

COMMUNITY FUTURES TAWATINAW REGION

Financial Statements

Year Ended March 31, 2021

COMMUNITY FUTURES TAWATINAW REGION

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Year Ended March 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of Community Futures Tawatinaw Region

Opinion

We have audited the financial statements of Community Futures Tawatinaw Region (the corporation), which comprise the statement of financial position as at March 31, 2021, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

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

Other Matter

The financial statements for the year ended March 31, 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on November 18, 2020.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the corporation'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 corporation or to cease operations, or has no realistic alternative but to do so.

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

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INDEPENDENT AUDITOR'S REPORT

To the Members of Community Futures Tawatinaw Region

Opinion

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In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

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

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In preparing the financial statements, management is responsible for assessing the corporation'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 corporation or to cease operations, or has no realistic alternative but to do so.

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

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Independent Auditor's Report to the Members of Community Futures Tawatinaw Region *(continued)*

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the corporation'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 corporation'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 corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Drayton Valley, Alberta
June 16, 2021

Carlson Roberts Seely LLP.

CHARTERED PROFESSIONAL ACCOUNTANTS

COMMUNITY FUTURES TAWATINAW REGION
Statement of Financial Position
March 31, 2021

	General Fund 2021	Restricted General 2021	Restricted Disabled 2021	Restricted RRRF 2021	Total 2021	Total 2020
ASSETS						
CURRENT						
Cash	\$ 35,507	\$ 447,645	\$ -	\$ 320,498	\$ 803,650	\$ 529,530
CFLIP investment(Cost \$2,345,036)	-	2,478,874	-	-	2,478,874	2,264,186
Accounts receivable	15,586	-	-	-	15,586	4,025
Inventory (Note 2)	-	-	-	-	-	11,915
Goods and services tax recoverable	1,796	-	-	-	1,796	4,012
Prepaid expenses	14,468	-	-	-	14,468	16,654
Inter-fund receivable (Note 3)	-	-	119,087	-	119,087	132,501
Accrued interest receivable (Note 4)	-	53,038	-	-	53,038	27,506
Current portion of investment loans receivable (Note 5)	-	100,300	-	-	100,300	206,539
	67,357	3,079,857	119,087	320,498	3,586,799	3,196,868
PROPERTY AND EQUIPMENT (Net of accumulated amortization) (Note 6)	185,202	-	-	-	185,202	172,722
INVESTMENT LOANS RECEIVABLE (Note 5)	-	852,017	-	1,821,646	2,673,663	749,396
	\$ 252,559	\$ 3,931,874	\$ 119,087	\$ 2,142,144	\$ 6,445,664	\$ 4,118,986

See notes to financial statements

COMMUNITY FUTURES TAWATINAW REGION
Statement of Financial Position
March 31, 2021

	General Fund 2021	Restricted General 2021	Restricted Disabled 2021	Restricted RRRF 2021	Total 2021	Total 2020
LIABILITIES AND NET ASSETS						
CURRENT						
Accounts payable	\$ 20,785	\$ -	\$ -	\$ -	\$ 20,785	\$ 14,794
Wages payable	4,762	-	-	-	4,762	19,188
Deferred income (Note 7)	14,500	-	-	-	14,500	30,104
Inter-fund payable (Note 3)	51,434	66,389	-	1,264	119,087	132,501
	91,481	66,389	-	1,264	159,134	196,587
NET ASSETS (Notes 10, 11)	161,078	3,865,485	119,087	2,140,880	6,286,530	3,922,399
	\$ 252,559	\$ 3,931,874	\$ 119,087	\$ 2,142,144	\$ 6,445,664	\$ 4,118,986

ON BEHALF OF THE BOARD

Director

Director

See notes to financial statements

COMMUNITY FUTURES TAWATINAW REGION

Statement of Revenues and Expenditures

Year Ended March 31, 2021

	General Fund 2021	Restricted General 2021	Restricted Disabled 2021	Restricted RRRF 2021	Total 2021	Total 2020
REVENUES						
Western Economic Diversification	\$ 402,657	\$ -	\$ -	\$ -	\$ 402,657	\$ 294,968
CFLIP interest	-	55,513	-	-	55,513	67,465
Investment interest	-	53,595	-	-	53,595	68,803
Project cost recoveries	17,086	-	-	-	17,086	42,794
Rental revenue	6,750	-	-	-	6,750	8,705
Workshops	2,024	-	-	-	2,024	14,515
Loan fees and cost recoveries	312	-	-	-	312	5,251
Bank interest	85	-	-	-	85	6,780
Sponsorships	-	-	-	-	-	7,125
Subsidies and grants	-	-	-	-	-	18,989
	428,914	109,108	-	-	538,022	535,395

