Community Futures Centre West
Financial Statements
March 31, 2023

Management's Responsibility

To the Members of Community Futures Centre West:

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. 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 primarily 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 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 Board 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 28, 2023

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Patti-Jay Powell

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Executive Director

Independent Auditor's Report

To the Members of Community Futures Centre West:

Qualified Opinion

We have audited the financial statements of Community Futures Centre West (the "Organization"), which comprise the statement of financial position as at March 31, 2023, 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, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2023, 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 Qualified Opinion

As described in Note 9, the Organization has loans as a part of the Regional Relief and Recovery Fund ("RRRF") program. Due to the associated terms and conditions, the valuation of the RRRF loans is not susceptible to satisfactory audit verification. Accordingly, verification of the RRRF loans was limited to their existence based on the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to loan impairment provision and excess (deficiency) of revenue over expenses for the year ended March 31, 2023, and loans receivable, conditionally repayable loans, and net assets as at March 31, 2023.

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 Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

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

In preparing the financial statements, management is responsible for assessing the 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.

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.

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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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Calgary, Alberta

MNP LLP

June 28, 2023

Chartered Professional Accountants

Community Futures Centre West
Statement of Financial Position
As at March 31, 2023

	PrairiesCan Operating Fund	PrairiesCan Conditionally Repayable Investment Fund	PrairiesCan Conditionally Repayable EDP Investment Fund	RRRF Loan Investment/ Loan Fund	RRRF Operating Fund	CGI Loan Fund	2023	2022
Assets								
Current								
Cash *(Note 4)*	125,925	598,528	153,554	224,080	-	7,715	**1,109,802**	920,353
Term Deposit *(Note 5)*	-	-	-	-	-	-	**-**	84,353
Accounts receivable	35,226	-	-	-	-	-	**35,226**	41,643
Prepaid expenses and deposits	11,675	-	-	-	-	-	**11,675**	11,833
Inter fund transfers *(Note 6)*	40,272	6,689	13,746	(67,377)	2,501	4,169	**-**	-
Current portion of loans receivable *(Note 7)*	-	277,360	-	-	-	-	**277,360**	265,124
	213,098	**882,577**	**167,300**	**156,703**	**2,501**	**11,884**	**1,434,063**	1,323,306
Loans receivable *(Note 7)*	-	1,142,650	-	-	-	-	**1,142,650**	1,366,384
CGI loans receivable *(Note 8)*	-	-	-	-	-	123,116	**123,116**	-
RRRF loans receivable (Note 9)	-	-	-	6,612,488	-	-	**6,612,488**	7,123,213
Capital assets *(Note 10)*	3,193	-	-	-	12,101	-	**15,294**	21,846
	216,291	**2,025,227**	**167,300**	**6,769,191**	**14,602**	**135,000**	**9,327,611**	9,834,749

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Approved on behalf of the Board

DocuSigned by:
James Dahl
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Director

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Director

The accompanying notes are an integral part of these financial statements

Community Futures Centre West
Statement of Financial Position
As at March 31, 2023

	PrairiesCan Operating Fund	*PrairiesCan Conditionally Repayable Investment Fund*	*PrairiesCan Conditionally Repayable EDP Investment Fund*	*RRRF Loan Investment/ Loan Fund*	*RRRF Operating Fund*	*CGI Loan Fund*	*2023*	*2022*
Liabilities								
Current								
Demand operating loan *(Note 11)*	-	656,000	-	-	-	-	**656,000**	668,000
Accounts payable and accruals	48,134	-	-	-	2,500	-	**50,634**	43,653
Deferred contributions *(Note 12)*	53,338	-	-	156,703	-	10,000	**220,041**	386,299
Payable to Community Futures Network of Alberta	-	-	-	-	-	1,884	**1,884**	-
Conditionally repayable CGI contributions *(Note 13)*	-	-	-	-	-	123,116	**123,116**	-
Conditionally repayable RRRF contributions *(Note 14)*	-	-	-	6,612,488	-	-	**6,612,488**	7,123,213
	101,472	**656,000**	**-**	**6,769,191**	**2,500**	**135,000**	**7,664,163**	8,221,165
Deferred contributions related to capital assets *(Note 15)*	852	-	-	-	12,102	-	**12,954**	18,382
	102,324	**656,000**	**-**	**6,769,191**	**14,602**	**135,000**	**7,677,117**	8,239,547
Commitments *(Note 17)*								
Net Assets (Deficit)								
Share capital *(Note 16)*	26	-	-	-	-	-	**26**	26
Externally restricted	-	1,187,500	200,000	-	-	-	**1,387,500**	1,387,500
Unrestricted	113,941	181,727	(32,700)	-	-	-	**262,968**	207,676
	113,967	**1,369,227**	**167,300**	**-**	**-**	**-**	**1,650,494**	1,595,202
	216,291	**2,025,227**	**167,300**	**6,769,191**	**14,602**	**135,000**	**9,327,611**	9,834,749

