

**COMMUNITY FUTURES YELLOWHEAD EAST**  
**Financial Statements**  
**Year Ended March 31, 2019**

**COMMUNITY FUTURES YELLOWHEAD EAST**

**Index to Financial Statements**

**Year Ended March 31, 2019**

---

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3 - 4
Statement of Revenues and Expenditures	5
Statement of Changes in Net Assets	6
Breakdown of Net Assets	6
Statement of Cash Flows	7 - 8
Notes to Financial Statements	9 - 16
Statement of General Fund Revenues and Expenses <i>(Schedule 1)</i>	17
Statement of Loan Investment Fund Revenues and Expenses <i>(Schedule 2)</i>	18
Statement of Program Revenues and Expenses <i>(Schedule 3)</i>	19

---

## 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, 2019, 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, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

(continues)

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.



Drayton Valley, Alberta  
July 18, 2019

CHARTERED PROFESSIONAL ACCOUNTANTS

**COMMUNITY FUTURES YELLOWHEAD EAST**

**Statement of Financial Position**

**March 31, 2019**

	General Fund 2019	Restricted Non- repayable 2019	Restricted Repayable 2019	Restricted Disabled 2019	Total 2019	Total 2018 (Restated Note 2)
<b>ASSETS</b>						
<b>CURRENT</b>						
Cash	\$ 607,514	\$ 831,807	\$ 229,889	\$ 171,502	\$ 1,840,712	\$ 1,424,850
Marketable securities	830,615	-	-	-	830,615	805,206
Accounts receivable	-	-	-	-	-	1,014
Prepaid expenses	4,795	-	-	-	4,795	-
Accrued interest receivable (Note 6)	-	10,298	-	-	10,298	39,241
Current portion of investment loans receivable (Note 8)	-	251,821	-	-	251,821	-
Interfund receivable (Note 5)	209,559	-	26,781	-	236,340	351,268
	1,652,483	1,093,926	256,670	171,502	3,174,581	2,621,579
<b>PROPERTY AND EQUIPMENT (Net of accumulated amortization) (Note 7)</b>	324,589	-	-	-	324,589	337,468
<b>LOANS AND NOTES RECEIVABLE (Note 8)</b>	-	703,358	-	-	703,358	1,224,158
	\$ 1,977,072	\$ 1,797,284	\$ 256,670	\$ 171,502	\$ 4,202,528	\$ 4,183,205

See notes to financial statements

# COMMUNITY FUTURES YELLOWHEAD EAST

## Statement of Financial Position

March 31, 2019

	General Fund 2019	Restricted Non- repayable 2019	Restricted Repayable 2019	Restricted Disabled 2019	Total 2019	Total 2018 (Restated Note 2)
<b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT</b>						
Accounts payable (Note 9)	\$ 21,309	\$ -	\$ -	\$ -	\$ 21,309	\$ 3,392
Deferred income (Note 10)	119,677	-	-	-	119,677	18,131
Interfund payable (Note 5)	-	128,846	-	107,492	236,338	351,268
	<u>140,986</u>	<u>128,846</u>	<u>-</u>	<u>107,492</u>	<u>377,324</u>	<u>372,791</u>
<b>NET ASSETS</b>						
Share capital	1	-	-	-	1	1
Net assets (Notes 12, 13)	<u>1,836,085</u>	<u>1,668,438</u>	<u>256,670</u>	<u>64,010</u>	<u>3,825,203</u>	<u>3,810,413</u>
	<u>1,836,086</u>	<u>1,668,438</u>	<u>256,670</u>	<u>64,010</u>	<u>3,825,204</u>	<u>3,810,414</u>
	<u>\$ 1,977,072</u>	<u>\$ 1,797,284</u>	<u>\$ 256,670</u>	<u>\$ 171,502</u>	<u>\$ 4,202,528</u>	<u>\$ 4,183,205</u>

