

COMMUNITY FUTURES YELLOWHEAD EAST
Financial Statements
Year Ended March 31, 2025

COMMUNITY FUTURES YELLOWHEAD EAST

Index to Financial Statements

Year Ended March 31, 2025

	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



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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Drayton Valley, Alberta

June 18, 2025

MNP LLP

Chartered Professional Accountants

MNP LLP

P.O. Box 6927, 5508 Jubilee Avenue, Drayton Valley AB, T7A 1S3

1.888.542.4468 T: 780.542.4468 F: 780.542.5275





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 "Organization"), which comprise the statements of financial position as at March 31, 2025 and the statements of operations, 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 Organization as at March 31, 2025 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 audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audits 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.

Other Matter

The financial statements of the Community Futures Yellowhead East for the year ended March 31, 2024 were audited by Carlson Roberts Seely LLP of Drayton Valley, Alberta, Canada, prior to its merger with MNP LLP. Carlson Roberts Seely LLP expressed an unmodified opinion on those statements on June 20, 2024.

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

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

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

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

MNP LLP

5508 Jubilee Avenue, P.O. Box 6927, Drayton Valley AB, T7A 1S3

1.888.542.4468 T: 780.542.4468 F: 780.542.5275



MNP.ca

COMMUNITY FUTURES YELLOWHEAD EAST
Statement of Financial Position
March 31, 2025

	General Fund 2025	Restricted Non-repayable 2025	Restricted Repayable 2025	Restricted Disabled 2025	Restricted RRRF 2025	Restricted CGI 2025	Total 2025	Total 2024
ASSETS								
CURRENT								
Cash	\$ 172,822	\$ 2,565,173	\$ -	\$ -	\$ -	\$ -	\$ 2,757,995	\$ 2,464,357
Marketable securities (Conf \$833,407) (Note 12)	934,238	-	-	-	-	-	934,238	873,662
Accounts receivable	8,847	-	-	-	-	-	8,847	500
Goods and services tax recoverable	13,946	-	-	-	-	-	13,946	9,931
Prepaid expenses	2,795	-	-	-	-	-	2,795	3,677
Interfund receivable (Note 2)	426,879	-	234,890	67,239	252,597	64,418	1,046,023	986,189
Accrued interest receivable	-	5,031	-	-	-	400	5,431	16,991
Current portion of investment loans receivable (Note 15)	19,583	62,175	31,637	-	132,084	21,493	266,972	243,807
	1,579,110	2,632,379	266,527	67,239	384,681	86,311	5,016,247	4,599,114
PROPERTY, PLANT AND EQUIPMENT (Net of accumulated amortization) (Note 3)	256,606	-	-	-	-	-	256,606	271,280
	24,471	164,931	9,635	-	92,383	39,789	331,209	665,533
LOANS AND NOTES RECEIVABLE (Notes 4, 15)	\$ 1,860,187	\$ 2,797,510	\$ 276,162	\$ 67,239	\$ 477,064	\$ 126,100	\$ 5,604,062	\$ 5,535,927

See notes to financial statements

COMMUNITY FUTURES YELLOWHEAD EAST
Statement of Financial Position
March 31, 2025

	General Fund 2025	Restricted Non-repayable 2025	Restricted Repayable 2025	Restricted Disabled 2025	Restricted RRF 2025	Restricted CGI 2025	Total 2025	Total 2024
LIABILITIES AND NET ASSETS								
CURRENT								
Accounts payable (Note 5)	\$ 42,199	\$ -	\$ -	\$ -	\$ 236,784	\$ -	\$ 278,983	\$ 186,160
Deferred income (Note 6)	165,511	-	-	-	-	-	165,511	65,635
Interfund payable (Note 2)	-	1,046,023	-	-	-	-	1,046,023	986,189
	207,710	1,046,023	-	-	236,784	-	1,490,517	1,237,984
	8,683	-	-	-	-	-	8,683	13,671
	216,393	1,046,023	-	-	236,784	-	1,499,200	1,251,655
LONG TERM DEBT (Note 7)								
NET ASSETS								
Share capital	1	-	-	-	-	-	1	1
Net assets (Notes 10, 12, 13)	1,643,793	1,751,287	276,162	67,239	240,280	126,100	4,104,861	4,284,271
	1,643,794	1,751,287	276,162	67,239	240,280	126,100	4,104,862	4,284,272
	\$ 1,860,187	\$ 2,797,310	\$ 276,162	\$ 67,239	\$ 477,064	\$ 126,100	\$ 5,604,062	\$ 5,535,927

