

COMMUNITY FUTURES YELLOWHEAD EAST
Financial Statements
Year Ended March 31, 2024

COMMUNITY FUTURES YELLOWHEAD EAST

Index to Financial Statements

Year Ended March 31, 2024

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3 - 4
Statement of Revenues and Expenditures	5 - 6
Statement of Changes in Net Assets	7
Statement of Cash Flows	8 - 9
Notes to Financial Statements	10 - 19
RRRF Statement of Financial Position <i>(Schedule 1)</i>	20
RRRF Statement of Revenue and Expenditures <i>(Schedule 2)</i>	21
Statement of Program Revenues and Expenditures <i>(Schedule 3)</i>	22

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, 2024, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2024, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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
June 20, 2024

CHARTERED PROFESSIONAL ACCOUNTANTS

COMMUNITY FUTURES YELLOWHEAD EAST
Statement of Financial Position
March 31, 2024

	General Fund 2024	Restricted Non-repayable 2024	Restricted Repayable 2024	Restricted Disabled 2024	Restricted RRRF 2024	Restricted CGI 2024	Total 2024	Total 2023
ASSETS								
CURRENT								
Cash	\$ 112,016	\$ 2,352,341	\$ -	\$ -	\$ -	\$ -	\$ 2,464,357	\$ 2,382,751
Marketable securities (Cost \$829,814) (Note 12)	873,662	-	-	-	-	-	873,662	829,761
Accounts receivable	500	-	-	-	-	-	500	33,054
Goods and services tax recoverable	9,931	-	-	-	-	-	9,931	7,393
Prepaid expenses	3,677	-	-	-	-	-	3,677	3,053
Interfund receivable (Note 2)	562,340	-	201,651	66,062	131,886	24,250	986,189	1,027,500
Accrued interest receivable	-	10,792	640	-	3,768	1,791	16,991	19,159
Current portion of investment loans receivable (Note 15)	6,194	55,983	27,476	-	133,398	20,756	243,807	137,667
	1,568,320	2,419,116	229,767	66,062	269,052	46,797	4,599,114	4,440,338
PROPERTY, PLANT AND EQUIPMENT (Net of accumulated amortization) (Note 3)	271,280	-	-	-	-	-	271,280	283,024
LOANS AND NOTES RECEIVABLE (Notes 4, 15)	7,633	349,261	54,555	-	171,041	83,043	665,533	2,524,537
	\$ 1,847,233	\$ 2,768,377	\$ 284,322	\$ 66,062	\$ 440,093	\$ 129,840	\$ 5,535,927	\$ 7,247,899

See notes to financial statements

COMMUNITY FUTURES YELLOWHEAD EAST
Statement of Financial Position
March 31, 2024

	General Fund 2024	Restricted Non-repayable 2024	Restricted Repayable 2024	Restricted Disabled 2024	Restricted RRRF 2024	Restricted CGI 2024	Total 2024	Total 2023
LIABILITIES AND NET ASSETS								
CURRENT								
Accounts payable (Note 5)	\$ 46,304	\$ -	\$ -	\$ -	\$ 139,856	\$ -	\$ 186,160	\$ 39,475
Deferred income (Note 6)	65,635	-	-	-	-	-	65,635	43,293
Interfund payable (Note 2)	-	986,189	-	-	-	-	986,189	1,027,500
	111,939	986,189	-	-	139,856	-	1,237,984	1,110,268
	13,671	-	-	-	-	-	13,671	51,309
LONG TERM DEBT (Note 7)								
	125,610	986,189	-	-	139,856	-	1,251,655	1,161,577
NET ASSETS								
Share capital	1	-	-	-	-	-	1	1
Net assets (Notes 10, 12, 13)	1,721,622	1,782,188	284,322	66,062	300,237	129,840	4,284,271	6,086,321
	1,721,623	1,782,188	284,322	66,062	300,237	129,840	4,284,272	6,086,322
	\$ 1,847,233	\$ 2,768,377	\$ 284,322	\$ 66,062	\$ 440,093	\$ 129,840	\$ 5,535,927	\$ 7,247,899