### ON BEHALF OF THE BOARD

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

**COMMUNITY FUTURES YELLOWHEAD EAST****Statement of Revenues and Expenditures****Year Ended March 31, 2019**

	<b>Total 2019</b>	<b>Total 2018 Restated (Note 2)</b>
<b>REVENUES</b>		
WEDC Core Funding	\$ 294,963	\$ 294,963
Interest income	109,954	140,203
Other contracts (Schedule 3)	76,594	66,659
Loan fees	29,205	17,407
Training revenues	10,000	249
Rental income	6,600	-
Consulting fee	2,100	2,500
Interest from other sources	1,480	-
	<u>530,896</u>	<u>521,981</u>
<b>EXPENSES</b>		
Salaries and wages	225,618	201,597
Programs (Schedule 3)	71,328	48,517
Professional fees	29,456	21,980
Training	28,986	9,349
Board expenses	25,526	16,038
Portfolio recovery expense	23,713	-
Travel	18,432	18,538
Office	17,852	7,848
Provision for investment loss	14,290	117,525
Utilities	11,534	7,115
Advertising and promotion	10,478	19,250
Rental	8,173	15,436
Insurance	7,716	11,602
Meals and entertainment	6,390	10,760
Repairs and maintenance	4,694	-
Property taxes	3,272	6,234
Interest and bank charges	2,269	1,354
Amortization	14,669	9,650
	<u>524,396</u>	<u>522,793</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	<b>6,500</b>	<b>(812)</b>
<b>OTHER INCOME</b>		
Unrealized gain on marketable securities	8,290	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>\$ 14,790</b>	<b>\$ (812)</b>

See notes to financial statements

**COMMUNITY FUTURES YELLOWHEAD EAST**

**Statement of Changes in Net Assets**

**Year Ended March 31, 2019**

	General Fund	Restricted Non-repayable	Restricted Repayable	Restricted Disabled	Total 2019	Total 2018 Restated (Note 2)
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 1,876,646	\$ 1,615,399	\$ 255,190	\$ 63,178	\$ 3,810,413	\$ 3,811,226
Excess of revenues over expenses	(40,561)	53,039	1,480	832	14,790	(813)
Interest transfer	-	-	-	-	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 1,836,085</b>	<b>\$ 1,668,438</b>	<b>\$ 256,670</b>	<b>\$ 64,010</b>	<b>\$ 3,825,203</b>	<b>\$ 3,810,413</b>

**Breakdown of Net Assets**

**Year Ended March 31, 2019**

	General Fund	Restricted Non-repayable	Restricted Repayable	Restricted Disabled	Total 2019	Total 2018 Restated (Note 2)
Original contributions	\$ -	\$ 1,550,000	\$ 400,000	\$ 200,000	\$ 2,150,000	\$ 2,150,000
Earned net assets	1,836,085	118,438	(143,330)	(135,990)	1,675,203	1,660,413
	<b>\$ 1,836,085</b>	<b>\$ 1,668,438</b>	<b>\$ 256,670</b>	<b>\$ 64,010</b>	<b>\$ 3,825,203</b>	<b>\$ 3,810,413</b>

See notes to financial statements



**COMMUNITY FUTURES YELLOWHEAD EAST**

**Statement of Cash Flows**

**Year Ended March 31, 2019**

	General Fund 2019	Restricted Non- repayable 2019	Restricted Repayable 2019	Restricted Disabled 2019	Total 2019	Total 2018 Restated (Note 2)
<b>OPERATING ACTIVITIES</b>						
Excess (deficiency) of revenues over expenses	\$ (40,561)	\$ 53,039	\$ 1,480	\$ 832	\$ 14,790	\$ (812)
Items not affecting cash:						
Amortization	14,669	-	-	-	14,669	9,650
Unrealized gain on marketable securities	(8,290)	-	-	-	(8,290)	(10,660)
Adjustment to prior year revenues	-	-	-	-	-	(25,152)
Adjustment to common share account	(8,988)	8,988	-	-	-	-
Provision for investment loss	-	14,290	-	-	14,290	117,525
	(43,170)	76,317	1,480	832	35,459	90,551
Changes in non-cash working capital:						
Accounts receivable	1,014	-	-	-	1,014	8,349
Accounts payable	17,915	-	-	-	17,915	(12,755)
Deferred income	101,546	-	-	-	101,546	-
Prepaid expenses	(4,795)	-	-	-	(4,795)	-
Accrued interest and loan fees receivable	-	(11,109)	-	-	(11,109)	(8,525)
Interfund receivable	111,168	-	-	-	111,168	(186,023)
Interfund payable	-	(96,302)	-	(14,866)	(111,168)	186,023
	226,848	(107,411)	-	(14,866)	104,571	(12,931)
Cash flow from (used by) operating activities	183,678	(31,094)	1,480	(14,034)	140,030	77,620
<b>INVESTING ACTIVITIES</b>						
Purchase of property and equipment	(1,790)	-	-	-	(1,790)	-