ON BEHALF OF THE BOARD

Director

Director

Nick Gelych
Nick Gelych (Jul 13, 2025 22:50 MDT)
Nick Gelych
13/07/2025

Liz Krawiec
Liz Krawiec (Jul 12, 2025 06:41 GMT+2)
Liz Krawiec
12/07/2025

See notes to financial statements

COMMUNITY FUTURES YELLOWHEAD EAST
Statement of Revenues and Expenditures
Year Ended March 31, 2025

	General Fund 2025	Restricted Non-repayable 2025	Restricted Repayable 2025	Restricted Disabled 2025	Restricted RRRF 2025	Restricted CGI 2025	Total 2025	Total 2024
REVENUES								
Prairies Economic Development Canada	\$ 299,951	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 299,951	\$ 332,601
Project/sponsorship (Schedule 3)	138,224	-	-	-	-	-	138,224	100,333
Interest income	13,154	56,376	8,623	1,177	13,310	8,330	100,970	92,308
Contract/workshop	11,603	-	-	-	-	-	11,603	6,085
Rental income	7,260	-	-	-	-	-	7,260	7,200
Loan fees and cost recoveries	5,818	-	-	-	-	-	5,818	5,936
	<u>476,010</u>	<u>56,376</u>	<u>8,623</u>	<u>1,177</u>	<u>13,310</u>	<u>8,330</u>	<u>563,826</u>	<u>544,461</u>

(continues)

See notes to financial statements

COMMUNITY FUTURES YELLOWHEAD EAST
Statement of Revenues and Expenditures (continued)
Year Ended March 31, 2025

	General Fund 2025	Restricted Non-repayable 2025	Restricted Repayable 2025	Restricted Disabled 2025	Restricted RRRF 2025	Restricted CGI 2025	Total 2025	Total 2024
EXPENSES								
Salaries and wages	335,514	-	-	-	-	-	335,514	294,757
Contract	62,279	-	-	-	-	-	62,279	70,001
Professional fees	36,532	-	-	-	-	-	36,532	13,263
Rental	25,783	-	-	-	-	-	25,783	5,986
Office	24,155	-	-	-	-	-	24,155	15,960
Insurance	20,423	-	-	-	-	-	20,423	12,422
Advertising and promotion	19,547	-	-	-	-	-	19,547	8,973
Board expenses	17,469	-	-	-	-	-	17,469	15,869
Travel	14,369	-	-	-	-	-	14,369	14,620
Utilities	12,113	-	-	-	-	-	12,113	12,211
Training	11,450	-	-	-	-	-	11,450	13,339
Meals and entertainment	8,177	-	-	-	-	-	8,177	130
Portfolio recovery expense	-	6,435	-	-	-	-	6,435	3,584
Property taxes	5,688	-	-	-	-	-	5,688	4,565
Interest and bank charges	2,041	-	-	-	-	-	2,041	1,106
Repairs and maintenance	502	-	-	-	-	-	502	971
Forgivable portion of loans	-	-	-	-	-	6,250	6,250	458,532
Provision for (recovery of) investment loss	935	80,842	16,783	-	(23,661)	5,820	80,719	431,674
Amortization	14,674	-	-	-	-	-	14,674	17,081
	611,651	87,277	16,783	-	(23,661)	12,070	704,120	1,395,044
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	(135,641)	(30,901)	(\$,160)	1,177	36,971	(3,740)	(140,294)	(\$50,583)
OTHER INCOME								
Unrealized gain on marketable securities	57,812	-	-	-	-	-	57,812	41,107
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (77,829)	\$ (30,901)	\$ (\$,160)	\$ 1,177	\$ 36,971	\$ (3,740)	\$ (82,482)	\$ (\$89,476)

