

**COMMUNITY FUTURES EAST PARKLAND**  
**Financial Statements**  
**For The Year Ended March 31, 2023**

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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, 2023, 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, 2023, 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  
July 17, 2023

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, 2022 to March 31, 2023, 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, 2022 to March 31, 2023 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  
July 17, 2023

**RWA LLP**  
CHARTERED PROFESSIONAL ACCOUNTANTS

**COMMUNITY FUTURES EAST PARKLAND**  
**Statement of Revenues and Expenditures and Net Assets**  
**For the Year Ended March 31, 2023**

	PrairiesCan Investment Fund (Schedule 1) 2023	PrairiesCan Operating Fund (Schedule 2) 2023	RRRF Operating Fund (Schedule 3) 2023	Capital Growth Initiative Fund (Schedule 4) 2023	Total 2023	Total 2022
<b>REVENUE</b>						
Prairies Economic Development Canada (Notes 4, 8)	\$ -	\$ 298,609	\$ -	\$ -	\$ 298,609	\$ 294,963
Community Futures Network of Alberta (Notes 4, 9)	-	57,907	-	-	57,907	38,030
Interest on loan portfolio	273,526	-	-	1,337	274,863	278,460
Other fees and investment income	105,818	9,605	6,607	700	122,730	25,674
Donations, fees and sundry	-	9,800	-	-	9,800	6,570
Community Futures Network of Alberta (Notes 4, 8)	-	-	48,208	-	48,208	12,155
	379,344	375,921	54,815	2,037	812,117	655,852
<b>EXPENSES</b>						
Accounting and audit fees	-	14,600	2,500	-	17,100	15,500
Advertising and promotion	-	8,140	15	-	8,155	1,841
Amortization	-	6,444	3,036	-	9,480	8,466
Bank charges	-	-	-	60	60	-
Building repairs and maintenance	-	9,766	-	-	9,766	6,445
Economic development projects	-	48,036	-	-	48,036	36,605
GST (non-refundable)	-	3,187	-	-	3,187	1,447
Impairment expense (recovery)	55,395	-	-	-	55,395	19,906
Insurance	-	3,385	-	-	3,385	5,821
Interest and bank charges	1	1,022	-	-	1,023	932
Legal and collection costs (recovery)	1,702	4,758	-	-	6,460	4,757
Office supplies and postage	-	13,980	3,737	-	17,717	8,520
Salaries and benefits	-	211,045	45,623	-	256,668	260,095
Sub-contracts	-	610	-	-	610	1,200
Telephone	-	8,534	-	-	8,534	8,777

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**COMMUNITY FUTURES EAST PARKLAND**  
**Statement of Revenues and Expenditures and Net Assets (continued)**  
**For the Year Ended March 31, 2023**

	PrairiesCan Investment Fund (Schedule 1) 2023	PrairiesCan Operating Fund (Schedule 2) 2023	RRRF Operating Fund (Schedule 3) 2023	Capital Growth Initiative Fund (Schedule 4) 2023	Total 2023	Total 2022
Training, memberships and registrations	-	18,012	-	-	18,012	4,702
Travel, automotive and meetings	-	20,078	-	-	20,078	13,022
Utilities	-	5,196	-	-	5,196	4,756
	57,098	376,793	54,911	60	488,862	402,792
<b>NET EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	322,246	(872)	(96)	1,977	323,255	253,060
<b>FUND BALANCES: BEGINNING OF YEAR</b>	6,826,818	734,068	12,630	-	7,573,516	7,320,456
<b>INTERFUND TRANSFER</b>	7,149,064	733,196	12,534	1,977	7,896,771	7,573,516
	-	-	-	-	-	-
<b>FUND BALANCES : END OF YEAR</b>	\$ 7,149,064	\$ 733,196	\$ 12,534	\$ 1,977	\$ 7,896,771	\$ 7,573,516