*(continues)*

See notes to financial statements

**COMMUNITY FUTURES YELLOWHEAD EAST**

**Statement of Cash Flows (continued)**

**Year Ended March 31, 2019**

	General Fund 2019	Restricted Non- repayable 2019	Restricted Repayable 2019	Restricted Disabled 2019	Total 2019	Total 2018 Restated (Note 2)
Repayment of loans and notes receivable	-	485,139	-	42,857	527,996	132,841
Addition to loans and notes receivable	-	(250,374)	-	-	(250,374)	-
Cash flow from (used by) investing activities	(1,790)	234,765	-	42,857	275,832	132,841
<b>INCREASE IN CASH FLOW</b>	181,888	203,671	1,480	28,823	415,862	210,461
Cash - beginning of year	425,626	628,136	228,409	142,679	1,424,850	1,214,389
<b>CASH - END OF YEAR</b>	\$ 607,514	\$ 831,807	\$ 229,889	\$ 171,502	\$ 1,840,712	\$ 1,424,850

See notes to financial statements

# COMMUNITY FUTURES YELLOWHEAD EAST

## Notes to Financial Statements

Year Ended March 31, 2019

### 1. PURPOSE OF THE COMPANY

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

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

### 2. CORRECTION OF A PRIOR PERIOD ACCOUNTING ERROR

During the year it was discovered that the organization had not recorded the outstanding and unpaid loan fees and accrued loan interest. The following table summarizes the impact of the changes to the prior period financial statements.

	As Previously Stated	As Restated	Amount of Change
Accrued interest receivable Restricted Non-repayable	\$ -	\$ 39,241	\$ 39,241
Opening restricted net assets Restricting Non-repayable	1,578,962	1,609,679	30,717
Ending restricted net assets Restricted Non-repayable	1,576,158	1,615,399	39,241
Investment interest income Restricted Non-repayable	104,440	112,964	8,524

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

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

#### Fund accounting

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

The General Fund accounts for the organization's operating costs, operating grants and general revenues. This fund reports unrestricted resources and restricted operating grants.

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

#### Recognition of Contributions

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

#### Recognition of other revenues

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

(continues)

# COMMUNITY FUTURES YELLOWHEAD EAST

## Notes to Financial Statements

Year Ended March 31, 2019

---

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

#### 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.

#### 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.

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 and equipment

Property 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 - Class 50	55% declining balance method

*(continues)*

# COMMUNITY FUTURES YELLOWHEAD EAST

## Notes to Financial Statements

Year Ended March 31, 2019

---

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

#### Measurement uncertainty

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

#### 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.

### 4. COMPARATIVE FIGURES

The prior year comparative figures were audited by another firm of chartered professional accountants. Certain figures have been restated to conform to the current year's presentation.

**COMMUNITY FUTURES YELLOWHEAD EAST**

**Notes to Financial Statements**

**Year Ended March 31, 2019**

**5. INTERFUND RECEIVABLE/PAYABLE**

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

**6. ACCRUED INTEREST RECEIVABLE**

	Restricted Non- repayable	Restricted Repayable	Restricted Disabled	2019	2018
Interest in arrears	\$ 50,350	\$ -	\$ -	\$ 50,350	\$ 104,728
Less: provision for loan losses	(40,052)	-	-	(40,052)	(65,487)
	<u>\$ 10,298</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,298</u>	<u>\$ 39,241</u>