The accompanying notes are an integral part of these financial statements

Community Futures Centre West
Statement of Operations
For the year ended March 31, 2023

	PrairiesCan Operating Fund	PrairiesCan Conditionally Repayable Investment Fund	PrairiesCan Conditionally Repayable EDP Investment Fund	RRRF Loan Investment/ Loan Fund	RRRF Operating Fund	CGI Loan Fund	2023	2022
Revenue								
Prairies Economic Development Canada	294,963	-	-	-	-	-	**294,963**	294,963
Community Futures Network of Alberta	-	-	-	-	32,384	-	**32,384**	19,895
Loan interest	-	149,006	-	-	-	-	**149,006**	131,991
Community Futures Pan West Network	50,000	-	-	-	-	-	**50,000**	-
Rental income	5,022	-	-	-	-	-	**5,022**	24,000
Service fees, donations and other	22,822	-	-	-	-	6,250	**29,072**	19,545
Grant and sponsorship income	168,176	-	-	-	-	-	**168,176**	65,442
Other interest income	295	-	36	-	-	-	**331**	98
RRRF loan forgiveness	-	-	-	140,000	-	-	**140,000**	125,000
	541,278	**149,006**	**36**	**140,000**	**32,384**	**6,250**	**868,954**	680,934

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The accompanying notes are an integral part of these financial statements

Community Futures Centre West
Statement of Operations
For the year ended March 31, 2023

	PrairiesCan Operating Fund	PrairiesCan Conditionally Repayable Investment Fund	PrairiesCan Conditionally Repayable EDP Investment Fund	RRRF Loan Investment/ Loan Fund	RRRF Operating Fund	CGI Loan Fund	2023	2022
Total revenue *(Continued from previous page)*	**541,278**	**149,006**	**36**	**140,000**	**32,384**	**6,250**	**868,954**	680,934
Expenses								
Advertising	5,384	-	-	-	-	-	**5,384**	6,727
Bank charges	4,810	-	-	-	-	-	**4,810**	5,085
Board	1,288	-	-	-	-	-	**1,288**	398
CGI loan forgiveness	-	-	-	-	-	6,250	**6,250**	-
Community partnership building	7,332	-	-	-	-	-	**7,332**	5,900
Events	65,401	-	-	-	-	-	**65,401**	33,655
Insurance	2,610	-	-	-	-	-	**2,610**	2,486
Interest	-	33,989	1,187	-	-	-	**35,176**	16,659
Office and general	29,790	-	-	-	7,934	-	**37,724**	23,124
Professional fees	16,972	-	-	-	2,500	-	**19,472**	20,887
Provision for loan losses, net of recoveries	-	60,659	-	-	-	-	**60,659**	(9,970)
RRRF loan forgiveness	-	-	-	140,000	-	-	**140,000**	125,000
Rent	30,681	-	-	-	1,464	-	**32,145**	30,884
Salaries and benefits	351,696	-	-	-	20,486	-	**372,182**	244,674
Telephone and telecommunications	6,734	-	-	-	-	-	**6,734**	6,972
Travel	15,376	-	-	-	-	-	**15,376**	1,757
	538,074	**94,648**	**1,187**	**140,000**	**32,384**	**6,250**	**812,543**	514,238
Excess (deficiency) of revenue over expenses before amortization	**3,204**	**54,358**	**(1,151)**	**-**	**-**	**-**	**56,411**	166,696