**COMMUNITY FUTURES EAST PARKLAND**  
**Statement of Financial Position**  
**As at March 31, 2023**

	PrairiesCan Investment Fund 2023	PrairiesCan Operating Fund 2023	RRRF Operating Fund 2023	Capital Growth Initiative Fund 2023	Total 2023	Total 2022
<b>ASSETS</b>						
<b>CURRENT</b>						
Cash and guaranteed investment certificates	\$ 3,081,157	\$ 720,512	\$ 216,368	\$ 45,280	\$ 4,063,317	\$ 3,342,869
Accounts receivable	-	28,046	-	1,608	29,654	15,501
Prepaid expenses	-	8,049	-	-	8,049	10,306
Current portion of loans receivable (Note 7)	673,564	-	-	-	673,564	622,650
Community Futures Lending and Investment Pool	129,225	-	-	-	129,225	125,013
	3,883,946	756,607	216,368	46,888	4,903,809	4,116,339
<b>PROPERTY AND EQUIPMENT (Note 5)</b>	-	61,778	9,595	-	71,373	24,777
<b>LOANS RECEIVABLE (Note 7)</b>	3,278,733	-	5,254,530	65,089	8,598,352	9,021,042
	\$ 7,162,679	\$ 818,385	\$ 5,480,493	\$ 111,977	\$ 13,573,534	\$ 13,162,158
<b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT</b>						
Accounts payable	\$ 1,015	\$ 38,835	\$ 23,926	\$ -	\$ 63,776	\$ 26,658
Deferred revenue	12,600	46,354	100,905	10,000	169,859	162,764
	13,615	85,189	124,831	10,000	233,635	189,422
<b>LONG-TERM DEBT (Note 10)</b>	-	-	5,343,128	100,000	5,443,128	5,399,220
	13,615	85,189	5,467,959	110,000	5,676,763	5,588,642

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**COMMUNITY FUTURES EAST PARKLAND**  
**Statement of Financial Position (continued)**  
**As at March 31, 2023**

	PrairieCan Investment Fund 2023	PrairieCan Operating Fund 2023	RRRF Operating Fund 2023	Capital Growth Initiative Fund 2023	Total 2023	Total 2022
<b>NET ASSETS</b>						
Property and equipment	-	15,424	9,595	-	<b>25,019</b>	24,777
Share capital (Note 3)	-	8	-	-	<b>8</b>	8
PrairieCan conditionally repayable contributions (Note 6)	1,583,420	-	-	-	<b>1,583,420</b>	1,488,211
PrairieCan non-repayable investment fund	5,565,644	-	-	-	<b>5,565,644</b>	5,338,607
PrairieCan operating fund	-	717,764	-	-	<b>717,764</b>	721,913
RRRF operating fund	-	-	2,939	-	<b>2,939</b>	-
CGI operating fund	-	-	-	1,977	<b>1,977</b>	-
	<b>7,149,064</b>	<b>733,196</b>	<b>12,534</b>	<b>1,977</b>	<b>7,896,771</b>	<b>7,573,516</b>
	<b>\$ 7,162,679</b>	<b>\$ 818,385</b>	<b>\$ 5,480,493</b>	<b>\$ 111,977</b>	<b>\$ 13,573,534</b>	<b>\$ 13,162,158</b>

**COMMUNITY FUTURES EAST PARKLAND**  
**Statement of Cash Flows**  
**For the Year Ended March 31, 2023**

	PrairieCan Investment Fund 2023	PrairieCan Operating Fund 2023	RRRF Operating Fund 2023	Capital Growth Initiative Fund 2023	Total 2023	Total 2022
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<b>OPERATING ACTIVITIES</b>						
Excess (deficiency) of revenue over expenses	\$ 322,246	\$ (872)	\$ (96)	\$ 1,977	\$ 323,255	\$ 253,060
Item not affecting cash:						
Amortization	-	6,444	3,035	-	9,479	8,467
	322,246	5,572	2,939	1,977	332,734	261,527

Changes in non-cash working capital:

Accounts receivable	-	(12,545)	-	(1,608)	(14,153)	(11,905)
Accounts payable	-	15,191	21,926	-	37,117	(225)
Deferred revenue	-	40,095	(43,000)	10,000	7,095	151,564
Prepaid expenses	-	2,257	-	-	2,257	2,791
	-	44,998	(21,074)	8,392	32,316	142,225

Cash flow from (used by) operating activities

	322,246	50,570	(18,135)	10,369	365,050	403,752
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**INVESTING ACTIVITIES**