**7. PROPERTY AND EQUIPMENT**

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Buildings	\$ 403,303	\$ 82,682	\$ 320,621	\$ 333,980
Furniture and fixtures	60,766	58,936	1,830	2,288
Computer equipment	69,397	67,259	2,138	1,200
	<u>\$ 533,466</u>	<u>\$ 208,877</u>	<u>\$ 324,589</u>	<u>\$ 337,468</u>

# COMMUNITY FUTURES YELLOWHEAD EAST

## Notes to Financial Statements

Year Ended March 31, 2019

### 8. INVESTMENT LOANS RECEIVABLE

	Restricted Non-repayable	Restricted Repayable	Restricted Disabled	2019	2018
Loans Receivable	\$ 1,059,105	\$ -	\$ -	\$ 1,059,105	\$ 1,490,734
Less: allowance for loan impairment	(103,926)	-	-	(103,926)	(266,576)
Less: current portion	(251,821)	-	-	(251,821)	-
	<u>\$ 703,358</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 703,358</u>	<u>\$ 1,224,158</u>

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

#### ALLOWANCE FOR LOAN IMPAIRMENT:

Balance, beginning of year	\$ (266,576)	\$ -	\$ -	\$ (266,576)	\$ (174,748)
Provision for loan losses	7,294	-	-	7,294	(124,225)
Amounts written off to the allowance	155,356	-	-	155,356	32,397
Balance at end of year	<u>\$ (103,926)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (103,926)</u>	<u>\$ (266,576)</u>
Total recorded investment on impaired loans	<u>\$ 223,081</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 223,081</u>	<u>\$ -</u>

In accordance with the Corporation's objectives, the Corporation has provided loans to small businesses. Outstanding loans to entrepreneurs are interest bearing at fixed rates varying from 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.

### 9. ACCOUNTS PAYABLE

The accounts payable balance consists of:

	2019	2018
Payroll liabilities	\$ 7,357	\$ 3,392
Trade payables	13,952	-
	<u>\$ 21,309</u>	<u>\$ 3,392</u>

# COMMUNITY FUTURES YELLOWHEAD EAST

## Notes to Financial Statements

Year Ended March 31, 2019

### 10. 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.

	2019	2018
Balance, beginning of the year	\$ 18,131	\$ -
PLUS: Amounts received related to the following year	213,959	18,131
LESS: Amounts recognized as revenue in the year	(112,413)	-
	<u>\$ 119,677</u>	<u>\$ 18,131</u>

Deferred revenue consists of:

CARES Grant	\$ 42,400	\$ -
Business Support Network	25,664	-
WEDC Core Funding	24,580	-
Small Business Week	13,582	4,411
Career & Education Expo	13,451	13,720
	<u>\$ 119,677</u>	<u>\$ 18,131</u>

### 11. RELATED PARTY TRANSACTIONS

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

Dennis Nanninga, board chairman  
Carol Webster, member of the board  
Leslie Penny, member of the board  
Judy Tracy, member of the board  
Pat Burns, member of the board  
Nick Gelych, member of the board  
Jim Hailes, member of the board  
Daryl Weber, member of the board

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

	2019	2018
<u>Travel per diem and expense reimbursements</u>		
Board members	22,122	16,038
Grand total	<u>\$ 22,122</u>	<u>\$ 16,038</u>

### 12. GENERAL FUND NET ASSETS

Included in the general fund net assets is \$324,589 (2018 - \$337,468 ) that is invested in capital assets.



# COMMUNITY FUTURES YELLOWHEAD EAST

## Notes to Financial Statements

Year Ended March 31, 2019

### 13. 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:

	2019	2018
Non-Repayable	\$ 1,668,438	\$ 1,615,399
Repayable	256,670	255,190
Disabled	64,010	63,178
	<u>\$ 1,989,118</u>	<u>\$ 1,933,767</u>

Under the terms and conditions of the contribution agreement with the Department of Western Economic Diversification, loan investment funds include Conditionally Repayable Funds in the amount of \$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 as described in Section 12 of the Agreement; or
- e) An event of default occurs as described in Section 7 of the Agreement; or
- f) The Minister does not approve terms and conditions to extend the project beyond March 31, 2021.
- g) If this agreement is not renewed beyond the March 31, 2021 ending date, the outstanding loans receivable would be liquidated in an orderly fashion over a period of 3 to 5 years. Minimal staff would be kept on to oversee this process and operational costs would have to be covered by the interest earned by the loans as the Department of Western Economic Diversification would no longer fund operational costs. No new loans receivable would be granted and no other projects would be initiated.

