

COMMUNITY FUTURES YELLOWHEAD EAST

Financial Statements

Year Ended March 31, 2022

COMMUNITY FUTURES YELLOWHEAD EAST

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Year Ended March 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members of Community Futures Yellowhead East

Opinion

We have audited the financial statements of Community Futures Yellowhead East (the company), which comprise the statement of financial position as at March 31, 2022, 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 company as at March 31, 2022, 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 company 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 company'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 company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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Independent Auditor's Report to the Members of Community Futures Yellowhead East *(continued)*

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Carlson Roberts Seely LLP.

Drayton Valley, Alberta
June 16, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS

COMMUNITY FUTURES YELLOWHEAD EAST
Statement of Financial Position
March 31, 2022

	General Fund 2022	Restricted Non- repayable 2022	Restricted Repayable 2022	Restricted Disabled 2022	RRRF 2022	Total 2022	Total 2021
ASSETS							
CURRENT							
Cash	\$ 161,015	\$ 2,104,727	\$ -	\$ -	\$ -	\$ 2,265,742	\$ 2,223,885
Marketable securities (Note 13)	830,171	-	-	-	-	830,171	887,350
Accounts receivable	7,130	-	-	-	-	7,130	177
Goods and services tax recoverable	5,232	-	-	-	-	5,232	3,773
Prepaid expenses	4,241	-	-	-	-	4,241	6,446
Interrund receivable (Note 2)	600,107	-	237,392	64,005	9,440	910,944	1,072,361
Accrued interest receivable (Note 3)	-	10,754	-	-	-	10,754	23,508
Current portion of investment loans receivable (Note 17)	1,433	126,117	11,404	-	-	138,954	124,212
	1,609,329	2,241,598	248,796	64,005	9,440	4,173,168	4,341,712
PROPERTY, PLANT AND EQUIPMENT (Net of accumulated amortization) (Note 4)	294,128	-	-	-	-	294,128	302,839
LOANS AND NOTES RECEIVABLE (Note 17)	2,628	380,988	32,610	-	2,503,432	2,919,658	2,572,800
	\$ 1,906,085	\$ 2,622,586	\$ 281,406	\$ 64,005	\$ 2,512,872	\$ 7,386,954	\$ 7,217,351

See notes to financial statements

COMMUNITY FUTURES YELLOWHEAD EAST
Statement of Financial Position
March 31, 2022

	General Fund 2022	Restricted Non- repayable 2022	Restricted Repayable 2022	Restricted Disabled 2022	RRRF 2022	Total 2022	Total 2021
LIABILITIES AND NET ASSETS							
CURRENT							
Accounts payable (Note 6)	\$ 32,581	\$ -	\$ -	\$ -	\$ -	\$ 32,581	\$ 84,368
Deferred income (Note 7)	78,985	-	-	-	-	78,985	4,500
Interfund payable (Note 2)	-	910,944	-	-	-	910,944	1,072,361
	111,566	910,944	-	-	-	1,022,510	1,161,229
	51,309	-	-	-	-	51,309	-
	162,875	910,944	-	-	-	1,073,819	1,161,229
LONG TERM DEBT (Note 8)							
	1	-	-	-	-	1	1
	1,743,209	1,711,642	281,406	64,005	2,512,872	6,313,134	6,056,121
	1,743,210	1,711,642	281,406	64,005	2,512,872	6,313,135	6,056,122
	\$ 1,906,085	\$ 2,622,586	\$ 281,406	\$ 64,005	\$ 2,512,872	\$ 7,386,954	\$ 7,217,351

NET ASSETS

Share capital

Net assets (Notes 14, 11, 13)

ON BEHALF OF THE BOARD

Director

Director

COMMUNITY FUTURES YELLOWHEAD EAST
Statement of Revenues and Expenditures
Year Ended March 31, 2022

