

COMMUNITY FUTURES BIG COUNTRY

Financial Statements

Year Ended March 31, 2023

COMMUNITY FUTURES BIG COUNTRY
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Community Futures Big Country

Opinion

We have audited the financial statements of Community Futures Big Country (the organization), which comprise the statement of financial position at March 31, 2023, the statements of operations, changes in net assets and statement of changes in financial position for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2023, 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 organization in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

(continues)

Independent Auditor's Report To the Shareholders of Community Futures Big Country (*continued*)

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.

Vista Accounting
Professional Corporation

Calgary, Alberta
June 22, 2023

Vista Accounting Professional Corporation
Chartered Professional Accountant

INDEPENDENT PRACTITIONER'S REASONABLE ASSURANCE REPORT ON COMPLIANCE

To the Members of Community Futures Big Country:

We have undertaken a reasonable assurance engagement of Community Futures Big Country's compliance during the period April 1, 2022, to March 31, 2023, with the requirements set out in the Contribution Agreement between Prairies Economic Development of Canada and Community Futures Big Country dated April 11, 2022.

Management's Responsibility

Management is responsible for Community Futures Big Country's compliance with the specified requirements. Management is also responsible for such internal control as management determines necessary to enable Community Futures Big Country's compliance with the specified requirements.

Our Responsibility

Our responsibility is to express a reasonable assurance opinion on Community Futures Big Country's compliance based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Canadian Standard on Assurance Engagements 3531, Direct Engagements to Report on Compliance. This standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the entity complied with the specified requirements, in all significant respects.

Reasonable assurance is a high level of assurance but is not a guarantee that an engagement conducted in accordance with this standard will always detect a significant instance of non-compliance with specified requirements when it exists. Instances of non-compliance can arise from fraud or error and are considered significant if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of our report. A reasonable assurance compliance reporting engagement involves performing procedures to obtain evidence about the entity's compliance with the specified requirements. The nature, timing and extent of procedures selected depends on our professional judgment, including an assessment of the risks of significant non-compliance, whether due to fraud or error.

We believe the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Rules of Professional Conduct of Alberta, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Canadian Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Opinion

In our opinion, Community Futures Big Country complied with the specified requirements set out in the Contribution Agreement during the period April 1, 2022, to March 31, 2023, in all significant respects.

We do not provide a legal opinion on Community Futures Big Country's compliance with the specified requirements.

Restriction on Distribution and Use of Our Report

Our report is intended solely for Community Futures Big Country and Western Economic Diversification Canada and should not be distributed to or used by parties other than Community Futures Big Country or Prairies Economic Development of Canada.

Calgary, Alberta
June 22, 2023

Vista Accounting Professional Corporation
Vista Accounting Professional Corporation
Chartered Professional Accountant