EXPENDITURES

Salaries and wages	249,965	-	-	-	249,965	237,968
Sub-contracts	39,478	-	-	-	39,478	51,283
Office	38,060	-	-	-	38,060	8,110
Advertising and promotion	29,863	-	-	-	29,863	14,234
Professional fees	25,330	-	-	-	25,330	11,871
Repairs and maintenance	13,746	-	-	-	13,746	43,685
EDP project	11,459	-	-	-	11,459	-
Telephone	8,441	-	-	-	8,441	5,460
Utilities	8,147	-	-	-	8,147	8,342
Bookkeeping	7,034	-	-	-	7,034	5,714
Supplies	6,498	-	-	-	6,498	29,912
Business taxes, licenses and memberships	5,137	-	-	-	5,137	22,171
Property taxes	5,055	-	-	-	5,055	5,162
Interest and bank charges	3,873	-	-	-	3,873	5,835
Travel	2,999	-	-	-	2,999	14,517
Insurance	2,422	-	-	-	2,422	4,765
Education and reference fees	2,263	-	-	-	2,263	1,369
Rental	198	-	-	-	198	771

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See notes to financial statements

COMMUNITY FUTURES TAWATINAW REGION
Statement of Revenues and Expenditures (continued)
Year Ended March 31, 2021

	General Fund 2021	Restricted General 2021	Restricted Disabled 2021	Restricted RRRF 2021	Total 2021	Total 2020
Provision for investment losses	-	151	-	-	151	25,565
Board member expenses	66	-	-	-	66	2,988
Amortization	13,761	-	-	-	13,761	12,216
	473,795	151	-	-	473,946	511,938
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FROM OPERATIONS	(44,881)	108,957	-	-	64,076	23,457
OTHER INCOME						
Unrealized gain (loss) on CFLIP investment	-	159,175	-	-	159,175	(78,151)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (44,881)	\$ 268,132	\$ -	\$ -	\$ 223,251	\$ (54,694)

COMMUNITY FUTURES TAWATINAW REGION

Statement of Changes in Net Assets

Year Ended March 31, 2021

	General Fund 2021	Restricted General 2021	Restricted Disabled 2021	Restricted RRRF 2021	Total 2021	Total 2020
NET ASSETS - BEGINNING OF YEAR						
Excess of revenues over expenditures	\$ 153,954	\$ 3,649,358	\$ 119,087	\$ -	\$ 3,922,399	\$ 3,977,093
Interest transfer (Note 12)	(44,881)	268,132	-	-	223,251	(54,694)
Contributions during year	52,005	(52,005)	-	-	-	-
	-	-	-	2,140,880	2,140,880	-
NET ASSETS - END OF YEAR	\$ 161,078	\$ 3,865,485	\$ 119,087	\$ 2,140,880	\$ 6,286,530	\$ 3,922,399

Breakdown of Net Assets

Year Ended March 31, 2021

	General Fund 2021	Restricted General 2021	Restricted Disabled 2021	Restricted RRRF 2021	Total 2021	Total 2020
Original contributions	\$ -	\$ 1,850,000	\$ 200,000	\$ 2,140,880	\$ 4,190,880	\$ 2,050,000
Earned net assets	161,078	2,015,485	(80,913)	-	2,095,650	1,872,399
	\$ 161,078	\$ 3,865,485	\$ 119,087	\$ 2,140,880	\$ 6,286,530	\$ 3,922,399