	General Fund 2022	Restricted Non- repayable 2022	Restricted Repayable 2022	Restricted Disabled 2022	RRRF 2022	2022	2021
REVENUES							
Praries Economic Development Canada	\$ 348,757	\$ -	\$ -	\$ -	\$ -	\$ 348,757	\$ 361,542
Interest income	20,427	51,518	4,652	-	-	76,597	56,124
Project/Sponsorship (Schedule 3)	50,115	-	-	-	-	50,115	117,580
Contract	8,811	-	-	-	-	8,811	-
Rental income	7,200	-	-	-	-	7,200	7,200
Loan fees and cost recoveries	100	1,989	200	-	-	2,289	9,810
	435,410	53,507	4,852	-	-	493,769	552,256
EXPENSES							
Salaries and wages	251,298	-	-	-	-	251,298	261,628
Contract	46,981	-	-	-	-	46,981	104,930
Professional fees	19,802	-	-	-	-	19,802	21,738
Office	18,713	-	-	-	-	18,713	33,717
Insurance	14,243	-	-	-	-	14,243	16,180
Advertising and promotion	9,862	-	-	-	-	9,862	22,380
Rental	9,630	-	-	-	-	9,630	5,672
Utilities	8,952	-	-	-	-	8,952	8,936
Board expenses	8,906	-	-	-	-	8,906	7,875
Training	5,977	-	-	-	-	5,977	13,453
Property taxes	4,552	-	-	-	-	4,552	4,491
Portfolio recovery expense	-	3,336	-	-	-	3,336	9,410
Travel	3,119	-	-	-	-	3,119	688
Interest and bank charges	1,211	-	-	-	-	1,211	889
Repairs and maintenance	765	-	-	-	-	765	636
Meals and entertainment	329	-	-	-	-	329	675
Recovery of investment loss	-	(53,468)	(43)	-	-	(53,511)	(70,847)
Amortization	16,640	-	-	-	-	16,640	16,678
	420,980	(50,132)	(43)	-	-	370,805	459,129
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	14,430	103,639	4,895	-	-	122,964	93,127

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COMMUNITY FUTURES YELLOWHEAD EAST
Statement of Revenues and Expenditures (continued)
Year Ended March 31, 2022

	General Fund 2022	Restricted Non- repayable 2022	Restricted Repayable 2022	Restricted Disabled 2022	RRRF 2022	2022 2021	2021 2021
OTHER INCOME							
Unrealized gain (loss) on marketable securities	(70,045)	-	-	-	-	(70,045)	86,926
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (55,615)	\$ 103,639	\$ 4,895	\$ -	\$ -	\$ 52,919	\$ 180,053

COMMUNITY FUTURES YELLOWHEAD EAST
Statement of Changes in Net Assets
Year Ended March 31, 2022

	General Fund	Restricted Non-repayable	Restricted Repayable	Restricted Disabled	RRRF	Total 2022	Total 2021
NET ASSETS - BEGINNING OF YEAR							
Excess of revenues over expenses	\$ 1,798,824	\$ 1,608,003	\$ 276,511	\$ 64,005	\$ 2,308,778	\$ 6,056,121	\$ 3,567,290
Contributions during year	(55,615)	103,639	4,895	-	-	52,919	180,053
Repayments during year	-	-	-	-	307,000	307,000	2,308,778
					(102,906)	(102,906)	-
NET ASSETS - END OF YEAR	\$ 1,743,209	\$ 1,711,642	\$ 281,406	\$ 64,005	\$ 2,512,872	\$ 6,313,134	\$ 6,056,121

Breakdown of Net Assets
Year Ended March 31, 2022

	General Fund	Restricted Non-repayable	Restricted Repayable	Restricted Disabled	RRRF	Total 2022	Total 2021
Original contributions	\$ -	\$ 1,550,000	\$ 400,000	\$ 200,000	\$ 2,512,872	\$ 4,662,872	\$ 4,458,778
Earned net assets	1,743,209	161,642	(118,594)	(135,995)	-	1,650,262	1,597,343
	\$ 1,743,209	\$ 1,711,642	\$ 281,406	\$ 64,005	\$ 2,512,872	\$ 6,313,134	\$ 6,056,121