ON BEHALF OF THE BOARD

Director

Director

Nick Gelych
 Nick Gelych (Jul 17, 2024 10:34 MDT)

Marvin Schatz
 Marvin Schatz (Jul 15, 2024 19:43 MDT)

See notes to financial statements

COMMUNITY FUTURES YELLOWHEAD EAST
Statement of Revenues and Expenditures
Year Ended March 31, 2024

	General Fund 2024	Restricted Non-repayable 2024	Restricted Repayable 2024	Restricted Disabled 2024	Restricted RRRF 2024	Restricted CGI 2024	Total 2024	Total 2023
REVENUES								
Prairies Economic Development Canada	\$ 332,601	-	\$ -	-	\$ -	-	\$ 332,601	\$ 294,963
Project/sponsorship (Schedule 3)	100,333	-	-	-	-	-	100,333	170,371
Interest income	14,118	-	-	-	-	8,973	92,308	71,228
Rental income	7,200	56,245	6,506	1,225	5,241	-	7,200	7,200
Contract/workshop	6,083	-	-	-	-	-	6,083	4,447
Loan fees and cost recoveries	5,831	105	-	-	-	-	5,936	1,674
Capital Growth Initiative	-	-	-	-	-	-	-	10,000
	466,166	56,350	6,506	1,225	5,241	8,973	544,461	559,883
EXPENSES								
Salaries and wages	294,757	-	-	-	-	-	294,757	326,360
Contract	70,001	-	-	-	-	-	70,001	44,074
Office	15,960	-	-	-	-	-	15,960	16,170
Board expenses	15,869	-	-	-	-	-	15,869	16,778
Travel	14,620	-	-	-	-	-	14,620	15,311
Training	13,339	-	-	-	-	-	13,339	22,206
Professional fees	13,263	-	-	-	-	-	13,263	22,998
Insurance	12,422	-	-	-	-	-	12,422	13,713
Utilities	12,211	-	-	-	-	-	12,211	11,835
Advertising and promotion	8,973	-	-	-	-	-	8,973	6,084
Rental	5,986	-	-	-	-	-	5,986	3,123
Property taxes	4,565	-	-	-	-	-	4,565	4,537
Portfolio recovery expense	-	3,584	-	-	-	-	3,584	2,909
Interest and bank charges	1,106	-	-	-	-	-	1,106	1,882
Repairs and maintenance	971	-	-	-	-	-	971	719
Meals and entertainment	130	-	-	-	-	-	130	937
Forgivable portion of loans	-	-	-	-	458,532	-	458,532	50,000
Provision for (recovery of) investment loss	348	45,714	9,352	-	363,598	12,662	431,674	171,356
Amortization	17,081	-	-	-	-	-	17,081	16,492
	501,602	49,298	9,352	-	822,130	12,662	1,395,044	747,484

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See notes to financial statements

COMMUNITY FUTURES YELLOWHEAD EAST
Statement of Revenues and Expenditures (continued)
Year Ended March 31, 2024

	General Fund 2024	Restricted Non-repayable 2024	Restricted Repayable 2024	Restricted Disabled 2024	Restricted RRRF 2024	Restricted CGI 2024	Total 2024	Total 2023
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	(35,436)	7,052	(2,846)	1,225	(816,889)	(3,689)	(850,583)	(187,601)
OTHER INCOME								
Unrealized gain (loss) on marketable securities	41,107	-	-	-	-	-	41,107	(3,559)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 5,671	\$ 7,052	\$ (2,846)	\$ 1,225	\$ (816,889)	\$ (3,689)	\$ (809,476)	\$ (191,160)

See notes to financial statements

COMMUNITY FUTURES YELLOWHEAD EAST
Statement of Changes in Net Assets
Year Ended March 31, 2024