See notes to financial statements

COMMUNITY FUTURES TAWATINAW REGION

Statement of Cash Flows

Year Ended March 31, 2021

	General Fund 2021	Restricted General 2021	Restricted Disabled 2021	Restricted RRRF 2021	Total 2021	Total 2020
OPERATING ACTIVITIES						
Excess (deficiency) of revenues over expenditures	\$ (44,881)	\$ 268,132	\$ -	\$ -	\$ 223,251	\$ (54,694)
Items not affecting cash:						
Amortization of property and equipment	13,761	-	-	-	13,761	12,216
Write-up(down) of CFLIP investment	-	(159,175)	-	-	(159,175)	78,151
Provision (recovery) of investment losses	-	151	-	-	151	-
	(31,120)	109,108	-	-	77,988	35,673
Changes in non-cash working capital:						
Accounts receivable	(11,561)	-	-	-	(11,561)	51,951
Inventory	11,915	-	-	-	11,915	(11,915)
Accounts payable	5,991	-	-	-	5,991	(34,738)
Deferred income	(15,604)	-	-	-	(15,604)	(28,917)
Prepaid expenses	2,186	-	-	-	2,186	(205)
Goods and services tax payable	2,216	-	-	-	2,216	(1,093)
Accrued interest receivable	-	(25,487)	-	-	(25,487)	-
Inter-fund payable (receivable)	38,020	(39,284)	-	1,264	-	-
Wages payable	(14,426)	-	-	-	(14,426)	4,415
	18,737	(64,771)	-	1,264	(44,770)	(20,502)
Cash flow from (used by) operating activities	(12,383)	44,337	-	1,264	33,218	15,171
INVESTING ACTIVITIES						
Purchase of property and equipment	(26,241)	-	-	-	(26,241)	-
Increase in CFLIP investment	-	(55,513)	-	-	(55,513)	(67,465)
Repayment of loans and notes receivable	-	200,027	-	10,000	210,027	238,486

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See notes to financial statements

COMMUNITY FUTURES TAWATINAW REGION

Statement of Cash Flows (continued)

Year Ended March 31, 2021

	General Fund 2021	Restricted General 2021	Restricted Disabled 2021	Restricted RRRF 2021	Total 2021	Total 2020
Advances of loans and notes receivable	-	(196,605)	-	(1,831,646)	(2,028,251)	(668,651)
Cash flow from (used by) investing activities	(26,241)	(52,091)	-	(1,821,646)	(1,899,978)	(497,630)
FINANCING ACTIVITIES						
Interest transfer (Note 12)	52,005	(52,005)	-	-	-	-
Contributions during the year	-	-	-	2,140,880	2,140,880	-
Cash flow from (used by) financing activities	52,005	(52,005)	-	2,140,880	2,140,880	-
INCREASE (DECREASE) IN CASH FLOW						
Cash - beginning of year	13,381	(59,759)	-	320,498	274,120	(482,459)
	22,126	507,404	-	-	529,530	1,011,989
CASH - END OF YEAR	\$ 35,507	\$ 447,645	\$ -	\$ 320,498	\$ 803,650	\$ 529,530

See notes to financial statements

COMMUNITY FUTURES TAWATINAW REGION

Notes to Financial Statements

Year Ended March 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose of the Organization

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

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

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

Fund accounting

Community Futures Tawatinaw Region follows the restricted fund method of accounting for contributions.

The General Fund accounts for the organization's equity in capital assets, operating costs, operating grants and innovative programs. 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 organization is restricted in the loan applications that can be approved for the RRRF according to its agreement with the Government of Canada.

Recognition of Contributions

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

Recognition of Other Revenues

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

Contributed services

The organization would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Because of the difficulty of compiling these hours, contributed services are not recognized in the financial statements.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a weighted average cost basis.

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COMMUNITY FUTURES TAWATINAW REGION

Notes to Financial Statements

Year Ended March 31, 2021

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

Investment Loans and Accrued Interest Receivable

Investment loans receivable are classified as held to maturity financial instruments and are recorded at the lower of principal plus accrued interest and estimated realizable value.

Interest income from loans is recorded on the accrual basis for all loans not classified as impaired. Loans are classified as impaired when there is reasonable doubt as to the timely collection of some portion of principal or interest. This assessment is made by management and the Board of Directors.

When a loan is classified as impaired, recognition of interest income in accordance with the original loan agreement ceases. Any subsequent payments received on an impaired loan are applied to reduce the recorded investment in the loan.

Allowance for Doubtful Loans

The organization maintains an allowance for doubtful loans that reduces the carrying value of loans to their estimated realizable amount. The allowance is increased by a provision for investment losses which is charged to income and reduced by write-offs, net of recoveries.

A specific allowance is established on an individual loan basis, to reduce the carrying book values to estimated realizable values. Estimated realizable values are determined by discounting the expected future cash flows at the effective interest rate inherent in the loans. When the amounts and timing of future cash flows cannot be reliably established, estimated realizable values are determined by reference to market prices for the loans of their underlying security.

Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a straight-line basis at the following rates and methods:

Buildings	35 years	straight-line method
Equipment	3 to 5 years	straight-line method
Computer equipment	3 to 5 years	straight-line method

Measurement uncertainty

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

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COMMUNITY FUTURES TAWATINAW REGION

Notes to Financial Statements

Year Ended March 31, 2021

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

Financial Instruments Policy

Held for trading

The organization has classified the following financial assets and liabilities as held for trading: cash and CFLIP investment. These instruments are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Held for trading financial instruments are subsequently measured at their fair value. Gains and losses arising from changes in fair value are recognized immediately in net income.