Purchase of property and equipment	-	(56,074)	-	-	(56,074)	(4,033)
Principal repayments on loan portfolio (including write offs)	930,420	-	144,691	1,311	1,076,422	1,602,244
RRRF loan advances	-	-	-	-	-	728,000
RRRF loan repayments	-	-	(56,093)	-	(56,093)	(167,253)
CGI loan advances	-	-	-	100,000	100,000	-
CGI loan repayments	-	-	-	-	-	-
Proceeds on loan portfolio	(652,500)	-	-	(65,000)	(717,500)	(2,149,000)
Legal, collection, and other costs added to loan portfolio	(41,140)	-	-	(1,400)	(42,540)	(30,712)
Impairment allowance	55,395	-	-	-	55,395	20,000

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**COMMUNITY FUTURES EAST PARKLAND**  
**Statement of Cash Flows** *(continued)*  
**For the Year Ended March 31, 2023**

	PrairieCan Investment Fund 2023	PrairieCan Operating Fund 2023	RRRF Operating Fund 2023	Capital Growth Initiative Fund 2023	Total 2023	Total 2022
Increase in CFLIP Interfund transfer	(4,212)	-	-	-	(4,212)	(2,770)
Cash flow from (used by) investing activities	287,963	(56,074)	88,598	34,911	355,398	(3,524)
<b>INCREASE (DECREASE) IN CASH FLOW</b>	610,209	(5,504)	70,463	45,280	720,448	400,228
Cash - beginning of year	2,470,948	726,016	145,905	-	3,342,869	2,942,641
<b>CASH - END OF YEAR</b>	<b>\$ 3,081,157</b>	<b>\$ 720,512</b>	<b>\$ 216,368</b>	<b>\$ 45,280</b>	<b>\$ 4,063,317</b>	<b>\$ 3,342,869</b>
<b>CASH CONSISTS OF:</b>						
PrairieCan operating	\$ -	\$ 70,512	\$ -	\$ -	\$ 70,512	\$ 71,016
PrairieCan operating GIC's	-	650,000	-	-	650,000	655,000
PrairieCan non-repayable	2,583,082	-	-	-	2,583,082	2,193,375
PrairieCan repayable	224,758	-	-	-	224,758	84,870
PrairieCan EDP	272,302	-	-	-	272,302	191,688
PrairieCan non-repayable GIC	1,015	-	-	-	1,015	1,015
RRRF operating fund	-	-	216,368	-	216,368	145,905
CGI operating fund	-	-	-	45,280	45,280	-
	<b>\$ 3,081,157</b>	<b>\$ 720,512</b>	<b>\$ 216,368</b>	<b>\$ 45,280</b>	<b>\$ 4,063,317</b>	<b>\$ 3,342,869</b>

**COMMUNITY FUTURES EAST PARKLAND**  
**PrairieCan Investment Fund and Net Assets**  
**(Schedule 1)**

**For the Year Ended March 31, 2023**

	PrairieCan Conditionally Repayable EDP Fund 2023	PrairieCan Non-repayable Investment Fund 2023	PrairieCan Conditionally Repayable Investment Fund 2023	Total Investment Funds 2023	Total Investment Funds 2022
<b>REVENUE</b>					
Interest on loan portfolio	\$ 3,901	\$ 214,243	\$ 55,382	\$ 273,526	\$ 278,460
Other fees and investment income	10,942	86,650	8,226	105,818	20,703
	14,843	300,893	63,608	379,344	299,163
<b>EXPENSES</b>					
Impairment expense (recovery)	-	71,895	(16,500)	55,395	19,906
Legal and collection costs (recovery)	(221)	1,960	(37)	1,702	(823)
Interest and bank charges	-	1	-	1	-
	(221)	73,856	(16,537)	57,098	19,083
<b>EXCESS OF REVENUE OVER EXPENSE</b>	15,064	227,037	80,145	322,246	280,080
<b>FUND BALANCES: BEGINNING OF YEAR</b>	345,169	5,338,607	1,143,042	6,826,818	6,530,125
<b>INTERFUND TRANSFERS</b>	-	-	-	-	16,613
<b>FUND BALANCES: END OF YEAR</b>	\$ 360,233	\$ 5,565,644	\$ 1,223,187	\$ 7,149,064	\$ 6,826,818

**COMMUNITY FUTURES EAST PARKLAND**  
**PrairiesCan Operating Fund and Net Assets**  
**For the Year Ended March 31, 2023**