See notes to financial statements

COMMUNITY FUTURES YELLOWHEAD EAST
Statement of Changes in Net Assets
Year Ended March 31, 2025

	General Fund 2025	Restricted Non-repayable 2025	Restricted Repayable 2025	Restricted Disabled 2025	Restricted RRRF 2025	Restricted CGI 2025	Total 2025	Total 2024
NET ASSETS - BEGINNING OF YEAR	\$ 1,721,622	\$ 1,782,188	\$ 284,322	\$ 66,062	\$ 300,237	\$ 129,840	\$ 4,284,271	\$ 6,086,321
Deficiency of revenues over expenses	(77,529)	(30,901)	(8,160)	1,177	36,971	(5,740)	(82,482)	(809,476)
Contributions during year	-	-	-	-	-	-	-	33,334
Repayments during year	-	-	-	-	(96,928)	-	(96,928)	(1,025,908)
NET ASSETS - END OF YEAR	\$ 1,643,793	\$ 1,751,287	\$ 276,162	\$ 67,239	\$ 240,280	\$ 126,100	\$ 4,104,861	\$ 4,284,271

Breakdown of Net Assets
Year Ended March 31, 2025

	General Fund 2025	Restricted Non-repayable 2025	Restricted Repayable 2025	Restricted Disabled 2025	Restricted RRRF 2025	Restricted CGI 2025	Total 2025	Total 2024
Original contributions	\$ -	\$ 1,550,000	\$ 400,000	\$ 200,000	\$ 1,351,512	\$ 133,334	\$ 3,634,646	\$ 3,634,646
Earned net assets	1,643,793	201,287	(123,838)	(132,761)	(602,500)	(984)	984,997	1,158,157
Forgivable portion	-	-	-	-	(508,532)	(6,250)	(514,782)	(508,532)
	\$ 1,643,793	\$ 1,751,287	\$ 276,162	\$ 67,239	\$ 240,280	\$ 126,100	\$ 4,104,861	\$ 4,284,271

See notes to financial statements

COMMUNITY FUTURES YELLOWHEAD EAST
Statement of Cash Flows
Year Ended March 31, 2025

	General Fund 2025	Restricted Non-repayable 2025	Restricted Repayable 2025	Restricted Disabled 2025	Restricted RRF 2025	Restricted CGI 2025	Total 2025	Total 2024
OPERATING ACTIVITIES								
Excess (deficiency) of revenues over expenses	\$ (77,829)	\$ (30,901)	\$ (8,160)	\$ 1,177	\$ 36,971	\$ (3,740)	\$ (82,482)	\$ (809,476)
Items not affecting cash:								
Amortization of property and equipment	14,674	-	-	-	-	-	14,674	17,081
Gain/(losses) on marketable sec	(57,812)	-	-	-	-	-	(57,812)	(41,107)
Provision for (recovery of) investment loss	935	91,342	16,783	-	(23,661)	5,820	91,219	436,897
Forgiven portion of loans	-	-	-	-	-	6,250	6,250	458,532
	(120,032)	60,441	8,623	1,177	13,310	8,330	(28,151)	61,927
Changes in non-cash working capital:								
Accounts receivable	(8,347)	-	-	-	-	-	(8,347)	32,554
Accounts payable	(4,105)	-	-	-	-	-	(4,105)	146,681
Deferred income	99,876	-	-	-	-	-	99,876	22,342
Prepaid expenses	882	-	-	-	-	-	882	(634)
Goods and services tax payable	(4,015)	-	-	-	-	-	(4,015)	(2,538)
Accrued interest receivable	-	2,845	2,205	-	2,767	1,366	9,183	(3,749)
Interfund receivable	135,461	-	(33,239)	(1,177)	(120,711)	(40,168)	(59,834)	41,315
Interfund payable	-	59,834	-	-	-	-	59,834	(41,311)
	219,752	62,679	(31,034)	(1,177)	(117,944)	(38,802)	93,474	194,670
Cash flow from (used by) operating activities	99,720	123,120	(22,411)	-	(104,634)	(30,472)	65,323	256,597