	General Fund 2024	Restricted Non-repayable 2024	Restricted Repayable 2024	Restricted Disabled 2024	Restricted RRRF 2024	Restricted CGI 2024	Total 2024	Total 2023
NET ASSETS - BEGINNING OF YEAR	\$ 1,715,951	\$ 1,775,136	\$ 287,168	\$ 64,837	\$ 2,143,034	\$ 100,195	\$ 6,086,321	\$ 6,313,134
Deficiency of revenues over expenses	5,671	7,052	(2,846)	1,225	(816,889)	(3,689)	(809,476)	(191,160)
Contributions during year	-	-	-	-	-	33,334	33,334	100,000
Repayments during year	-	-	-	-	(1,025,908)	-	(1,025,908)	(135,653)
NET ASSETS - END OF YEAR	\$ 1,721,622	\$ 1,782,188	\$ 284,322	\$ 66,062	\$ 300,237	\$ 129,840	\$ 4,284,271	\$ 6,086,321

Breakdown of Net Assets
Year Ended March 31, 2024

	General Fund 2024	Restricted Non-repayable 2024	Restricted Repayable 2024	Restricted Disabled 2024	Restricted RRRF 2024	Restricted CGI 2024	Total 2024	Total 2023
Original contributions	\$ -	\$ 1,550,000	\$ 400,000	\$ 200,000	\$ 1,351,312	\$ 133,334	\$ 3,634,646	\$ 4,627,219
Earned net assets	1,721,622	232,188	(115,678)	(133,938)	(542,543)	(3,494)	1,158,157	1,509,102
Forgivable portion	-	-	-	-	(508,532)	-	(508,532)	(50,000)
	\$ 1,721,622	\$ 1,782,188	\$ 284,322	\$ 66,062	\$ 300,237	\$ 129,840	\$ 4,284,271	\$ 6,086,321

See notes to financial statements

COMMUNITY FUTURES YELLOWHEAD EAST

Statement of Cash Flows

Year Ended March 31, 2024

	General Fund 2024	Restricted Non-repayable 2024	Restricted Repayable 2024	Restricted Disabled 2024	Restricted RRRF 2024	Restricted CGI 2024	Total 2024	Total 2023
OPERATING ACTIVITIES								
Excess (deficiency) of revenues over expenses	\$ 5,671	\$ 7,052	\$ (2,846)	\$ 1,225	\$ (816,889)	\$ (3,689)	\$ (809,476)	\$ (191,160)
Items not affecting cash:								
Amortization of property, plant and equipment	17,081	-	-	-	-	-	17,081	16,492
Gain/(losses) on marketable sec	(41,107)	-	-	-	-	-	(41,107)	3,559
Provision for (recovery of) investment loss	348	50,937	9,352	-	363,598	12,662	436,897	172,443
Forgiven portion of loans	-	-	-	-	458,532	-	458,532	50,000
	(18,007)	57,989	6,506	1,225	5,241	8,973	61,927	51,334
Changes in non-cash working capital:								
Accounts receivable	32,554	-	-	-	-	-	32,554	(25,924)
Accounts payable	6,825	-	-	-	139,856	-	146,681	6,896
Deferred income	22,342	-	-	-	-	-	22,342	(35,692)
Prepaid expenses	(624)	-	-	-	-	-	(624)	1,188
Goods and services tax payable	(2,538)	-	-	-	-	-	(2,538)	(2,161)
Accrued interest receivable	-	2,442	(640)	-	(3,768)	(1,783)	(3,749)	(8,406)
Interfund receivable	41,397	-	85,517	(1,225)	(64,178)	(20,196)	41,315	(116,556)
Interfund payable	-	(41,311)	-	-	-	-	(41,311)	116,556
	99,956	(38,869)	84,877	(1,225)	71,910	(21,979)	194,670	(64,099)
Cash flow from (used by) operating activities	81,949	19,120	91,383	-	77,151	(13,006)	256,597	(12,765)
INVESTING ACTIVITIES								
Purchase of property, plant and equipment	(6,550)	-	-	-	-	-	(6,550)	(6,237)
Proceeds on disposal of property, plant and equipment	1,213	-	-	-	-	-	1,213	849
Repayment of loans and notes receivable	3,397	201,358	2,617	-	948,757	9,672	1,165,801	457,130
Addition to loans and notes receivable	(15,000)	(163,449)	(94,000)	-	-	(30,000)	(302,449)	(283,166)
Proceeds from sale (purchase) of marketable securities	(2,794)	-	-	-	-	-	(2,794)	(3,149)
	(19,734)	37,909	(91,383)	-	948,757	(20,328)	855,221	165,427
Cash flow from (used by) investing activities								