COMMUNITY FUTURES YELLOWHEAD EAST
Statement of Cash Flows
Year Ended March 31, 2022

	General Fund	Restricted Non-repayable	Restricted Repayable	Restricted Disabled	RRRF	Total 2022	Total 2021
OPERATING ACTIVITIES							
Excess (deficiency) of revenues over expenses	\$ (53,615)	\$ 103,639	\$ 4,895	\$ -	\$ -	\$ 52,919	\$ 180,053
Items not affecting cash:							
Amortization of property, plant and equipment	16,640	-	-	-	-	16,640	16,678
Gain/(losses) on marketable sec	70,045	-	-	-	-	70,045	(86,926)
Recovery of investment loss	-	(1,861)	(43)	-	-	(1,904)	(70,847)
	31,070	101,778	4,852	-	-	137,700	38,958
Changes in non-cash working capital:							
Accounts receivable	(6,953)	-	-	-	-	(6,953)	1,242
Accounts payable	(51,787)	-	-	-	-	(51,787)	62,260
Deferred income	74,485	-	-	-	-	74,485	(42,955)
Prepaid expenses	2,205	-	-	-	-	2,205	(2,057)
Goods and services tax payable	(1,459)	-	-	-	-	(1,459)	455
Accrued interest receivable	-	10,479	2,275	-	-	12,754	(22,229)
Interfund receivable	(45,023)	-	(12,621)	-	219,059	161,415	(5,084)
Interfund payable	-	(161,417)	-	-	-	(161,417)	-
	(28,532)	(150,938)	(10,346)	-	219,059	29,243	(8,368)
Cash flow from (used by) operating activities	2,538	(49,160)	(5,494)	-	219,059	166,943	30,590
INVESTING ACTIVITIES							
Purchase of property, plant and equipment	(7,929)	-	-	-	-	(7,929)	(5,207)
Repayment of loans and notes receivable	239	113,126	5,494	-	56,846	175,705	370,875
Addition to loans and notes receivable	(4,300)	(51,100)	-	-	(480,000)	(535,400)	(2,438,301)
Proceeds from sale (purchase) of marketable securities	(12,866)	-	-	-	-	(12,866)	(2,909)
Cash flow from (used by) investing activities	(24,856)	62,026	5,494	-	(423,154)	(380,490)	(2,075,542)
FINANCING ACTIVITIES							
Contributions during the year	-	-	-	-	307,000	307,000	2,308,778
Repayments during the year	-	-	-	-	(102,905)	(102,905)	-

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COMMUNITY FUTURES YELLOWHEAD EAST
Statement of Cash Flows (continued)
Year Ended March 31, 2022

	General Fund	Restricted Non-repayable	Restricted Repayable	Restricted Disabled	RRRF	Total 2022	Total 2021
Proceeds on long term debt	51,309	-	-	-	-	51,309	-
Cash flow from financing activities	51,309	-	-	-	204,095	255,404	2,308,778
INCREASE IN CASH FLOW	28,991	12,866	-	-	-	41,857	263,826
Cash - beginning of year	132,024	2,091,861	-	-	-	2,223,885	1,960,058
CASH - END OF YEAR	\$ 161,015	\$ 2,104,727	\$ -	\$ -	\$ -	\$ 2,265,742	\$ 2,223,884

COMMUNITY FUTURES YELLOWHEAD EAST

Notes to Financial Statements

Year Ended March 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

Community Futures Yellowhead East (the "company") is a not-for-profit organization 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 (ASNPO).

Fund accounting

Community Futures Yellowhead East 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. This fund reports unrestricted resources and restricted operating grants. 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) reports 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.

Recognition of Contributions

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

Recognition of other revenues

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

Contributed services

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

Cash and cash equivalents

Cash and cash equivalents consist of balances with banks and short-term investments with banks.