Loans and receivables

The organization has classified the following financial assets as loans and receivables: trade accounts receivable and long term loans receivable. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate method, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount, and less any reduction for impairment or uncollectibility. Gains or losses arising from changes in fair value are recognized in net income from derecognition or impairment.

Other financial liabilities

The organization has classified the following financial liabilities as other financial liabilities: accounts payable and accruals. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to its net carry value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount. Gains and losses arising from the changes in fair value are recognized in net income upon derecognition or impairment.

2. INVENTORY

	2021	2020
Promotional materials	\$ -	\$ 8,365
Lemonade day supplies	-	3,550
	<u>\$ -</u>	<u>\$ 11,915</u>

Promotional materials were purchased for advertising at Teacher's Conventions in Alberta in the spring of 2020.

3. INTER-FUND RECEIVABLE/PAYABLE

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

COMMUNITY FUTURES TAWATINAW REGION

Notes to Financial Statements

Year Ended March 31, 2021

4. ACCRUED INTEREST RECEIVABLE

	2021	2020
Restricted General Fund		
Interest in arrears	\$ 54,235	\$ 28,903
Less: provision for loan losses	(1,197)	(1,397)
	<u>53,038</u>	<u>27,506</u>

5. INVESTMENT LOANS RECEIVABLE

	General	RRRF	2021	2020
Loans Receivable	\$ 977,085	\$ 1,821,646	\$ 2,798,731	\$ 991,980
Less: allowance for loan impairment	(24,768)	-	(24,768)	(36,045)
Less: current portion	(100,300)	-	(100,300)	(206,539)
	<u>852,017</u>	<u>1,821,646</u>	<u>2,673,663</u>	<u>749,396</u>

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

ALLOWANCE FOR LOAN IMPAIRMENT:

Balance, beginning of year	(36,045)	-	(36,045)	(12,477)
Provision for loan losses	(396)	-	(396)	(25,268)
Amounts written off to the allowance	11,473	-	11,473	600
Amounts recovered from the allowance	200	-	200	1,100
	<u>(24,768)</u>	<u>-</u>	<u>(24,768)</u>	<u>(36,045)</u>

Total recorded investment on impaired loans	\$ 26,165	\$ -	\$ 26,165	\$ 37,061
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In accordance with the Corporation's objectives, the Corporation has provided loans to small businesses. Outstanding loans to entrepreneurs are interest bearing at fixed rates varying from 0.0% to 9.0% 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.

The corporation had 3 loans in excess of \$150,000 outstanding to two different loan clients during the year.

COMMUNITY FUTURES TAWATINAW REGION

Notes to Financial Statements

Year Ended March 31, 2021

6. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Buildings	\$ 272,024	\$ 109,620	\$ 162,404	\$ 169,242
Equipment	41,938	29,389	12,549	1,068
Computer equipment	49,388	39,139	10,249	2,412
	<u>\$ 363,350</u>	<u>\$ 178,148</u>	<u>\$ 185,202</u>	<u>\$ 172,722</u>

7. 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.

	2021	2020
Minister of Western Economic Diversification	\$ -	\$ 24,580
Lemonade day	14,500	4,000
BizKids	-	1,524
	<u>\$ 14,500</u>	<u>\$ 30,104</u>

8. CALLABLE DEBT

The corporation has obtained an operating line of credit which is authorized to a limit of \$25,000. The line bears interest at 3.75% and requires minimum interest only payments on a monthly basis. Funds available at March 31, 2021 was \$25,000.

9. RELATED PARTY TRANSACTIONS

During the year, the Corporation did not enter into transactions with related parties due to no travel taking place and all meetings held via zoom.

10. GENERAL FUND NET ASSETS

Included in the general fund net assets is \$185,202 (2020 - \$172,722) that is invested in capital assets.

COMMUNITY FUTURES TAWATINAW REGION

Notes to Financial Statements

Year Ended March 31, 2021

11. 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:

	2021	2020
General	\$ 3,865,485	\$ 3,649,358
Disabled	119,087	119,087
RRRF	2,140,880	-
	<u>\$ 6,125,452</u>	<u>\$ 3,768,445</u>

Under the terms and conditions of the contribution agreement with the Department of Western Economic Diversification (WD), 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 WD.