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See notes to financial statements

COMMUNITY FUTURES YELLOWHEAD EAST
Statement of Cash Flows (continued)
Year Ended March 31, 2024

	General Fund 2024	Restricted Non-repayable 2024	Restricted Repayable 2024	Restricted Disabled 2024	Restricted RRRF 2024	Restricted CGI 2024	Total 2024	Total 2023
FINANCING ACTIVITIES								
Contributions during the year	-	-	-	-	-	33,334	33,334	100,000
Repayments during the year	-	-	-	-	(1,025,908)	-	(1,025,908)	(135,653)
Proceeds on long term debt	(37,638)	-	-	-	-	-	(37,638)	-
Cash flow from (used by) financing activities	(37,638)	-	-	-	(1,025,908)	33,334	(1,030,212)	(35,653)
INCREASE IN CASH FLOW								
Cash - beginning of year	24,577	57,029	-	-	-	-	81,606	117,009
	87,439	2,295,312	-	-	-	-	2,382,751	2,265,742
CASH - END OF YEAR	\$ 112,016	\$ 2,352,341	\$ -	\$ -	\$ -	\$ -	\$ 2,464,357	\$ 2,382,751

See notes to financial statements

COMMUNITY FUTURES YELLOWHEAD EAST

Notes to Financial Statements

Year Ended March 31, 2024

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 company'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 company is restricted in the loan applications that can be approved for the RRRF according to its agreement with the Government of Canada.

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

Recognition of Contributions

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

Recognition of other revenues

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

Contributed services

The company 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, 2024

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 company 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 company calculates the allowance for doubtful loans at 3% of the overall portfolio with the exception of the RRRF loans, which are calculated at 4% (3% in 2023) 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, 2024

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

Financial Instruments Policy

Held for trading

The company 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 company 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 company 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. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Buildings	\$ 403,303	\$ 141,878	\$ 261,425	\$ 272,318
Computer equipment	93,646	87,228	6,418	6,410
Furniture and fixtures	65,720	62,283	3,437	4,296
	\$ 562,669	\$ 291,389	\$ 271,280	\$ 283,024

COMMUNITY FUTURES YELLOWHEAD EAST

Notes to Financial Statements

Year Ended March 31, 2024

4. **RRRF & CGI INVESTMENT LOANS RECEIVABLE**

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

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 2,075,326	\$ 2,503,432
Advances during the year	-	-
Repayments during the year	(948,757)	(193,921)
Recovery of (allowance for) doubtful loans during the year	(363,598)	(184,185)
Forgiven portion during the year	(458,532)	(50,000)
	<hr/>	<hr/>
Balance, end of year	\$ 304,439	\$ 2,075,326

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

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 96,133	\$ -
Advances during the year	30,000	100,000
Repayments during the year	(9,672)	(894)
Recovery of (allowance for) doubtful loans during the year	(12,662)	(2,973)
Forgiven portion during the year	-	-
	<hr/>	<hr/>
Balance, end of year	\$ 103,799	\$ 96,133

5. **ACCOUNTS PAYABLE**

The accounts payable balance consists of:

	<u>2024</u>	<u>2023</u>
Trade payables	\$ 37,652	\$ 32,391
Source deductions payable	8,653	7,084
CFNA payable	139,855	-
	<hr/>	<hr/>
	\$ 186,160	\$ 39,475

CFNA payable is funds received from loan clients on RRRF loans that is now repayable to CFNA.