**(Schedule 2)**

	2023	2022
<b>REVENUE</b>		
Prairies Economic Development Canada (Notes 4, 8)	\$ 298,609	\$ 294,963
Community Futures Network of Alberta (Notes 4, 9)	57,907	38,030
Other fees and investment income	9,605	4,188
Donations, fees and sundry	9,800	6,570
	<u>375,921</u>	<u>343,751</u>
<b>EXPENSES</b>		
Accounting and audit fees	14,600	13,500
Advertising and promotion	8,140	1,841
Amortization	6,444	3,618
Building repairs and maintenance	9,766	6,445
Economic development projects	48,036	36,605
GST (non-refundable)	3,187	1,447
Insurance	3,385	5,821
Interest and bank charges	1,022	931
Legal and collection costs	4,758	5,580
Office supplies and postage	13,980	6,618
Salaries and benefits	211,045	257,148
Sub-contracts	610	1,200
Telephone	8,534	8,777
Training, memberships and registrations	18,012	3,429
Travel, automotive and meetings	20,078	13,022
Utilities	5,196	4,756
	<u>376,793</u>	<u>370,738</u>
<b>DEFICIENCY OF REVENUE OVER EXPENSES</b>	<b>(872)</b>	<b>(26,987)</b>
<b>FUND BALANCES: BEGINNING OF YEAR</b>	<b>734,068</b>	<b>777,668</b>
<b>INTERFUND TRANSFERS</b>	<u>-</u>	<u>(16,613)</u>
<b>FUND BALANCES: END OF YEAR</b>	<b>\$ 733,196</b>	<b>\$ 734,068</b>

**COMMUNITY FUTURES EAST PARKLAND**  
**RRRF Operating Fund and Net Assets**  
**For The Year Ended March 31, 2023**

*(Schedule 3)*

	2023	2022
<b>REVENUE</b>		
Community Futures Network of Alberta <i>(Notes 4, 8)</i>	\$ 48,208	\$ 12,155
Investment income	<u>6,607</u>	<u>783</u>
	<u>54,815</u>	<u>12,938</u>
 <b>EXPENSES</b>		
Advertising	15	-
Amortization	3,036	4,849
Office supplies	3,737	1,902
Accounting and audit fees	2,500	2,000
Training and membership	-	1,273
Wages and benefits	<u>45,623</u>	<u>2,947</u>
	<u>54,911</u>	<u>12,971</u>
 <b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	 (96)	 (33)
 <b>FUND BALANCES: BEGINNING OF YEAR</b>	 <u>12,630</u>	 <u>12,663</u>
 <b>FUND BALANCES: END OF YEAR</b>	 <u>\$ 12,534</u>	 <u>\$ 12,630</u>

**COMMUNITY FUTURES EAST PARKLAND**  
**Capital Growth Initiative Fund**  
**For The Year Ended March 31, 2023**

**(Schedule 4)**

	2023	2022
<b>REVENUES</b>		
Interest on loan portfolio	\$ 1,337	\$ -
Application fees	700	-
	<u>2,037</u>	<u>-</u>
<b>EXPENSES</b>		
Interest and bank charges	60	-
	<u>60</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ 1,977</u>	<u>\$ -</u>

**COMMUNITY FUTURES EAST PARKLAND**  
**Notes to Financial Statements**  
**For the Year Ended March 31, 2023**

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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, 2023**

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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**  
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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.

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**5. PROPERTY AND EQUIPMENT**

	Cost	Accumulated amortization	<b>2023 Net book value</b>	2022 Net book value
Land	\$ 3,000	\$ -	\$ 3,000	\$ 3,000
Building and renovations	148,955	104,819	44,136	3,899
Office furniture and equipment	37,202	20,683	16,519	13,906
Computer	73,201	65,483	7,718	3,972
	<b>\$ 262,358</b>	<b>\$ 190,985</b>	<b>\$ 71,373</b>	<b>\$ 24,777</b>

**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	1,021,519	227,571	1,249,090
Cumulative loan impairment	(448,332)	(67,338)	(515,670)
	<b>\$ 1,223,187</b>	<b>\$ 360,233</b>	<b>\$ 1,583,420</b>