**COMMUNITY FUTURES BIG COUNTRY
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2023**

	LOAN INVESTMENT FUNDS						TOTAL	2023	2022
	PRAIRIESCAN OPERATING FUND	PRAIRIESCAN NON-REPAYABLE INVESTMENT FUND	PRAIRIESCAN CONDITIONALLY REPAYABLE INVESTMENT FUND	PRAIRIESCAN CONDITIONALLY REPAYABLE EDP FUND	PRAIRIESCAN RRRF INVESTMENT FUND	CAPITAL GROWTH INITIATIVE LOAN			
CURRENT ASSETS									
Cash (Note 3)	\$ 25,249	\$ 446,213	\$ -	\$ 94,125	\$ 1,500	\$ -	\$ 580,204	\$ 459,180	
Accounts receivable	15,067	-	-	-	-	-	15,067	2,042	
Interest receivable	-	1,649	-	-	-	-	2,032	1,776	
Goods and Services Tax receivable	3,077	147	-	-	-	-	3,224	1,591	
Current portion of loans receivable (Note 4)	-	228,336	-	-	-	-	228,336	211,012	
Due from PrairiesCan operating fund	-	-	-	-	-	-	3,169	3,169	
Prepaid Expenses	352	-	-	-	-	-	352	3,158	
	43,745	676,345	-	94,125	1,500	-	829,215	681,928	
LONG TERM INVESTMENTS									
Loans receivable (Note 4)	-	605,917	-	-	729,500	100,000	1,435,417	1,236,671	
Community Futures Lending Investment Pool (Note 5)	-	1,831,087	583,638	-	-	-	2,414,725	2,633,278	
	-	2,437,004	583,638	-	729,500	100,000	3,850,142	3,869,949	
CAPITAL ASSETS (Note 6)	265,127	-	-	-	-	-	265,127	261,899	
TOTAL ASSETS	\$ 265,127	\$ 3,113,349	\$ 583,638	\$ 94,125	\$ 731,000	\$ 113,500	\$ 4,944,484	\$ 4,813,776	
CURRENT LIABILITIES									
Accounts payable and accrued liabilities (Note 7)	\$ 24,847	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,847	\$ 21,857	
Interfund payable	-	-	-	-	-	-	-	-	
Deferred contribution (Note 8)	-	22,420	-	-	-	-	22,420	14,431	
Due to PrairiesCan non-repayable investment fund	-	-	-	-	-	-	-	3,169	
	24,847	22,420	-	-	-	-	57,267	39,457	
LONG TERM LIABILITIES									
Long-term debt (Note 9)	-	-	-	-	-	-	-	824,920	
Investment fund (Note 10)	-	-	500,000	87,415	-	100,000	587,415	587,415	
	-	-	500,000	87,415	-	100,000	1,437,665	1,412,335	
INVESTED IN CAPITAL ASSETS (Note 2)	265,127	-	-	-	-	-	265,127	261,897	
EXTERNALLY RESTRICTED (Note 2)	-	3,090,929	83,638	6,710	-	-	3,162,027	3,087,964	
UNRESTRICTED (Note 2)	18,898	-	-	-	-	-	22,398	12,123	
	294,025	3,090,929	83,638	6,710	-	-	3,449,552	3,361,984	
TOTAL LIABILITIES AND NET FUNDS	\$ 294,025	\$ 3,113,349	\$ 583,638	\$ 94,125	\$ 731,000	\$ 113,500	\$ 4,944,484	\$ 4,813,776	

Approved by: _____ Director
 _____ Director

The accompanying notes form an integral part of these financial statements.
 Vista Professional Corporation Chartered Professional Accountant

COMMUNITY FUTURES BIG COUNTRY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2023

	LOAN INVESTMENT FUNDS						TOTAL	2023	2022
	PRAIRIESCAN OPERATING FUND	PRAIRIESCAN NON-REPAYABLE INVESTMENT FUND	PRAIRIESCAN CONDITIONALLY REPAYABLE INVESTMENT FUND	PRAIRIESCAN CONDITIONALLY REPAYABLE EDP FUND	PRAIRIESCAN RRFF INVESTMENT FUND	CAPITAL GROWTH INITIATIVE LOAN			
REVENUE									
PrairieScan	\$ 332,661	\$ -	\$ -	\$ -	\$ 3,500	\$ -	\$ 336,161	\$ 275,119	
Investment Income - CFTLP	-	23,555	-	-	-	-	31,447	80,512	
Interest Income	2,807	54,902	-	-	-	3,500	61,209	42,349	
Other revenue	12,287	(880)	-	-	-	-	11,407	9,685	
TOTAL REVENUE	347,755	77,577	7,892	-	3,500	3,500	449,224	407,665	
EXPENSES									
Experience	173,084	-	-	-	-	-	173,084	163,886	
Wages and benefits	44,356	-	-	-	-	-	44,356	16,268	
Entrepreneur workshops	31,348	-	-	-	3,000	-	34,348	31,533	
Information technology	13,258	-	-	-	-	-	13,258	13,411	
RRFF freightless	12,828	-	-	-	13,000	-	25,828	6,250	
Advertising	12,147	-	-	-	-	-	12,147	12,808	
Telephone and utilities	10,119	-	-	-	-	-	10,119	11,612	
Office	10,097	-	-	-	-	-	10,097	7,088	
Repairs and maintenance	6,302	-	-	-	-	-	6,302	5,608	
Insurance	6,173	-	-	-	-	-	6,173	5,204	
Property taxes	5,846	-	-	-	-	-	5,846	5,221	
Janitorial	4,238	-	-	-	-	-	4,238	4,216	
Conferences	3,060	-	-	-	-	-	3,060	4,316	
Meetings	1,953	-	-	-	-	-	1,953	1,076	
Travel and accommodation	1,656	614	-	-	-	-	2,270	28	
Interest and bank charges	1,285	-	-	-	-	-	1,285	1,012	
Other programs	-	(2,208)	-	-	-	-	(2,208)	-	
Bad debts	-	-	-	-	-	500	500	-	
Interest on long-term debt	-	-	-	-	-	-	-	(14,960)	
RRFF repayment	-	-	-	-	-	-	-	-	
TOTAL ADMINISTRATIVE EXPENDITURES	337,750	(1,594)	-	-	16,500	-	352,656	279,772	
EXCESS OF REVENUE OVER EXPENDITURE	\$ 10,005	\$ 79,171	\$ 7,892	\$ -	\$ (13,000)	\$ 3,500	\$ 87,568	\$ 127,943	