Under the terms and conditions of the contribution agreement with the Department of Western Economic Diversification, loan investment funds include Conditionally Repayable Funds in the amount of \$500,000 that are repayable if any of the following conditions occur:

- The Conditionally Repayable Investment fund is not administered according to the terms and conditions specified in the Agreement; or
- 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
- 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
- The Agreement is terminated as described in Section 12 of the Agreement; or
- An event of default occurs as described in Section 7 of the Agreement; or
- The Minister does not approve terms and conditions to extend the project beyond March 31, 2026.
- 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 the Department of Western Economic Diversification would no longer fund operational costs. No new loans receivable would be granted and no other projects would be initiated.

12. INTEREST TRANSFERS

Western Economic Diversification has pre-approved the organization for an interest transfer of up to 75% of net growth to a maximum of \$100,000. Interest transfers are not allowed when the organization has an operating surplus or when the transfer will create an operating surplus. This allows the organization to transfer funds from a restricted investment fund to the general fund.

In 2021, Western Economic Diversification approved \$98,481 of interest transfer to fund Youth in Business and entrepreneurial training.

The organization transferred \$98,481 from its investment funds to operating funds (2020 - \$103,660), which is \$46,476 (2020 - \$13,414) in excess of the allowed amount based on the fiscal year deficit. This amount will be transferred back to the investment account in the 2022 fiscal year.

COMMUNITY FUTURES TAWATINAW REGION

Notes to Financial Statements

Year Ended March 31, 2021

13. COMMITMENTS

As at March 31, 2021, General loans of \$202,137 had been committed to by the Board of Directors, and have not yet been funded.

As at March 31, 2021, loans of \$12,134 were approved under the Regional Relief and Recovery Fund, and have been fully advanced subsequent to March 31, 2021.

Subsequent to March 31, 2021, loans of \$80,000 were approved under the Regional Relief and Recovery Fund, and have been fully advanced.

14. ECONOMIC DEPENDENCE

The organization receives a significant portion of its operating revenues from the Federal and Provincial governments and is economically dependent upon them.

15. EXCEPTIONAL ITEM

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

As at March 31, 2021, the organization is aware of changes in its operations as a result of the COVID-19 crisis.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the organization's operations as at the date of these financial statements.

COMMUNITY FUTURES TAWATINAW REGION

Notes to Financial Statements

Year Ended March 31, 2021

16. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2021.

(a) Credit risk

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

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, and accounts payable.

(c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The corporation is exposed to other price risk through its investment in CFLIP.

(d) Changes in Risk

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

17. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

COMMUNITY FUTURES TAWATINAW REGION

RRRF Statement of Revenue and Expenditures

(Schedule 1)

Year Ended March 31, 2021

	RRRF Operating 2021	Restricted RRRF 2021	Total 2021
REVENUES			
Western Economic Diversification	\$ 107,694	\$ -	\$ 107,694
EXPENDITURES			
Salaries and wages	44,900	-	44,900
Office	30,029	-	30,029
Advertising and promotion	13,072	-	13,072
Professional fees	4,022	-	4,022
Education and reference fees	523	-	523
Interest and bank charges	118	-	118
Amortization	1,784	-	1,784
	<u>94,448</u>	<u>-</u>	<u>94,448</u>
EXCESS OF REVENUES OVER EXPENDITURES FROM RRRF OPERATIONS	13,246	-	13,246
OTHER EXPENDITURES			
Acquisition of capital assets	<u>15,091</u>	<u>-</u>	<u>15,091</u>
LOSS FROM RRRF OPERATIONS	<u>\$ (1,845)</u>	<u>\$ -</u>	<u>\$ (1,845)</u>

COMMUNITY FUTURES TAWATINAW REGION

RRRF Statement of Financial Position

(Schedule 2)

Year Ended March 31, 2021

	RRRF Operating 2021	Restricted RRRF 2021	Total 2021
CURRENT ASSETS			
Cash	\$ -	\$ 320,498	\$ 320,498
Inter-fund receivable	-	(1,264)	(1,264)
	<u>\$ -</u>	<u>\$ 319,234</u>	<u>\$ 319,234</u>
PROPERTY AND EQUIPMENT	\$ 13,307	\$ -	\$ 13,307
INVESTMENT LOANS RECEIVABLE	-	1,821,646	1,821,646
	<u>\$ 13,307</u>	<u>\$ 2,140,880</u>	<u>\$ 2,154,187</u>
TOTAL ASSETS			
NET ASSETS			
Net Assets - beginning of the year	\$ -	\$ -	\$ -
Equity in capital assets	13,307	-	13,307
Excess of revenues over expenses	-	-	-
Contributions during the year	-	2,140,880	2,140,880
	<u>\$ 13,307</u>	<u>\$ 2,140,880</u>	<u>\$ 2,154,187</u>
TOTAL NET ASSETS			

See notes to financial statements