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**7. LOANS RECEIVABLE**

	2023	2022
PrairiesCan Non-repayable Investment Fund	\$ 3,697,828	\$ 3,789,834
PrairiesCan Conditionally Repayable Investment Fund	1,045,920	1,122,364
PrairiesCan Conditionally Repayable EDP Fund	29,944	98,274
RRRF Investment Fund	5,254,530	5,399,220
Capital Growth Initiative Project	65,089	-
	<b>10,093,311</b>	10,409,692
Amounts receivable within one year	(673,564)	(622,650)
Allowance for doubtful loans and notes receivable	(821,395)	(766,000)
	<b>\$ 8,598,352</b>	<b>\$ 9,021,042</b>

Principal and allowance by loan

March 31, 2023	Principal Performing	Principal Impaired	Net carrying value
PrairiesCan Non-repayable Investment Fund	\$ 3,697,826	\$ (758,895)	\$ 2,938,931
PrairiesCan Conditionally Repayable Investment Fund	1,045,922	(62,500)	983,422
PrairiesCan Conditionally Repayable EDP Fund	29,944	-	29,944
RRRF Investment Fund	5,254,530	-	5,254,530
Capital Growth Initiative Project	65,089	-	65,089
	<b>\$ 10,093,311</b>	<b>\$ (821,395)</b>	<b>\$ 9,271,916</b>

At year-end, PrairiesCan Non-repayable investment fund, PrairiesCan Conditionally Repayable Investments Fund and PrairiesCan Conditionally Repayable EDP Fund consists of 66 loans (2022-70) with interest rates ranging from 5.70% to 10.70% 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 17 loans (2022 - 16). During the year, \$0 (2022 - \$0) of PrairiesCan non-repayable investment funds and \$0 (2022 - \$0) 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 \$1,795,275 with a corresponding impairment of \$363,900 at March 31, 2023).

RRRF Investment Fund loan receivable consists of 106 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, \$1,623,828 will be forgiven by CFNA. As of March 31, 2023, \$43,172 (3 loans) has been forgiven due to repayment by the borrowers during the year.

Capital Growth Initiative Project consists of 2 loans that were interest only for 6 months at prime plus 2%. If 75% of the loan is repaid within the 5 year loan term, 25% of the loan can be forgiven. Loans have to be advanced to women entrepreneurs to assist with starting and growing their business per CFNA guidelines.

**COMMUNITY FUTURES EAST PARKLAND**  
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**8. CONTRACTUAL OBLIGATIONS**

The corporation has committed \$3,100 for the 2023 Alberta Youth Entrepreneurship Camp which was paid prior to year end.

During the prior 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, 2023, \$100,905 (2022 - \$143,905) has been reported as deferred revenue.

During the year, the corporation received operating funding of \$10,000 from the Capital Growth Initiative Project provided by Community Futures Network of Alberta. This funding is to help cover costs associated with administering the future of the CGI program (note 7) which expires on March 31, 2025. Any surplus realized from this funding is repayable at the governments discretion. As of March 31, 2023, \$10,000 has been reported as deferred revenue.

During the year, the company received \$50,000 for a Building Capacity and Responding to Growth contribution from Community Futures Pan West Network Inc.. The funds were used for upgrades to the building and computers. Included in deferred revenue is \$46,354 which will be realized into income based on depreciation of the capital upgrades. Current year income includes \$3,646 of the deferred contribution.

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:

2024	\$ 294,963
2025	294,963
2026	294,963
	\$ 884,889

**9. CROP PROJECT**

The corporation entered into an agreement with Community Futures Network of Alberta (CFNA) 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, 2023 and current year income allocated was \$48,500 plus prior year unspent deferred funds of \$6,259. The corporation also received funding of \$3,148 from CFNA that was reimbursed to two individuals under the Entrepreneurs with Disability Program.

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**10. LONG-TERM DEBT**

	2023	2022
Community Futures Network of Alberta loan, matures December 31, 2025	\$ 5,343,128	\$ 5,399,220
Community Futures Network of Alberta loan, matures March 31, 2027	100,000	-
	\$ 5,443,128	\$ 5,399,220

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.

THE CGI Fund consists of an interest free loan from Community Futures Network of Alberta (CFNA). The funds are used to provide to women entrepreneurs to start and grow their business. 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 CGI program.

**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.

R. Reckseidler

*[Signature]*  
Marilyn Weber

*[Signature]*  
Lennard McFarland