COMMUNITY FUTURES YELLOWHEAD EAST

Notes to Financial Statements

Year Ended March 31, 2024

6. DEFERRED REVENUE

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

	<u>2024</u>	<u>2023</u>
Balance, beginning of the year	\$ 43,293	\$ 78,985
PLUS: Amounts received related to the following year	117,250	53,500
LESS: Amounts recognized as revenue in the year	<u>(94,908)</u>	<u>(89,192)</u>
	<u>\$ 65,635</u>	<u>\$ 43,293</u>

Deferred revenue consists of:

Career Expo	\$ 24,585	\$ -
Business Support Network	21,288	36,682
Digital Economy Program	15,762	2,611
CGI Admin	3,000	-
Lemonade Days	1,000	4,000
	<u>-</u>	<u>-</u>
	<u>\$ 65,635</u>	<u>\$ 43,293</u>

7. LONG TERM DEBT

	<u>2024</u>	<u>2023</u>
Community Futures Alberta	<u>\$ 13,671</u>	<u>\$ 51,309</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, 2024

8. RELATED PARTY TRANSACTIONS

a) During the year, the Company 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
- Marvin Schatz, member of the board
- Dave Kusch, member of the board
- Bruce Prestidge, previous member of the board
- Jeremy Wilhelm, previous member of the board

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

	<u>2024</u>		<u>2023</u>
<u>Travel per diem and expense reimbursements</u>			
Board members	\$ 19,934	\$	16,412

9. GENERAL FUND NET ASSETS

Included in the general fund net assets is \$271,280 (2023 - \$283,024) that is invested in capital assets.

COMMUNITY FUTURES YELLOWHEAD EAST

Notes to Financial Statements

Year Ended March 31, 2024

10. 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>2024</u>	<u>2023</u>
Non-Repayable	\$ 1,782,188	\$ 1,775,136
Repayable	284,322	287,168
Disabled	66,062	64,837
Regional Relief and Recovery Fund	300,237	2,143,034
Capital Growth Initiative	<u>129,840</u>	<u>-</u>
	<u>\$ 2,562,649</u>	<u>\$ 4,270,175</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 project agreement with Community Futures Network of Alberta (CFNA), the Alberta Women's Economic Recovery - Capital Growth Initiative (CGI) is fully repayable upon the completion of the program or upon the company's decision to no longer participate in the CGI program.

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.

11. ECONOMIC DEPENDENCE

The company 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, 2024

12. 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.

13. 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>2024</u>	<u>2023</u>
- Youth Student Loan Project	\$100,000	\$100,000

COMMUNITY FUTURES YELLOWHEAD EAST

Notes to Financial Statements

Year Ended March 31, 2024

14. FINANCIAL INSTRUMENTS

The company 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 company's risk exposure and concentration as of March 31, 2024.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The 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.

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.

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 floating interest rate bank indebtedness and credit facilities.

Changes in risk

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

COMMUNITY FUTURES YELLOWHEAD EAST
Notes to Financial Statements

Year Ended March 31, 2024

15. INVESTMENT LOANS RECEIVABLE

	General Fund 2024	Restricted Non-repayable 2024	Restricted Repayable 2024	Restricted Disabled 2024	Restricted RRRF 2024	Restricted CGI 2024	Total 2024	Total 2023
Loans Receivable	\$ 14,255	\$ 484,750	\$ 91,382	\$ -	\$ 852,222	\$ 119,434	\$ 1,562,043	\$ 2,883,927
Less: allowance for loan impairment	(428)	(79,506)	(9,351)	-	(547,783)	(15,635)	(652,703)	(221,723)
Less: current portion	(6,194)	(55,983)	(27,476)	-	(133,398)	(20,756)	(243,807)	(137,667)
	\$ 7,633	\$ 349,261	\$ 54,555	\$ -	\$ 171,041	\$ 83,043	\$ 665,533	\$ 2,524,537