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The accompanying notes are an integral part of these financial statements

Community Futures Centre West
Statement of Operations
For the year ended March 31, 2023

	PrairiesCan Operating Fund	*PrairiesCan Conditionally Repayable Investment Fund*	*PrairiesCan Conditionally Repayable EDP Investment Fund*	*RRRF Loan Investment/ Loan Fund*	*RRRF Operating Fund*	*CGI Loan Fund*	*2023*	*2022*
Excess (deficiency) of revenue over expenses before amortization (continued from previous page)	**3,204**	**54,358**	**(1,151)**	**-**	**-**	**-**	**56,411**	166,696
Amortization	(1,488)	-	-	-	(5,062)	-	**(6,550)**	(8,496)
Amortization of deferred capital contributions *(Note 15)*	365	-	-	-	5,062	-	**5,427**	7,415
Excess (deficiency) of revenue over expenses	**2,081**	**54,358**	**(1,151)**	**-**	**-**	**-**	**55,288**	165,615

The accompanying notes are an integral part of these financial statements

Community Futures Centre West
Statement of Changes in Net Assets (Deficit)
For the year ended March 31, 2023

	PrairiesCan Operating Fund	*PrairiesCan Conditionally Repayable Investment Fund*	*PrairiesCan Conditionally Repayable EDP Investment Fund*	*RRRF Loan Investment/ Loan Fund*	*RRRF Operating Fund*	*CGI Loan Fund*	***2023***	*2022*
Net assets (deficit), beginning of year	111,857	127,369	(31,549)	-	-	-	**207,677**	42,060
Common shares forfeit on Board member resignation *(Note 16)*	3	-	-	-	-	-	**3**	2
Excess (deficiency) of revenue over expenses	2,081	54,358	(1,151)	-	-	-	**55,288**	165,615
Net assets (deficit), end of year	**113,941**	**181,727**	**(32,700)**	**-**	**-**	**-**	**262,968**	207,677

The accompanying notes are an integral part of these financial statements

Community Futures Centre West
Statement of Cash Flows
For the year ended March 31, 2023

	2023	*2022*
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	**55,288**	165,615
Amortization	**6,550**	8,496
Amortization of deferred contributions related to capital assets	**(5,428)**	(7,415)
Provision for loan losses, net of recoveries	**60,659**	(9,970)
	117,069	156,726
Changes in working capital accounts		
Accounts receivable	**6,417**	(23,165)
Prepaid expenses and deposits	**158**	(1,256)
Accounts payable and accruals	**6,984**	12,549
Payable to Community Futures Network of Alberta	**-**	(85,000)
Deferred contributions	**(166,258)**	361,719
	(35,630)	421,573
Financing		
Issuance of share capital	**3**	2
Repayment of demand operating loan	**(12,000)**	(12,000)
Contributions received for capital assets	**1,884**	1,433
Contributions received for disbursement of CGI conditionally repayable loans	**150,000**	-
Repayments of contributions for disbursement of CGI conditionally repayable loans	**(20,633)**	-
Contributions received for disbursement of RRRF conditionally repayable loans	**-**	1,008,784
Repayments of contributions for disbursement of RRRF conditionally repayable loans	**(370,725)**	(308,975)
Advances of RRRF loans receivable	**-**	(1,076,834)
Receipts of RRRF loans receivable	**370,725**	308,975
Advances of CGI loans receivable	**(150,000)**	-
Advances of CGI loans receivable	**20,633**	-
	(10,113)	(78,615)
Investing		
Purchase of capital assets	**-**	(3,418)
Purchase of term deposits	**-**	(84,353)
Proceeds on disposal of term deposits	**-**	84,338
Advances of loans receivable	**(626,768)**	(519,658)
Receipts of loans receivable	**777,607**	386,788
	150,839	(136,303)
Increase (decrease) in cash resources	**105,096**	206,655
Cash resources, beginning of year	**1,004,706**	798,051
Cash resources, end of year	**1,109,802**	1,004,706
Cash resources are composed of:		
Cash	**1,109,802**	920,353
Term deposits	**-**	84,353
	1,109,802	1,004,706

