

Community Futures Wood Buffalo
Financial Statements
March 31, 2021

Management's Responsibility

To the Members of Community Futures Wood Buffalo:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual performance report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed entirely of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual performance report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

June 29, 2021

signed by "Pamela Ramrup"

Pamela Ramrup, Executive Director

Community Futures Wood Buffalo
Statement of Financial Position
As at March 31, 2021

	General Fund	WD Conditionally Repayable Investment Fund	WD Non-repayable Investment Fund	WD EDP Fund	WD RRRF Fund	Capital Fund	WBRLPP Investment Fund	2021	2020
Assets									
Current									
Cash and cash equivalents (Note 3)	56,643	-	89,193	38,076	235,934	-	587,785	1,007,631	513,062
Marketable securities	-	-	573,067	-	-	-	-	573,067	523,435
Accounts receivable	398,374	-	955	-	-	-	26,280	425,609	41,849
Goods and services tax receivable	11,295	-	-	-	-	-	-	11,295	5,638
Prepaid expenses	1,816	-	-	-	-	-	-	1,816	1,942
Inter-fund receivable (payable)	(461,616)	315,416	(96,239)	197,492	247,742	-	(202,795)	-	-
Capital assets (Note 4)	6,512	315,416	566,976	235,568	483,676	-	411,270	2,019,418	1,085,926
Loans receivable (Note 5)	-	-	275,890	86,011	-	22,279	-	4,762,749	21,296
	6,512	315,416	842,866	321,579	3,648,676	22,279	1,647,118	6,804,446	3,084,982
Liabilities									
Current									
Accounts payable and accruals	60,818	-	-	-	-	-	-	60,818	51,832
Deferred revenue (Note 6)	-	-	-	-	-	-	31,083	31,083	44,521
Investment funds repayable (Note 7)	-	300,000	-	200,000	-	-	-	500,000	500,000
Repayable RRRF loans (Note 8)	60,818	300,000	-	200,000	-	-	31,083	591,901	596,353
	-	-	-	-	3,648,778	-	-	3,648,778	-
	60,818	300,000	-	200,000	3,648,778	-	31,083	4,240,679	596,353

The accompanying notes are an integral part of these financial statements

Community Futures Wood Buffalo
Statement of Financial Position
As at March 31, 2021

	General Fund	WD Conditionally Repayable Investment Fund	WD Non-repayable Investment Fund	WD Conditionally Repayable EDP Fund	WD Loan Investment Fund - WBRLPP	Capital Fund	WD RRRF Fund	2021	2020
Net Assets									
General Fund	(54,306)	-	-	-	-	-	-	(54,306)	(23,390)
Loan Investment Funds (Note 10)	-	15,416	842,866	121,579	1,616,035	-	(102)	2,595,794	2,490,723
Capital Fund	-	-	-	-	-	22,279	-	22,279	21,296
	(54,306)	15,416	842,866	121,579	1,616,035	22,279	(102)	2,563,767	2,488,629
	6,512	315,416	842,866	321,579	1,647,118	22,279	3,648,676	6,804,446	3,084,982

Approved on behalf of the Board

signed by "Jason Vargo"

signed by "Bill MacLennan"

 Director

 Director

Community Futures Wood Buffalo
Statement of Operations
For the year ended March 31, 2021