The accompanying notes form an integral part of these financial statements.
Visit Professional Corporation Chartered Professional Accountant

**COMMUNITY FUTURES BIG COUNTRY
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2023**

	LOAN INVESTMENT FUNDS										TOTAL
	PRAIRIESCAN OPERATING FUND	PRAIRIESCAN CAPITAL ASSET FUND	PRAIRIESCAN NON- REPAYABLE INVESTMENT FUND	PRAIRIESCAN CONDITIONALLY REPAYABLE INVESTMENT FUND	PRAIRIESCAN CONDITIONALLY REPAYABLE EDP FUND	PRAIRIESCAN RRRF INVESTMENT FUND	CAPITAL GROWTH INITIATIVE LOAN	2023	2022		
FUND BALANCES Beginning of year	\$ 12,123	\$ 261,897	\$ 3,011,758	\$ 75,746	\$ 6,710	\$ (6,250)	\$ -	\$ 3,361,984	\$ 3,234,041		
EXCESS OF REVENUE OVER EXPENSES	22,833	(12,828)	79,171	7,892	-	(13,000)	3,500	87,568	127,943		
ADDITION OF CAPITAL ASSETS	(16,058)	16,058	-	-	-	-	-	-	-		
FUND BALANCES, End of year	<u>\$ 18,898</u>	<u>\$ 265,127</u>	<u>\$ 3,090,929</u>	<u>\$ 83,638</u>	<u>\$ 6,710</u>	<u>\$ (19,250)</u>	<u>\$ 3,500</u>	<u>\$ 3,449,552</u>	<u>\$ 3,361,984</u>		

The accompanying notes form an integral part of these financial statements.
Visa Professional Corporation Chartered Professional Accountant

**COMMUNITY FUTURES BIG COUNTRY
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 2023**

	LOAN INVESTMENT FUNDS					TOTAL	2023	2022
	PRAIRIESCAN OPERATING FUND	PRAIRIESCAN NON- REPAYABLE INVESTMENT FUND	PRAIRIESCAN CONDITIONALLY REPAYABLE INVESTMENT FUND	PRAIRIESCAN CONDITIONALLY REPAYABLE EDP FUND	PRAIRIESCAN RRFP INVESTMENT FUND			
CASH PROVIDED BY OPERATING ACTIVITIES								
Excess of revenue over expenses	\$ 10,005	\$ 79,171	\$ 7,892	\$ -	\$ (13,000)	\$ 3,500	\$ 87,568	\$ 127,943
Items not requiring an outlay of cash:								
Amortization	12,828	-	-	-	-	-	12,828	12,828
Changes in non-cash working capital	22,833	79,171	7,892	-	(13,000)	3,500	100,396	140,751
Accounts receivable	(14,844)	1,819	-	-	-	-	(13,025)	(1,147)
Prepaid expenses	2,806	-	-	-	-	-	2,806	(1,054)
Interest receivable	-	127	-	-	-	-	(256)	(515)
Accounts payable and accrued liabilities	2,990	-	-	-	-	-	2,990	(26,418)
Deferred revenue	(14,431)	-	-	-	-	-	(4,431)	14,431
GST receivable	(1,633)	-	-	-	-	-	(1,633)	316
Due to related party	(3,169)	3,169	-	-	-	-	-	-
Interfund transfer	-	22,420	-	-	(22,420)	-	-	-
FINANCING ACTIVITIES								
Increase (decrease) of long-term debt	(28,281)	27,535	-	-	(22,420)	9,617	(13,549)	(24,387)
INVESTING ACTIVITIES								
Additions to capital assets	(16,056)	-	(7,892)	-	-	-	(16,056)	-
Decrease (increase) in Community Futures Lending Investment Pool	-	226,445	-	-	-	-	218,553	(280,512)
Decrease (increase) in loans receivable	(16,056)	(153,070)	(7,892)	-	37,000	(180,000)	(216,070)	4,840
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(21,504)	180,081	(7,892)	-	(73,900)	(73,900)	98,604	(275,672)
CASH, beginning of year	46,753	266,132	-	-	52,170	-	459,180	594,988
CASH, end of year	\$ 25,249	\$ 446,213	\$ -	\$ -	\$ (20,920)	\$ 13,117	\$ 557,784	\$ 459,180
CASH AND CASH EQUIVALENTS CONSISTS OF:								
Cash	25,249	446,213	-	-	94,125	1,500	580,204	459,180
Internally restricted cash	-	-	-	-	-	-	-	-
	\$ 25,249	\$ 446,213	\$ -	\$ -	\$ 94,125	\$ 1,500	\$ 580,204	\$ 459,180