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

Community Futures Centre West (the "Organization") is designed to assist rural communities develop their local economies by using innovative approaches to business and community development. Community Futures Centre West provides access to resources and financial assistance.

Community Futures Centre West provides core services such as: Fostering Strategic Community Planning and Socio-Economic Development, Building Community Networks by partnering and developing, and partnering with Community Economic Development projects with business, economic, social and environmental organizations. The Organization assists with the growth and development of community infrastructure resulting in increased community capacity. Community Futures Centre West also provides business services by way of counselling and training, with financial assistance in the way of business loans to small and medium sized entrepreneurs and to entrepreneurs with disabilities.

The Organization is incorporated pursuant to the Alberta Companies Act as a not-for-profit organization. It is exempt from income taxes under the *Income Tax Act* (the "Act") as a not-for-profit organization. To maintain its status as a tax-exempt entity under the Act, the Organization must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

2. Economic dependence

The Organization receives the majority of its operating revenue from the Federal Government through Prairies Economic Development Canada ("PrairiesCan") for its loans and financial services and is economically dependent upon this funding for continuing operations.

3. Significant accounting policies

Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Fund accounting

The Organization follows the deferral method of accounting for contributions and reports using fund accounting, and maintains four funds: The PrairiesCan Operating Fund, the PrairiesCan Conditionally Repayable Investment Fund, the PrairiesCan Conditionally Repayable EDP Investment Fund, the RRRF Loan Investment/Loan Fund, the RRRF Operating Fund and the CGI Loan Fund.

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

The PrairiesCan Investment Funds reports restricted resources that are to provide assistance to small businesses and entrepreneurs in the form of loans, loan guarantees or equity participation. Loans from the Entrepreneurs with Disabilities Program ("EDP") are limited to businesses owned and operated by entrepreneurs with disabilities. The Organization is restricted in the types of loans that can be made according to its agreement with the Federal Government.

The RRRF Loan Investment/Loan Fund reports loans provided by the Organization to assist small businesses and entrepreneurs to cope with the COVID-19 outbreak. The Organization is restricted in the types of loans that can be made according to its agreement with the Federal Government.

The RRRF Operating Fund accounts for funds received and used for the Organization's costs associated with administering the RRRF program.

The CGI Loan Fund ports loans provided by the Organization to assist small businesses and entrepreneurs.The Organization is restricted in the types of loans that can be made according to its agreement with the Provincial Government.

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

Cash

Cash includes balances with banks and short-term investments with original maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Term deposits

Term deposits comprise investments in Guaranteed Investment Certificates ("GICs") with original maturities in excess of three months or are expected to be immediately reinvested upon maturity.

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 and rates intended to amortize the cost of assets over their estimated useful lives. Amortization is recorded at half the following rates in the year of acquisition.

	Method	Rate
Computer equipment	declining balance	30 %
Computer software	declining balance	30 %
Furniture and fixtures	declining balance	20 %
Leasehold improvements	straight-line	10 years

Long-lived assets

Long-lived assets consist of capital assets with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policy.

When the Organization determines that a long-lived asset no longer has any long-term service potential to the Organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

Loans receivable

Loans receivable are initially recorded at fair value and subsequently measured at their amortized cost less impairment. Amortized cost is calculated as the loan's principal amount plus unamortized loan administration fees, less any allowance for anticipated losses, plus accrued interest. 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 Growth Initiative

Capital Growth Initiative ("CGI") loans issued by the Organization are recorded as loans receivable. The associated funding of the CGI loans issued by the Organization is recognized as a conditionally repayable liability.This liability consists of an interest free loan from the Community Futures Network of Alberta ("CFNA"). Loan losses reduce the amount to be repaid.