	General Fund	WD Conditionally Repayable Investment Fund	WD Non-repayable Investment Fund	WD Conditionally Repayable EDP Fund	WD Loan Investment Fund - WBRLPP	Capital Fund	WD RRRF Fund	2021	2020
Revenue									
Business support program grants	779,583	-	-	-	-	-	-	779,583	-
Western Economic Diversification Canada contribution	319,961	-	-	-	-	-	-	490,540	319,964
(Note 8), (Note 11)	6,902	-	20,470	12,834	155,117	-	170,579	195,323	175,220
Interest income	13,058	-	36,798	-	22,039	-	-	71,895	15,759
Other income	-	-	-	-	45,315	-	-	45,315	18,798
RMWB - Community Impact Grant	-	-	-	-	-	-	-	-	-
Government of Alberta - CARES contribution	-	-	-	-	-	-	-	-	(2,011)
Total Revenue	1,119,504	-	57,268	12,834	222,471	-	170,579	1,582,656	527,730
Expenses									
Advertising	10,936	-	-	-	5,162	-	-	16,098	26,747
Amortization	-	-	-	-	-	6,861	-	6,861	7,203
Computer	-	-	-	-	-	-	5,116	5,116	-
Bank charges and interest	5,367	-	-	-	75	-	-	5,442	2,385
Goods and services tax expense	-	-	-	-	-	-	-	-	11,980
Insurance	2,669	-	-	-	-	-	-	2,669	4,140
Loan impairment provision (recovery) (Note 5)	-	-	(1,663)	-	74,728	-	-	73,065	466,245
Meals	5,102	-	-	-	-	-	-	5,102	3,288
Office	26,104	-	-	-	2,100	-	-	28,204	23,253
Professional fees	756,251	-	540	-	10,755	-	43,800	811,346	62,519
Rent	23,612	-	-	-	-	-	-	23,612	46,611
Repairs and maintenance	5,141	-	-	-	-	-	-	5,141	5,355
Salaries and benefits	290,224	-	-	-	95,703	-	121,765	507,692	282,713
Training and education	2,448	-	-	-	-	-	-	2,448	10,844
Telephone	9,123	-	-	-	-	-	-	9,123	7,084
Travel	5,599	-	-	-	-	-	-	5,599	8,838
	1,142,576	-	(1,123)	-	188,523	6,861	170,681	1,507,518	969,205
Excess (deficiency) of revenue over expenses	(23,072)	-	58,391	12,834	33,948	(6,861)	(102)	75,138	(441,475)

The accompanying notes are an integral part of these financial statements

Community Futures Wood Buffalo
Statement of Changes in Net Assets
For the year ended March 31, 2021

	General Fund	WD Conditionally Repayable Investment Fund	WD Non-repayable Investment Fund	WD Conditionally Repayable EDP Fund	WD Loan Investment Fund - WBRLPP	Capital Fund	WD RRRF Fund	2021	2020
Net assets, beginning of year	(23,390)	15,416	784,475	108,745	1,582,087	21,296	-	2,488,629	2,930,104
Excess (deficiency) of revenue over expenses	(23,072)	-	58,391	12,834	33,948	(6,861)	(102)	75,138	(441,475)
Capital asset additions	(7,844)	-	-	-	-	7,844	-	-	-
Net assets (deficit), end of year	(54,306)	15,416	842,866	121,579	1,616,035	22,279	(102)	2,563,767	2,488,629

The accompanying notes are an integral part of these financial statements

Community Futures Wood Buffalo
Statement of Cash Flows
For the year ended March 31, 2021

	2021	2020
Cash flows from operating activities		
Operating		
Excess (deficiency) of revenue over expenses	75,138	(441,475)
Amortization	6,861	7,203
Loan impairment provision	73,065	466,245
Unrealized (gain) loss on marketable securities	(36,798)	19,161
	118,266	51,134
Changes in working capital accounts		
Accounts receivable	(383,760)	(6,043)
Goods and services tax receivable	(5,657)	(5,638)
Prepaid expenses	126	821
Accounts payable and accruals	8,987	15,776
Deferred revenue	(13,438)	17,858
	(275,476)	73,908
Financing activities		
Advances of repayable RRRF loans	3,648,776	-
Investing activities		
Net purchase of marketable securities <i>(Note 12)</i>	(12,833)	(457,652)
Purchase of capital assets	(7,844)	(3,983)
Net advances of loans receivable <i>(Note 12)</i>	(2,858,054)	(128,651)
	(2,878,731)	(590,286)
Increase (decrease) in cash and cash equivalents	494,569	(516,378)
Cash and cash equivalents, beginning of year	513,062	1,029,440
Cash and cash equivalents, end of year	1,007,631	513,062

The accompanying notes are an integral part of these financial statements

Community Futures Wood Buffalo Notes to the Financial Statements

For the year ended March 31, 2021

1. Incorporation and nature of the organization

Community Futures Wood Buffalo (the "Organization") was incorporated under the authority of the Business Corporations Act of Alberta as a not-for-profit organization and is exempt from income taxes under Section 149 of the Income Tax Act.

The Organization provides a wide range of small business services and business management tools including access to loans and other financial services that small businesses may otherwise be unable to obtain from other financial institutions. The Organization also runs specialized business programs and actively works with community and business leaders to foster rural economic growth.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada using the following significant accounting policies:

Fund accounting

The Organization follows the restricted fund method of accounting for contributions, and maintains three funds: the General Fund, the Loan Investment Fund and the Capital Fund.