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COMMUNITY FUTURES YELLOWHEAD EAST

Notes to Financial Statements

Year Ended March 31, 2022

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

Investment loans and accrued interest receivable

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

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

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

Allowance for doubtful loans

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

The organization calculates the allowance for doubtful loans at 3% of the overall portfolio plus 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:

Buildings	4%	declining balance method
Furniture and fixtures	20%	declining balance method
Computer equipment	30%	declining balance method
Computer equipment	55%	declining balance method

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

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COMMUNITY FUTURES YELLOWHEAD EAST

Notes to Financial Statements

Year Ended March 31, 2022

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. INTERFUND RECEIVABLE/PAYABLE

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

3. ACCRUED INTEREST RECEIVABLE

	Restricted Non-repayable	Restricted Repayable	Restricted Disabled	2022	2021
Interest in arrears	\$ 10,754	\$ -	\$ -	\$ 10,754	\$ 23,509

COMMUNITY FUTURES YELLOWHEAD EAST

Notes to Financial Statements

Year Ended March 31, 2022

4. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Buildings	\$ 403,303	\$ 119,638	\$ 283,665	\$ 295,484
Furniture and fixtures	66,569	60,435	6,134	1,172
Computer equipment	82,071	77,742	4,329	6,183
	<u>\$ 551,943</u>	<u>\$ 257,815</u>	<u>\$ 294,128</u>	<u>\$ 302,839</u>

5. RRRF INVESTMENT LOANS RECEIVABLE

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

	2022	2021
Balance, beginning of year	\$ 2,080,278	\$ -
Advances during the year	480,000	2,080,278
Repayments during the year	(56,846)	-
Forgiven portion during the year	-	-
Balance, end of year	<u>\$ 2,503,432</u>	<u>\$ 2,080,278</u>

6. ACCOUNTS PAYABLE

The accounts payable balance consists of:

	2022	2021
Trade payables	\$ 24,295	\$ 77,236
Source deductions payable	8,286	7,132
	<u>\$ 32,581</u>	<u>\$ 84,368</u>

COMMUNITY FUTURES YELLOWHEAD EAST

Notes to Financial Statements

Year Ended March 31, 2022

7. 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>2022</u>	<u>2021</u>
Balance, beginning of the year	\$ 4,500	\$ 47,455
PLUS: Amounts received related to the following year	78,985	4,500
LESS: Amounts recognized as revenue in the year	<u>(4,500)</u>	<u>(47,455)</u>
	<u>\$ 78,985</u>	<u>\$ 4,500</u>

Deferred revenue consists of:

Digital Economy Program	\$ 66,104	\$ -
Business Support Network	12,881	-
Career & Education Expo	<u>-</u>	<u>4,500</u>
	<u>\$ 78,985</u>	<u>\$ 4,500</u>

8. LONG TERM DEBT

	<u>2022</u>	<u>2021</u>
Community Futures Alberta	<u>\$ 51,309</u>	<u>\$ -</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 YELLOWHEAD EAST

Notes to Financial Statements

Year Ended March 31, 2022

9. RELATED PARTY TRANSACTIONS

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

Serena Lapointe, member of the board
Daryl Weber, member of the board
Liz Krawiec, member of the board
Anna Greenwood, member of the board
Ty Assaf, member of the board
Robin Murray, member of the board
Nick Gelych, member of the board
Jim Hailes, member of the board
Jeremy Wilhelm, member of the board
Marvin Schatz, member of the board

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

	<u>2022</u>		<u>2021</u>
<u>Travel per diem and expense reimbursements</u>			
Board members	\$ 6,082	\$	8,906

10. GENERAL FUND NET ASSETS

Included in the general fund net assets is \$294,128 (2021 - \$302,839) that is invested in capital assets.

