$ 345,169</u>	<u>\$ 1,488,211</u>

**COMMUNITY FUTURES EAST PARKLAND**

**Notes to Financial Statements**

**For the Year Ended March 31, 2022**

**7. LOANS RECEIVABLE**

	<u>2022</u>	<u>2021</u>
PrairiesCan Non-repayable Investment Fund	\$ 3,789,834	\$ 4,067,909
PrairiesCan Conditionally Repayable Investment Fund	1,122,364	885,902
PrairiesCan Conditionally Repayable EDP Fund	98,274	131,943
RRRF Investment Fund	<u>5,399,220</u>	<u>4,804,473</u>
	<b>10,409,692</b>	9,890,227
Amounts receivable within one year	<b>(622,650)</b>	(539,738)
Allowance for doubtful loans and notes receivable	<b>(766,000)</b>	(746,000)
	<u><b>\$ 9,021,042</b></u>	<u>\$ 8,604,489</u>

Principal and allowance by loan

<u>March 31, 2022</u>	<u>Principal Performing</u>	<u>Principal Impaired</u>	<u>Net carrying value</u>
PrairiesCan Non-repayable Investment Fund	\$ 3,789,834	\$ (687,000)	\$ 3,102,834
PrairiesCan Conditionally Repayable Investment Fund	1,122,364	(79,000)	1,043,364
PrairiesCan Conditionally Repayable EDP Fund	98,274	-	98,274
RRRF Investment Fund	5,399,220	-	5,399,220
	<u>\$ 10,409,692</u>	<u>\$ (766,000)</u>	<u>\$ 9,643,692</u>

At year-end, PrairiesCan Non-repayable investment fund, PrairiesCan Conditionally Repayable Investments Fund and PrairiesCan Conditionally Repayable EDP Fund consists of 70 loans (2021-69) with interest rates ranging from 5.70% to 7.70% per annum. Repayment agreements most commonly require monthly or semi-monthly blended principal and interest payments and occasionally involve reduced payments or interest only periods. The loans have a maximum term of 5 years. The total loan impairment allowance includes 16 loans (2021 - 14). During the year, \$0 (2021 - \$191,454) of PrairiesCan non-repayable investment funds and \$0 (2021 - \$213,322) of PrairiesCan Conditionally Repayable Investment Funds were written off.

There are 7 borrowers that have total outstanding loans of over \$150,000 at year end (total full value outstanding is \$2,021,277.88 with a corresponding impairment of \$379,000 at March 31, 2022).

RRRF Investment Fund loan receivable consists of 169 loans that are interest free until December 31, 2023. Loans were advanced to individuals and enterprises experiencing financial business impact from the Covid-19 global pandemic (note 10, 11) under the Regional Relief and Recovery Fund (RRRF). If the balance is repaid by December 31, 2023 by the individual businesses, in total of the current loans outstanding, \$1,667,000 will be forgiven by CFNA. As of March 31, 2022, \$58,000 (7 loans) has been forgiven due to repayment by the borrowers during the year.

# COMMUNITY FUTURES EAST PARKLAND

## Notes to Financial Statements

For the Year Ended March 31, 2022

### 8. CONTRACTUAL OBLIGATIONS

The corporation has committed \$2,600 for each of the 2022 and 2023 Alberta Youth Entrepreneurship Camp.

During the year, the corporation received operating funding of \$156,060 from the Regional Relief and Recovery Fund provided by Community Futures Network of Alberta. This funding was due to the COVID-19 pandemic to help cover costs associated with administering the future of the RRRF program (note 7). The agreement expires on December 31, 2025. Any surplus realized from this funding is repayable at the governments discretion. The funding was based upon total number of loans completed as of June 30, 2021. As of March 31, 2022, \$143,905 has been reported as deferred revenue.

The corporation has entered into an agreement with Her Majesty the Queen with respect to Canada and Alberta to provide a program as follows:

The Community Futures Program is the core funding provided by the Office of Western Economic Diversification and is intended to offset the costs of operations. The contribution agreement dated March 03, 2022, provides a maximum of \$1,474,815 delivered over 5 years commencing April 1, 2021.

The agreement expires on March 31, 2026. Any surplus realized from this funding is repayable at the governments discretion.

Future cash payments for the remaining program year to be distributed to the corporation is as follows:

2023	\$	294,963
2024		294,963
2025		294,963
2026		294,963
		<u>1,179,852</u>
	\$	<u>1,179,852</u>

### 9. CROP PROJECT

The corporation entered into an agreement with Community Futures Network of Alberta to provide project coordination, training and coaching for the CROP project. The agreement dated April 1, 2019 provided a maximum of \$99,376 for the period April 1, 2019 to March 31, 2021. During the year, the agreement was extended to February 28, 2022 and current year income allocated was \$38,030. Subsequent to year end, the project has been extended to March 31, 2023, and therefore, as of March 31, 2022, \$6,259 has been reported as deferred revenue.

### 10. LONG-TERM DEBT

	<u>2022</u>	<u>2021</u>
Community Futures Network of Alberta loan, matures December 31, 2023	\$ 5,399,220	\$ 4,896,473
Amounts payable within one year	<u>-</u>	<u>-</u>
	<u>\$ 5,399,220</u>	<u>\$ 4,896,473</u>

**COMMUNITY FUTURES EAST PARKLAND**  
**Notes to Financial Statements**  
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**10. LONG-TERM DEBT (continued)**

The RRRF Investment Fund consists of an interest-free loan from the Community Futures Network of Alberta (CFNA). The funds were used to provide loans to eligible applicants that were experiencing economic disruptions from the Covid-19 outbreak (note 7). Any loans in default due to lack of repayment, will reduce the amount to be repaid to CFNA and therefore CFEP will not be financially responsible for any loans under the RRRF program.

Principal repayment terms are approximately:

2024	<u>\$ 5,399,220</u>
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**11. COVID-19**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread in Canada and around the world.

Due to the global pandemic, CFEP was able to enter into an agreement with CFNA to provide funding to individuals and businesses impacted directly by the outbreak through the RRRF funding.

Management is uncertain of the continued effects of Covid-19 on its financial statements including the ability of loan receivables to be collected. Management believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the continued disturbance.

As a result, we are unable to estimate the potential impact on the organization's operations as at the date of these financial statements.