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

The Loan Investment Fund reports the Organization's restricted resources that are to be used for assistance to small businesses and entrepreneurs in the form of loans and loan guarantees and includes the following:

The WD Conditionally Repayable EDP Fund reports the Organization's resources provided to businesses owned and operated by disabled persons. The WD Non-repayable Investment Fund reports the Organization's resources provided to businesses through its non-repayable funding. The WD Conditionally Repayable Investment Fund reports the Organization's resources provided to businesses through its repayable funding. The Loan Investment Fund - Wood Buffalo Recovery Loan Partnership Program ("WBRLPP"), reports the Organization's resources provided to businesses primarily through its funding provided by Regional Municipality of Wood Buffalo ("RMWB"). The WD RRRF Fund reports the Organization's resources provided to businesses as part of the Regional Relief and Recovery Fund program.

The Capital Fund reports all contributions and expenditures relating to capital assets.

The Organization is restricted in the types of loans that can be made according to its agreements with Western Economic Diversification Canada ("WD"), Community Futures Network of Alberta ("CFNA"), and RMWB.

Revenue recognition

The Organization uses the restricted fund method of accounting for contributions. Restricted contributions related to specific fund are recognized as revenue of the appropriate fund in the year in year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions for which no corresponding restricted fund is presented are recognized as revenue of the General Fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted investment income is recognized as revenue of the General Fund when earned.

Contributed materials and services

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Organization's operations and would otherwise have been purchased. During the year, \$nil (2020 - \$nil) contributions of materials and services were recognized.

Cash and cash equivalents

Cash and cash equivalents include balances with banks, cash on hand and highly liquid marketable securities with maturities less than three months. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Community Futures Wood Buffalo
Notes to the Financial Statements
For the year ended March 31, 2021

2. **Significant accounting policies** *(Continued from previous page)*

Marketable securities

Marketable securities with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment.

Loans receivable

Loans are initially recorded at fair value and subsequently measured at their amortized cost less impairment. Amortized cost is calculated as the loans' principal amount plus unamortized loan administration fees less any allowance for anticipated losses. Interest revenue is recorded on the accrual basis using the effective interest method. Loan administration fees are amortized over the term of the loan using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the carrying amount of the financial asset.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the following methods at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Computer equipment	declining balance	30 %
Computer software	straight-line	5 years
Furniture and fixtures	declining balance	20 %
Leasehold improvements	straight-line	term of lease

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Organization writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Organization's ability to provide goods and services. The assets are also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Organization determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable and loans receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in the statement of operations in the periods in which they become known.

Community Futures Wood Buffalo
Notes to the Financial Statements
For the year ended March 31, 2021

2. Significant accounting policies *(Continued from previous page)*

Financial instruments

All financial instruments are initially recorded at their fair value, excluding certain financial assets and liabilities originated and issued in a related party transaction measured at their carrying or exchange amount in accordance with Section 3840 Related Party Transactions. At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market at fair value. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to financial instruments subsequently measured at fair value are immediately recognized in statement of operations for the current period. Transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost when there is an indication of impairment. Any impairment which is not considered temporary is included in current year statement of operations.

3. Cash and cash equivalents

	2021	2020
Unrestricted cash	56,644	11,988
Restricted cash	950,987	501,074
	1,007,631	513,062

4. Capital assets

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Computer equipment	114,366	110,804	3,562	5,388
Computer software	5,474	5,291	183	183
Furniture and fixtures	65,925	61,541	4,384	5,479
Leasehold improvements	79,506	65,356	14,150	10,246
	265,271	242,992	22,279	21,296

Community Futures Wood Buffalo
Notes to the Financial Statements
For the year ended March 31, 2021

5. Loans receivable

	2021	2020
WD Conditionally Repayable EDP Fund	86,011	108,918
Loan Investment Fund - WBRLPP	1,235,848	1,481,031
WD Non-repayable Investment Fund	275,890	387,811
WD RRRF Fund	3,165,000	-
	4,762,749	1,977,760

Conditionally repayable contributions made by WD are non-interest bearing, unsecured, and repayable upon 60 days notice in the event of default, as defined in the contribution agreement. WD Conditionally Repayable Contributions are subject to certain conditions as stipulated in the contribution agreement.