### 14. 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, 2019

---

### 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, 2019.

#### *(a) Credit risk*

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

#### *(b) Liquidity risk*

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

#### *(c) Interest rate risk*

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

#### *(d) Changes in Risk*

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

**COMMUNITY FUTURES YELLOWHEAD EAST**  
**Statement of General Fund Revenues and Expenses**  
*(Schedule 1)*  
**Year Ended March 31, 2019**

	2019	2018 Restated (Note 2)
<b>REVENUE</b>		
WEDC Core Funding	\$ 294,963	\$ 294,963
Other contracts (Schedule 3)	76,594	70,283
Loan fees	29,205	18,829
Interest income	17,350	10,171
Training revenues	10,000	-
Gain/(losses) on marketable securities	8,290	-
Rental income	6,600	-
Consulting fees	2,100	-
	<u>445,102</u>	<u>394,246</u>
<b>EXPENSES</b>		
Salaries and wages	225,618	201,597
Programs (Schedule 3)	71,328	48,517
Professional fees	29,456	21,980
Training	28,986	9,349
Board expenses	25,526	16,038
Travel	18,432	18,538
Office	17,412	7,848
Utilities	11,534	7,115
Advertising and promotion	10,478	19,250
Rental	8,173	15,436
Insurance	7,716	11,602
Meals	6,390	10,760
Repairs and maintenance	4,694	-
Property taxes	3,272	6,234
Interest and bank charges	1,979	1,172
Amortization	14,669	9,650
	<u>485,663</u>	<u>405,086</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<u>\$ (40,561)</u>	<u>\$ (10,840)</u>

**COMMUNITY FUTURES YELLOWHEAD EAST**  
**Statement of Loan Investment Fund Revenues and Expenses**  
**Year Ended March 31, 2019**

*(Schedule 2)*

	Restricted Non- repayable	Restricted Repayable	Restricted Disabled	2019 Total	2018 Total Restated (Note 2)
<b>REVENUE</b>					
Interest income	\$ 91,540	\$ -	\$ 1,064	\$ 92,604	\$ 129,156
Interest from other sources	-	1,480	-	1,480	-
Loan fees	-	-	-	-	(1,422)
	<u>91,540</u>	<u>1,480</u>	<u>1,064</u>	<u>94,084</u>	<u>127,734</u>
<b>EXPENSES</b>					
Portfolio recovery expense	23,713	-	-	23,713	-
Provision for investment loss	14,290	-	-	14,290	117,525
Office	232	-	207	439	-
Interest and bank charges	266	-	25	291	182
	<u>38,501</u>	<u>-</u>	<u>232</u>	<u>38,733</u>	<u>117,707</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ 53,039</u>	<u>\$ 1,480</u>	<u>\$ 832</u>	<u>\$ 55,351</u>	<u>\$ 10,027</u>

See notes to financial statements

**COMMUNITY FUTURES YELLOWHEAD EAST****Statement of Program Revenues and Expenses***(Schedule 3)***Year Ended March 31, 2019**

	2019	2018
<b>REVENUES</b>		
Business support network grant	\$ 26,200	\$ 50,000
Business support network revenue	4,020	348
Career and education expo	8,829	3,430
Small business week	22,184	-
General revenue	11,911	3,095
Government grant	3,000	-
Service revenue	450	9,785
	<u>76,594</u>	<u>66,658</u>
<b>EXPENSES</b>		
Business support network	25,180	-
Career and education expo	20,769	-
Small business week	10,244	(15,010)
Speaker fees	5,041	53,470
Business services expense	3,088	2,857
Contract expenses	7,006	7,200
	<u>71,328</u>	<u>48,517</u>
<b>INCOME FROM OPERATIONS</b>	<u>\$ 5,266</u>	<u>\$ 18,141</u>