(continues)

See notes to financial statements

COMMUNITY FUTURES YELLOWHEAD EAST
Statement of Cash Flows (continued)
Year Ended March 31, 2025

	General Fund 2025	Restricted Non-repayable 2025	Restricted Repayable 2025	Restricted Disabled 2025	Restricted RRRF 2025	Restricted COI 2025	Total 2025	Total 2024
INVESTING ACTIVITIES								
Purchase of property and equipment	-	-	-	-	-	-	-	(6,550)
Proceeds on disposal of property and equipment	-	-	-	-	-	-	-	1,215
Repayment of loans and notes receivable	13,838	89,712	22,411	-	104,634	30,472	261,067	1,165,801
Addition to loans and notes receivable	(45,000)	-	-	-	-	-	(45,000)	(302,449)
Proceeds from sale (purchase) of marketable securities	(2,764)	-	-	-	-	-	(2,764)	(2,794)
Cash flow from (used by) investing activities	(33,926)	89,712	22,411	-	104,634	30,472	213,303	855,221
FINANCING ACTIVITIES								
Contributions during the year	-	-	-	-	-	-	-	35,334
Repayments during the year	-	-	-	-	-	-	-	(1,025,908)
Proceeds on long term debt	(4,988)	-	-	-	-	-	(4,988)	(37,638)
Cash flow from (used by) financing activities	(4,988)	-	-	-	-	-	(4,988)	(1,030,212)
INCREASE IN CASH FLOW	60,806	212,832	-	-	-	-	273,638	81,606
Cash - beginning of year	112,016	2,552,341	-	-	-	-	2,664,357	2,382,751
CASH - END OF YEAR	\$ 172,822	\$ 2,565,173	\$ -	\$ -	\$ -	\$ -	\$ 2,737,995	\$ 2,464,357

See notes to financial statements

COMMUNITY FUTURES YELLOWHEAD EAST

Notes to Financial Statements

Year Ended March 31, 2025

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.

(continues)

COMMUNITY FUTURES YELLOWHEAD EAST

Notes to Financial Statements

Year Ended March 31, 2025

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

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 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 2024) 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 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	55%	declining balance method

The company regularly reviews its property and equipment to eliminate obsolete items. Government grants are treated as a reduction of property and equipment cost.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

(continues)

COMMUNITY FUTURES YELLOWHEAD EAST

Notes to Financial Statements

Year Ended March 31, 2025

1. 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, 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.

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.

COMMUNITY FUTURES YELLOWHEAD EAST

Notes to Financial Statements

Year Ended March 31, 2025

3. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Buildings	\$ 403,303	\$ 152,335	\$ 250,968	\$ 261,425
Computer equipment	93,646	90,758	2,888	6,418
Furniture and fixtures	65,720	62,970	2,750	3,437
	<u>\$ 562,669</u>	<u>\$ 306,063</u>	<u>\$ 256,606</u>	<u>\$ 271,280</u>

4. RRRF & CGI INVESTMENT LOANS RECEIVABLE

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

	2025	2024
Balance, beginning of year	\$ 304,439	\$ 2,075,326
Advances during the year	-	-
Repayments during the year	(104,634)	(948,757)
Recovery of (allowance for) doubtful loans during the year	24,660	(363,598)
Forgiven portion during the year	-	(458,532)
Balance, end of year	<u>\$ 224,465</u>	<u>\$ 304,439</u>

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

	2025	2024
Balance, beginning of year	\$ 103,799	\$ 96,133
Advances during the year	-	30,000
Repayments during the year	(30,472)	(9,672)
Recovery of (allowance for) doubtful loans during the year	(5,795)	(12,662)
Forgiven portion during the year	(6,250)	-
Balance, end of year	<u>\$ 61,282</u>	<u>\$ 103,799</u>

COMMUNITY FUTURES YELLOWHEAD EAST

Notes to Financial Statements

Year Ended March 31, 2025

5. ACCOUNTS PAYABLE

The accounts payable balance consists of:

	2025	2024
Trade payables	\$ 33,596	\$ 37,652
Source deductions payable	8,603	8,653
CFNA payable	236,784	139,855
	<u>\$ 278,983</u>	<u>\$ 186,160</u>

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

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.