COMMUNITY FUTURES YELLOWHEAD EAST

Notes to Financial Statements

Year Ended March 31, 2022

11. EXTERNALLY RESTRICTED ASSETS

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

	<u>2022</u>	<u>2021</u>
Non-Repayable	\$ 1,711,642	\$ 1,608,003
Repayable	281,406	276,511
Disabled	64,005	64,005
Regional Relief and Recovery Fund	<u>2,512,872</u>	<u>2,308,778</u>
	<u>\$ 4,569,925</u>	<u>\$ 4,257,297</u>

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 contribution agreement with Prairies Economic Development Canada (PrairiesCan), loan investment funds include Conditionally Repayable Funds in the amount of \$600,000 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 in 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 over a period of 3 to 5 years. Minimal staff would be kept on to oversee this process and operational costs would have to be covered by the interest earned by the loans as PrairiesCan would no longer fund operational costs. No new loans receivable would be granted and no other projects would be initiated.

12. ECONOMIC DEPENDENCE

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

COMMUNITY FUTURES YELLOWHEAD EAST

Notes to Financial Statements

Year Ended March 31, 2022

13. EXTERNAL NON-PRAIRIESCAN INVESTMENT FUND POOL

Community Futures Yellowhead East, (formerly YEBDC, Yellowhead East Business Development Corporation) was part of an employment economic development contract project with Social Services in the 1980's that hired and trained individuals on unemployment, so they could gain valuable work skills as well as employment. Social Services referred the individuals and CFYE started a business model where unemployed individuals could receive vital skills training through local business partnerships, often producing goods for sale. YEBDC then re-sold the inventory that was built with the business partners.

When funding for the project from Social Services ended, the project was ceased. YEBDC was the recipient of the assets remaining from the project, both cash and inventory. The cash, along with the proceeds from the inventory has been maintained in an investment with the intention to have reserve funds, should the government funding through PrairiesCan ever end for the CFYE program.

The board's intent of for these additional investment funds, is to maintain a minimum of 2 years operating capital. The board also intends to take various opportunities to invest in different projects as they determine a benefit the entire CFYE region. These funds are not part of the PrairiesCan funds that are accounted for through regular PrairiesCan reporting and as such are considered non-restricted funds.

14. GENERAL FUND INTERNAL RESTRICTIONS

Included in the General Fund is the following amounts which have been internally restricted by the Board of Directors for the following initiatives:

	<u>2022</u>	<u>2021</u>
- Youth Student Loan Project	\$100,000	\$100,000
- Regional Resilience & Diversification Initiative	\$ 50,000	\$ 50,000

15. 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, 2022.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The company is exposed to credit risk from customers. In order to reduce its credit risk, the company 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 company has a significant number of customers which minimizes concentration of credit risk.

(b) Liquidity risk

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

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the company manages exposure through its normal operating and financing activities. The company is exposed to interest rate risk primarily through its marketable securities.

(continues)

COMMUNITY FUTURES YELLOWHEAD EAST

Notes to Financial Statements

Year Ended March 31, 2022

15. FINANCIAL INSTRUMENTS *(continued)*

(d) Changes in risk

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

16. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

COMMUNITY FUTURES YELLOWHEAD EAST
Notes to Financial Statements
Year Ended March 31, 2022

17. INVESTMENT LOANS RECEIVABLE

	Restricted Non-repayable	Restricted Repayable	Restricted Disabled	RRRF	2022	2021
Loans Receivable	\$ 522,789	\$ 45,501	\$ -	\$ 2,503,432	\$ 3,071,722	\$ 2,716,086
Less: allowance for loan impairment	(15,684)	(1,487)	-	-	(17,171)	(19,074)
Less: current portion	(126,117)	(11,404)	-	-	(137,521)	(124,212)
	\$ 380,988	\$ 32,610	\$ -	\$ 2,503,432	\$ 2,917,030	\$ 2,572,800