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	\$ (80)	\$ (34,485)	\$ -	\$ -	\$ (184,185)	\$ (2,973)	\$ (221,723)	\$ (17,171)
Recovery/(provision) for loan losses	(348)	(45,021)	(9,351)	-	(363,598)	(12,662)	(430,980)	(204,552)
Amounts written off to the allowance	-	-	-	-	-	-	-	-
Balance at end of year	\$ (428)	\$ (79,506)	\$ (9,351)	\$ -	\$ (547,783)	\$ (15,635)	\$ (652,703)	\$ (221,723)
Total recorded investment on impaired loans	\$ -	\$ 159,562	\$ 24,676	\$ -	\$ 687,826	\$ 29,987	\$ 902,051	\$ 39,812

In accordance with the Company's objectives, the Company has provided loans to small businesses. Outstanding loans to entrepreneurs are interest bearing at fixed rates varying from 0.0% to 12.0% 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.

See notes to financial statements

COMMUNITY FUTURES YELLOWHEAD EAST

RRRF Statement of Financial Position

(Schedule 1)

Year Ended March 31, 2024

	RRRF Operating 2024	Restricted RRRF 2024	Total 2024	Total 2023
ASSETS				
Accrued interest receivable	\$ -	\$ 3,768	\$ 3,768	\$ -
Loan receivable	-	304,439	304,439	2,075,326
Interfund receivable	13,671	131,886	145,557	119,017
TOTAL ASSETS	\$ 13,671	\$ 440,093	\$ 453,764	\$ 2,194,343
LIABILITIES				
Accounts payable	\$ -	\$ 139,856	\$ 139,856	\$ -
Long term debt	13,671	-	13,671	51,309
TOTAL LIABILITIES	\$ 13,671	\$ 139,856	\$ 153,527	\$ 51,309
NET ASSETS				
Opening	\$ -	\$ 2,143,034	\$ 2,143,034	\$ 2,512,872
Contributions during the year	-	-	-	-
Excess of revenues over expenditures	-	(816,889)	(816,889)	(234,185)
Repayments in the year	-	(1,025,908)	(1,025,908)	(135,653)
TOTAL NET ASSETS	-	300,237	300,237	2,143,034
TOTAL LIABILITIES AND NET ASSETS	\$ 13,671	\$ 440,093	\$ 453,764	\$ 2,194,343

COMMUNITY FUTURES YELLOWHEAD EAST

RRRF Statement of Revenue and Expenditures

(Schedule 2)

Year Ended March 31, 2024

	RRRF Operating 2024	Restricted RRRF 2024	Total 2024	Total 2023
REVENUES				
RRRF admin	\$ 37,638	\$ -	\$ 37,638	\$ -
Interest income	-	5,241	5,241	-
	<u>37,638</u>	<u>5,241</u>	<u>42,879</u>	<u>-</u>
EXPENDITURES				
Salaries and wages	32,038	-	32,038	-
Project expenses	5,600	-	5,600	-
Provision for investment loss	-	363,598	363,598	184,185
Forgiven portion of loans	-	458,532	458,532	50,000
TOTAL EXPENDITURES	<u>37,638</u>	<u>822,130</u>	<u>859,768</u>	<u>234,185</u>
EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS	<u>\$ -</u>	<u>\$ (816,889)</u>	<u>\$ (816,889)</u>	<u>\$ (234,185)</u>

COMMUNITY FUTURES YELLOWHEAD EAST
Statement of Program Revenues and Expenditures
Year Ended March 31, 2024

(Schedule 3)

	2024	2023
REVENUES		
Digital economy program	\$ 59,514	\$ 63,394
Business support network	28,394	25,699
Training	7,425	12,682
Project sponsorship (Lemonade Day)	5,000	18,596
Rural opportunities fund	-	50,000
	100,333	170,371
EXPENDITURES		
Digital economy program expenses	59,514	63,492
Business support network expenses	28,394	26,358
Training expenses	7,425	12,682
Rural opportunities fund expenses	5,000	51,172
Lemonade day project	1,846	11,597
Cyber project expenses	-	4,689
	102,179	169,990
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (1,846)	\$ 381