	2025	2024
Balance, beginning of the year	\$ 65,635	\$ 43,293
PLUS: Amounts received related to the following year	241,068	117,250
LESS: Amounts recognized as revenue in the year	(141,192)	(94,908)
	<u>\$ 165,511</u>	<u>\$ 65,635</u>

Deferred revenue consists of:

NRED - Investment Attraction Marketing Strategy	\$ 114,700	\$ -
Career Expo	16,690	24,585
Barrhead Community Trade Fair Project	13,860	-
Lemonade Days	7,230	1,000
Business Support Network	5,181	21,288
WC Core Business Training	4,850	-
CGI Admin	3,000	3,000
Digital Economy Program	-	15,762
	<u>\$ 165,511</u>	<u>\$ 65,635</u>

COMMUNITY FUTURES YELLOWHEAD EAST

Notes to Financial Statements

Year Ended March 31, 2025

7. LONG TERM DEBT

	2025	2024
Community Futures Alberta	\$ 8,683	\$ 13,671

Community Futures Alberta loan non-interest bearing with no fixed terms of repayment. The term for this loan ends December 31, 2026. 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.

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

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

	2025	2024
<u>Travel per diem and expense reimbursements</u>		
Board members	\$ 14,785	\$ 19,934

9. GENERAL FUND NET ASSETS

Included in the general fund net assets is \$256,606 (2024 - \$271,280) that is invested in capital assets.

COMMUNITY FUTURES YELLOWHEAD EAST**Notes to Financial Statements****Year Ended March 31, 2025****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:

	2025	2024
Non-Repayable	\$ 1,751,287	\$ 1,782,188
Repayable	276,162	284,322
Disabled	67,239	66,062
Regional Relief and Recovery Fund	240,280	300,237
Capital Growth Initiative	126,100	129,840
	<u>\$ 2,461,068</u>	<u>\$ 2,562,649</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.

COMMUNITY FUTURES YELLOWHEAD EAST

Notes to Financial Statements

Year Ended March 31, 2025

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.

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>2025</u>	<u>2024</u>
- Youth Student Loan Project	\$100,000	\$100,000

COMMUNITY FUTURES YELLOWHEAD EAST

Notes to Financial Statements

Year Ended March 31, 2025

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, 2025.

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, 2025

15. INVESTMENT LOANS RECEIVABLE

	General Fund 2025	Restricted Non-repayable 2025	Restricted Repayable 2025	Restricted Disabled 2025	Restricted RRRF 2025	Restricted CGI 2025	Total 2025	Total 2024
Loans Receivable	\$ 45,417	\$ 395,038	\$ 67,225	\$ -	\$ 747,590	\$ 82,712	\$ 1,337,982	\$ 1,562,043
Less: allowance for loan impairment	(1,363)	(167,932)	(25,953)	-	(523,123)	(21,430)	(739,801)	(652,703)
Less: current portion	(19,583)	(62,175)	(31,637)	-	(132,084)	(21,493)	(266,972)	(243,807)
	<u>\$ 24,471</u>	<u>\$ 164,931</u>	<u>\$ 9,635</u>	<u>\$ -</u>	<u>\$ 92,383</u>	<u>\$ 39,789</u>	<u>\$ 331,209</u>	<u>\$ 665,533</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 the year	\$ (428)	\$ (79,506)	\$ (9,351)	\$ -	\$ (347,783)	\$ (15,635)	\$ (652,703)	\$ (221,723)
Recovery/(provision) for loan losses	(935)	(88,426)	(16,602)	-	24,660	(5,795)	(87,098)	(430,980)
Amounts written off to the allowance	-	-	-	-	-	-	-	-
Balance at end of year	<u>\$ (1,363)</u>	<u>\$ (167,932)</u>	<u>\$ (25,953)</u>	<u>\$ -</u>	<u>\$ (523,123)</u>	<u>\$ (21,430)</u>	<u>\$ (739,801)</u>	<u>\$ (652,703)</u>
Total recorded investment on impaired loans	<u>\$ -</u>	<u>\$ 89,812</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122,854</u>	<u>\$ 9,994</u>	<u>\$ 222,660</u>	<u>\$ 902,051</u>

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.