Regional Relief and Recovery Fund loans

Regional Relief and Recovery Fund ("RRRF") loans issued by the Organization are recorded as loans receivable. The associated funding of the RRRF loans issued by the Organization is recognized as a conditionally repayable liability.This liability consists of an interest free loan from Prairies Economic Development Canada ("PrairiesCan") and the Community Futures Network of Alberta ("CFNA"). Loan losses reduce the amount to be repaid.

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

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Rental income is recognized as revenue when rents become due.

Interest income is recognized as revenue when earned.

Service fees, donations, other and, grants and sponsorship income is recognized as revenue when invoiced and when the amount to be received can be estimated and collection is reasonably assured.

Government assistance

(a) Funding received from PrairiesCan to finance operating expenses has been included as revenue in the Statement of Operations.

(b) Funding received to finance investment loans has been classified as externally restricted fund balances on the Statement of Financial Position - PrairiesCan Conditionally Repayable Investment Fund, PrairiesCan Conditionally Repayable EDP Investment Fund, RRRF Loan Investment/Loan Fund and the CGI Loan Fund.

Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated in an arm’s length transaction (“arm’s length financial instruments”) are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm’s length financial instrument at fair value. The Organization has not made such an election during the year. The Organization subsequently measures all arm's length transactions at cost or amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess (deficiency) of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

The Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenue over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess (deficiency) of revenue over expenses in the year the reversal occurs.

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

Measurement uncertainty

The preparation of financial statements in conformity with ASNPO 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 are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Loans receivable are evaluated as to their collectability and an appropriate allowance for loan impairment 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 excess (deficiency) of revenue over expenses in the periods in which they become known.

4. Cash, conditionally repayable investment funds

Cash held in the Investment Funds is restricted for granting loans.

	2023	*2022*
Cash consists of the following internal allocations:		
PrairiesCan - Regular Investment Fund	**469,359**	278,051
PrairiesCan - Youth Investment Fund	**129,169**	151,846
Subtotal	**598,528**	429,897
EDP - Investment Fund	**153,554**	94,437
RRRF - Loan Fund	**224,080**	224,080
CGI - Loan Fund	**7,715**	-
	983,877	748,414

5. Term deposit

The term deposit was a Guaranteed Investment Certificate that matured June 3, 2022 bearing 0.35% per annum (2022 - 0.35%).

6. Inter fund transfers

In the current and prior years, amounts have been transferred between the funds to meet operational and investing requirements. The balances owing between the funds are non-interest-bearing and due on demand.

7. Loans receivable

	2023	*2022*
PrairiesCan Conditionally Repayable Investment Fund	**1,479,072**	1,689,499
PrairiesCan Conditionally Repayable EDP Investment Fund	**-**	59,700
Provision for loan losses	**(59,062)**	(117,691)
	1,420,010	1,631,508
Less: current portion	**277,360**	265,124
	1,142,650	1,366,384

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

	Balance, beginning of year	*Write-offs (net of recoveries)*	***2023 Balance, end of year***	*2022 Balance, end of year*
Conditionally Repayable Investment Fund	117,691	(58,629)	**59,062**	117,691

Actual write-offs, net of recoveries, are deducted from the allowance for loan losses. The provision for loan losses in the statement of operations is charged with an amount sufficient to keep the balance in the allowance for loan losses adequate to absorb anticipated credit related losses.

Outstanding loans to entrepreneurs are interest bearing at fixed rates varying from 0% to 11% per annum with monthly blended principal repayments amortized over various time periods and interest only repayments. Loans receivable are initially recorded at fair value and subsequently measured at their amortized cost less impairment. Security on these loans is appropriate to the situation and includes personal guarantees, general security agreements covering business assets and mortgages on land and buildings.

There are no individual loans outstanding in excess of $150,000.