	<i>Loans receivable</i>	<i>Less: allowance for doubtful accounts</i>	2021	2020
WD Conditionally Repayable EDP Fund	86,011	-	86,011	108,918
Loan Investment Fund - WBRLPP	1,364,429	(128,581)	1,235,848	1,481,031
WD Non-repayable Investment Fund	275,890	-	275,890	387,811
WD RRRF Fund	3,165,000	-	3,165,000	-
	4,891,330	(128,581)	4,762,749	1,977,760

During the year, there were the following changes in the allowance for doubtful accounts:

	<i>Beginning balance</i>	<i>Provisions</i>	<i>Write-offs</i>	<i>Reversals</i>	2021
Loan Investment Fund - WBRLPP	532,713	74,728	(478,860)	-	128,581
WD Non-repayable Investment Fund	63,321	-	(61,658)	(1,663)	-
WD RRRF Fund	-	-	-	-	-
	596,034	74,728	(540,518)	(1,663)	128,581

Included in the loan impairment provision are provisions, write-offs and reversals of \$467,453 (2020 - \$466,245).

Community Futures Wood Buffalo
Notes to the Financial Statements

For the year ended March 31, 2021

6. Deferred revenue

	2021	2020
Western Economic Diversification Canada		
Balance, beginning of year	26,663	26,663
Amount received during the year	293,298	319,964
Amounts recognized as revenue during the year	(319,961)	(319,964)
	-	26,663
RMWB - Community Impact Grant		
Balance, beginning of year	17,858	-
Amount received during the year	58,540	36,656
Amounts recognized as revenue during the year	(45,315)	(18,798)
	31,083	17,858
	31,083	44,521

7. Investment funds repayable

	2021	2020
Western Economic Diversification Canada Conditionally Repayable Contribution, non-interest bearing, unsecured, repayable upon 30 days notice in an event of default as defined in the contribution agreement.	300,000	300,000
Western Economic Diversification Canada Conditionally Repayable Contribution, non-interest bearing, unsecured, repayable upon 30 days notice in an event of default as defined in the contribution agreement.	200,000	200,000
	500,000	500,000

Western Economic Diversification Canada Conditionally Repayable Contributions are subject to certain conditions as stipulated in the contribution agreement. As at March 31, 2021, management believes the Organization is in compliance with all such conditions required in this agreement.

8. Repayable RRRF loans

Repayable RRRF loans owing to the Community Futures Network of Alberta ("CFNA") are non-interest bearing and are repayable as the RRRF loans receivable (Note 5) are collected. Any loan losses on the RRRF loans receivable reduce the amount to be repaid to CFNA.

9. Commitments

As at March 31, 2021, the Organization has \$nil (2020 - \$nil) of undisbursed loan funds that have been committed.

The Organization has entered into rental and equipment lease agreements with estimated minimum annual payments as follows:

2022	44,211
2023	44,951
2024	38,307
2025	31,417
2026	15,956
	174,842

Community Futures Wood Buffalo

Notes to the Financial Statements

For the year ended March 31, 2021

10. Net assets - loan investment funds

Included in net assets - loan investment funds is a Western Economic Diversification Canada Non-Repayable Contribution in the amount of \$1,300,000 (2020 - \$1,300,000). The amount is non-interest bearing, unsecured and is non-repayable to the extent that the Organization is not in default of the Contribution Agreement. As at March 31, 2021, management believes the Organization is in compliance with the agreement.

Included in net assets - loan investment funds is a RMWB non-repayable contribution in the amount of \$2,000,000 (2020 - \$2,000,000). During the 2018 year, RMWB approved the Wood Buffalo Recovery Loan Partnership Program starting June 1, 2017 and ending May 31, 2022 and contributed \$2,000,000 to the Organization to be used for this purpose. At the sole discretion of RMWB, the program may be extended for an additional five year period. The amount is non-interest bearing, unsecured and is non-repayable to the extent that the Organization is not in default of the Contribution Agreement. As at March 31, 2021, management believes the Organization is in compliance with the agreement.

11. Economic dependence

The Organization receives a substantial portion of its funding from Western Economic Diversification Canada. During the 2021 year, an agreement was signed covering the period of April 1, 2021 to March 31, 2026 that will provide annual funding of \$319,963 to the Organization.

12. Supplemental cash flow information

Cash flows related to loans receivable and marketable securities have been presented on a net basis as it is impracticable for management to determine the gross cash receipts and repayments.

13. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit risk

Financial instruments that subject the Organization to concentrations of credit risk consist primarily of accounts receivable and loans receivable. The balance of accounts receivable and loans receivable are widely distributed among the Organization's customer base. The Organization performs regular credit assessments of its customers and provides allowances for potentially uncollectable accounts.

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. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Organization is exposed to interest rate cash flow risk on its marketable securities and loans receivable that bear interest at fixed rates.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization enters into transactions to borrow funds from financial institutions or other creditors for which repayment is required at various maturity dates. The Organization's exposure to liquidity risk is dependent on the collection of loans receivable to meet commitments and sustain operations.