COMMUNITY FUTURES YELLOWHEAD EAST
RRRF Statement of Financial Position (Schedule 1)
Year Ended March 31, 2025

	RRRF Operating 2025	Restricted RRRF 2025	Total 2025	Total 2024
ASSETS				
Accrued interest receivable	\$ -	\$ -	\$ -	\$ 3,768
Loan receivable	-	224,467	224,467	304,439
Interfund receivable	8,683	252,597	261,280	145,557
TOTAL ASSETS	\$ 8,683	\$ 477,064	\$ 485,747	\$ 453,764
LIABILITIES				
Accounts payable	\$ -	\$ 236,784	\$ 236,784	\$ 139,856
Long term debt	8,683	-	8,683	13,671
TOTAL LIABILITIES	\$ 8,683	\$ 236,784	\$ 245,467	\$ 153,527
NET ASSETS				
Opening	\$ -	\$ 300,237	\$ 300,237	\$ 2,143,034
Contributions during the year	-	-	-	-
Excess of revenues over expenditures	-	36,971	36,971	(816,889)
Repayments in the year	-	(96,928)	(96,928)	(1,025,908)
TOTAL NET ASSETS	-	240,280	240,280	300,237
TOTAL LIABILITIES AND NET ASSETS	\$ 8,683	\$ 477,064	\$ 485,747	\$ 453,764

See notes to financial statements

COMMUNITY FUTURES YELLOWHEAD EAST
RRRF Statement of Revenue and Expenditures (Schedule 2)
Year Ended March 31, 2025

	RRRF Operating 2025	Restricted RRRF 2025	Total 2025	Total 2024
REVENUES				
RRRF admin	\$ 4,988	\$ -	\$ 4,988	\$ 37,638
Interest income	-	13,310	13,310	5,241
	<u>4,988</u>	<u>13,310</u>	<u>18,298</u>	<u>42,879</u>
EXPENDITURES				
Salaries and wages	-	-	-	32,038
Project expenses	4,988	-	4,988	5,600
Provision for investment loss	-	(23,661)	(23,661)	363,598
Forgiven portion of loans	-	-	-	458,532
	<u>4,988</u>	<u>(23,661)</u>	<u>(18,673)</u>	<u>859,768</u>
TOTAL EXPENDITURES				
	<u>4,988</u>	<u>(23,661)</u>	<u>(18,673)</u>	<u>859,768</u>
EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS	<u>\$ -</u>	<u>\$ 36,971</u>	<u>\$ 36,971</u>	<u>\$ (816,889)</u>

See notes to financial statements

COMMUNITY FUTURES YELLOWHEAD EAST
Statement of Program Revenues and Expenditures (Schedule 3)
Year Ended March 31, 2025

	2025	2024
REVENUES		
Career and education expo	\$ 50,745	\$ -
Digital economy program	34,949	59,514
Business support network	30,537	28,394
Barrhead Community Trade Fair	18,690	-
Contract	11,603	6,083
Lemonade Day	6,270	-
Project sponsorship	442	5,000
Training	-	7,425
CARES grant repayment	(3,408)	-
	<u>149,828</u>	<u>106,416</u>
EXPENDITURES		
Career and education expo	50,745	1,000
Digital economy program expenses	34,984	59,514
Business support network expenses	30,538	28,394
Barrhead Community Trade Project	18,690	-
EDP projects	10,600	-
Lemonade day project	4,810	1,846
Training expenses	-	7,425
Rural opportunities fund expenses	-	5,000
Contract expense	-	28,425
Contract program	-	2,234
	<u>150,367</u>	<u>133,838</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>\$ (539)</u>	<u>\$ (27,422)</u>

See notes to financial statements