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

ALLOWANCE FOR LOAN IMPAIRMENT

Balance, beginning of the year	\$ (17,544)	\$ (1,530)	\$ -	\$ -	\$ (19,074)	\$ (79,126)
Recovery/(provision) for loan losses	-	-	-	-	-	43,273
Amounts written off to the allowance	1,860	43	-	-	1,903	16,779
Balance at end of year	\$ (15,684)	\$ (1,487)	\$ -	\$ -	\$ (17,171)	\$ (19,074)

Total recorded investment on impaired loans

	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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In accordance with the Corporation's objectives, the Corporation has provided loans to small businesses. Outstanding loans to entrepreneurs are interest bearing at fixed rates varying from 0.0% to 9.7% per annum with monthly blended principal and interest repayments amortized for terms between 12 and 120 months. Security is taken on these loans as appropriate to the situation and includes personal guarantees, general security agreements covering business assets and mortgages on property.

COMMUNITY FUTURES YELLOWHEAD EAST

RRRF Statement of Financial Position

(Schedule 1)

Year Ended March 31, 2022

	RRRF Operational 2022	RRRF Fund 2022	Total 2022	Total 2021
ASSETS				
Loan receivable	\$ -	\$ 2,503,432	\$ 2,503,432	\$ 2,080,278
Interfund receivable	51,309	9,441	60,750	263,942
TOTAL ASSETS	\$ 51,309	\$ 2,512,873	\$ 2,564,182	\$ 2,344,220
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 35,442
Long term debt	51,309	-	51,309	-
TOTAL LIABILITIES	\$ 51,309	\$ -	\$ 51,309	\$ 35,442
NET ASSETS				
Opening	\$ -	\$ 2,308,778	\$ 2,308,778	\$ -
Contributions during the year	-	307,000	307,000	2,308,778
Excess of revenues over expenditures	-	-	-	-
Repayments in the year	-	(102,905)	(102,905)	-
TOTAL NET ASSETS	-	2,512,873	2,512,873	2,308,778
TOTAL LIABILITIES AND NET ASSETS	\$ 51,309	\$ 2,512,873	\$ 2,564,182	\$ 2,344,220

COMMUNITY FUTURES YELLOWHEAD EAST

RRRF Statement of Revenue and Expenditures

(Schedule 2)

Year Ended March 31, 2022

	RRRF Operating 2022	RRRF Fund 2022	Total 2022	Total 2021
REVENUES				
RRRF Admin Fund	\$ 53,793	\$ -	\$ 53,793	\$ 66,579
EXPENDITURES				
Contract expenses	35,442	-	35,442	-
Salaries and wages	18,176	-	18,176	21,201
Office	175	-	175	19,407
Advertising and promotion	-	-	-	13,227
Programs	-	-	-	11,076
Training	-	-	-	1,308
Utilities	-	-	-	240
Travel	-	-	-	120
TOTAL EXPENDITURES	53,793	-	53,793	66,579
EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS	\$ -	\$ -	\$ -	\$ -

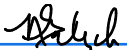
COMMUNITY FUTURES YELLOWHEAD EAST


Statement of Program Revenues and Expenditures

(Schedule 3)

Year Ended March 31, 2022

	2022	2021
REVENUES		
Career and education expo	\$ 15,400	\$ -
Contract	5,100	4,015
Digital economy program	8,596	-
Project sponsorship	8,450	24,910
Business support network	7,119	21,875
Training	5,450	200
Rural opportunities fund	-	66,580
	<u>50,115</u>	<u>117,580</u>
EXPENDITURES		
Salaries and wages	10,470	-
Contract expense	9,331	93,556
Advertising and promotion	8,645	8,194
Office	6,195	393
Professional fees	3,600	3,900
Training	1,500	5,455
Travel	1,335	-
Meals	61	4,100
Repairs and maintenance	20	-
Interest and bank charges	-	105
	<u>41,157</u>	<u>115,703</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 8,958</u>	<u>\$ 1,877</u>


 Nick Gelych (Jul 14, 2022 08:59 MDT)


 Serena Lapointe (Jul 14, 2022 17:06 MDT)