8. CGI loans receivable

During the year, the Organization issued loans as part of the Capital Growth Initiative ("CGI") program. Qualifying entities could receive from $10,000 to $50,000 loans for a 5 year term. If 75% of the loan is repaid within 5 years of issuance, the remaining 25% of the loan is forgivable. Each loan has a 6 month interest-only period available to loanees at the start of the 5 year loan period.

During the year, $6,250 (2022 - $nil) was recognized as CGI loan forgiveness as the repayable portion of the CGI loans have been paid in full prior to their due date.

	2023	*2022*
CGI loans receivable	**123,116**	-

9. RRRF loans receivable

In the prior year, the Organization issued loans as part of the Regional Relief and Recovery Fund ("RRRF") program. Qualifying entities could receive up to $60,000 in two tranches, $40,000 initially followed by an incremental $20,000 (Expansion loan). If 75% of the $40,000 loan ($30,000) is repaid by December 31, 2023, the remainder of the loan is forgivable. For those entities receiving the additional $20,000 (Expansion loan), if 50% of the expansion loan is repaid by December 31, 2023, the remainder of the loan is forgivable. Prior to the 50% forgiveness on the Expansion loan ($10,000), repayment must first be applied to the original $40,000 loan. If the loan is not settled prior to January 1, 2024, the amount is converted to a term loan requiring blended monthly payments bearing interest at 4% per annum such that the loan is repaid in full by December 31, 2025.

During the year, $140,000 (2022 - $125,000) was recognized as RRRF loan forgiveness as the repayable portion of the RRRF loans have been paid in full prior to their due date.

As no repayment is required until December 31, 2023, the valuation of the RRRF loans is not susceptible to satisfactory audit verification.

	2023	*2022*
RRRF loans receivable	**6,612,488**	7,123,213

10. Capital assets

	Cost	***Accumulated amortization***	***2023 Net book value***	*2022 Net book value*
Computer equipment	**35,905**	**22,172**	**13,733**	19,619
Computer software	**7,790**	**7,245**	**545**	779
Furniture and fixtures	**2,933**	**2,029**	**904**	1,131
Leasehold improvements	**2,043**	**1,931**	**112**	317
	48,671	**33,377**	**15,294**	21,846

11. Demand operating loan

	2023	*2022*
Demand operating loan	**656,000**	668,000

The Organization maintains a demand operating loan payable to Community Futures Network of Alberta through its Community Futures Lending & Investment Pool ("CFLIP") to a maximum of $1,000,000 (2022 - $1,000,000) bearing interest at RBC's prime rate with interest only repayments required on a monthly basis. Amount is due on demand and no later than April 26, 2026. Security pledged consists of a demand promissory note for amounts drawn and a general security agreement over all assets and undertakings of the Organization. Prime rate at year end was 6.70% (2022 - 2.70%).

12. Deferred contributions

Deferred contributions consist of unspent contributions received for future operations. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made.

Changes in the deferred contribution balance are as follows:

	2023	*2022*
Prairies Economic Development Canada		
Balance, beginning of year	**24,580**	24,580
Received during the year	**294,963**	294,963
Recognized as revenue during the year	**(294,963)**	(294,963)
Balance, end of year	**24,580**	24,580
RRRF Program funding		
Balance, beginning of year	**-**	68,050
Received during the year	**-**	1,008,784
Disbursed as loans in the current year	**-**	(1,076,834)
Balance, end of year	**-**	-
RRRF Administrative funding		
Balance, beginning of year	**189,087**	-
Received during the year	**-**	208,982
Funds used for administrative activities	**(32,384)**	(19,895)
Balance, end of year	**156,703**	189,087
Digital Service Squad Program funding		
Balance, beginning of year	**172,632**	-
Received during the year	**7,200**	193,468
Recognized as revenue during the year	**(151,074)**	(19,402)
Funds used to purchase capital assets	**-**	(1,434)
Balance, end of year	**28,758**	172,632
Capital Growth Initiative Administrative funding		
Received during the year	**10,000**	-
Balance, end of year	**10,000**	-
	220,041	386,299

13. Conditionally repayable CGI contributions

	2023	*2022*
Conditionally repayable CGI contributions	**123,116**	-
	123,116	-

All CGI funds recovered from loan repayments must be returned to CFNA.

For cash flow purposes, the entity received $150,000 (2022 - $nil) to be disbursed. During the year, $18,750 (2022 - $nil) of loan payments collected were repaid to CFNA with $1,884 to be paid outstanding at year-end.

14. Conditionally repayable RRRF contributions

	2023	2022
Conditionally repayable RRRF contributions	**6,612,488**	7,123,213

All RRRF funds recovered from loan repayments must be returned to CFNA.

For cash flow purposes, the entity received $nil funds (2022 - $1,076,834) to be disbursed. During the year, $370,725 (2022 - $308,975) of loan payments collected were repaid to CFNA.

15. Deferred contributions related to capital assets

Deferred capital contributions consist of the unamortized amount of contributions received for the purchase of capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred capital contributions are as follows:

	2023	2022
Opening balance	**18,382**	24,364
Amount received during the year	**-**	1,433
Less: amortization of deferred capital contributions related to capital assets	**(5,428)**	(7,415)
Balance, end of year	**12,954**	18,382

16. Share capital

		2023	2022
Issued			
14	Class A voting shares	**14**	14
12	Class B non-voting shares	**12**	12
		26	26

During the year ended March 31, 2015, the Organization amended its share structure such that all previously issued common shares were re-designated as Class B non-voting shares. In addition, an unlimited number of Class A voting shares were created, and one Class A voting share was then issued for $nil consideration to each of the 8 directors to retain so long as they remained as a director of the Organization. Upon resignation from the Board of Directors, and with approval from the Board, the outgoing director's share may be directly transferred to an incoming board member, otherwise, it is forfeit and returned to treasury. Incoming Board members acquire one new Class A voting share either by transfer, or purchase for consideration of $1.00. Consistent with the maximum number of Board members, a maximum of 15 Class A voting shares may be issued and outstanding at any given time.

During the year, the Organization issued three new Class A shares for cash consideration of $1.00 each (2022 - two new Class A shares for cash consideration of $1.00 each). As a result, the three existing Class A shares of outgoing directors were forfeit and transferred to unrestricted net assets (2022 - two existing Class A shares of outgoing directors were forfeit and transferred to unrestricted net assets).

17. Commitments

The Organization has a premises lease agreement with Trading Post of Sunset Ridge Ltd. This agreement is subject to minimum monthly rent expiring October 31, 2023.

The Organization has an operating lease for a photocopier until September 1, 2023. The minimum quarterly lease payments are $775 plus GST and usage fees.

Estimated combined total annual commitments for the above leases until maturity are as follows:

2024	16,270

18. 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 rate, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

The fair value of loans receivable are estimated utilizing a discounted cash flow calculation that applies market interest rates currently charged for new loans to expected maturity amounts. The fair value of loans receivable approximates their carrying amounts as market interest rates have remained reasonably consistent since the loans were issued.

Credit risk

As disclosed in Notes 7, 8 and 9, the Organization is exposed to credit risk on the loans receivable from its clients to the extent that their clients may experience financial difficulty and be unable to meet their obligations. In order to reduce such risk, the Organization has adopted extensive credit and approval policies that include the regular review of client accounts and credit worthiness.

The Organization is also exposed to credit risk due to the fact that it maintains 100% of its cash and deposits with a single federally regulated Canadian financial institution. In the event of any unforeseen circumstances the funds are insured to a maximum of $100,000 through Canadian Deposit Insurance Corporation.

Interest rate risk

The Organization's borrowings are subject to floating rates. The floating rate debt is subject to an interest rate cash flow risk, as the required cash flows to service the debt will fluctuate as a result of changes in market rates.

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of the Organization not being able to liquidate assets in a timely manner at a reasonable price.

The Organization meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations, anticipating investing and financing activities and seeking out funding for specific projects.