The accompanying notes form an integral part of these financial statements.
Visia Professional Corporation Chartered Professional Accountant

COMMUNITY FUTURES BIG COUNTRY

Notes to Financial Statements

Year Ended March 31, 2023

1. PURPOSE OF THE ORGANIZATION

Community Futures Big Country (the "organization") is a not-for-profit organization incorporated provincially under the Companies Act of Alberta.

The organization operates as a community based not-for-profit organization that provides community economic development and strategic planning, business advisory services, access to financial assistance as an alternative lender, and delivery of economic programs as required in Drumheller, Alberta and surrounding area.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Basis of Accounting

Community Futures Big Country follows the restricted fund method of accounting for contributions.

The General Fund accounts for the organization's program delivery and administrative activities, as well as the purchase of capital assets. This fund reports unrestricted resources and restricted operating funds.

The Restricted Investment Fund reports the assets, liabilities, revenues and expenditures related to the loan portfolio. This fund reports 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 Disabled Loan Investment Fund are limited to qualifying individuals who have a physical or mental impairment to start or expand business ventures. The corporation is restricted in the types of loans that can be made according to its agreement with the federal government.

Loans Receivable

The loan portfolio and accrued interest receivable on the loans are stated net of provisions for impaired loans and unearned interest.

Interest income is recorded on an accrual basis unless the loan is classified as an impaired loan. Loans are considered to be impaired when, in management's opinion, there is a reasonable doubt as to the ultimate collectibility of some portion of the principal or interest. The carrying amount of a loan receivable classified as impaired is reduced to its estimated fair value.

The allowance for loan impairment is maintained at a level considered adequate to absorb the credit losses existing in the organization's portfolio. It reflects management's best estimate of losses existing in the loan portfolio at the statement of financial position date. The allowance is increased by an annual provision for credit losses, which is charged against income and reduced by writeoffs, net of recoveries.

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COMMUNITY FUTURES BIG COUNTRY

Notes to Financial Statements

Year Ended March 31, 2023

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

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Buildings	4%	declining balance method
Furniture and fixtures	20%	declining balance method
Office equipment	20%	declining balance method
Computer equipment	30%	declining balance method
Audio visual equipment	30%	declining balance method

The organization regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Revenue recognition

Community Futures Big Country follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

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. Investment income includes interest income as well as realized gains and losses.

Income taxes

Community Futures Big Country is operated exclusively for not-for-profit purposes and accordingly will be exempt from income taxes as long as it complies with the requirements under paragraph 149(1)(l) of the Income Tax Act.

Government Assistance

Funding to finance operating expenses is provided by Prairies Economic Development Canada (PrairiesCan). The funding is recorded as revenue when earned in the Statement of Operations.

Funding to finance capital expenditures is provided by PrairiesCan. This funding is applied against the cost of the capital assets purchased, reducing their cost for accounting purposes.

Non-repayable funding received to finance investment loans has been recorded as contributed surplus on the Statement of Financial Position.

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COMMUNITY FUTURES BIG COUNTRY

Notes to Financial Statements

Year Ended March 31, 2023

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

Restricted Investment Fund

Loan Investment Funds restricted to loans and equity investment to entrepreneurs. The Community Futures Big Country Investment Fund assets are restricted by agreements with His Majesty the King in respect of Canada, to provide loan funding for businesses that have otherwise exhausted the normal financing possibilities available to them.

Invested in Capital Assets

This balance represents the corporation's net investment in capital assets after deducting any applicable loans related to these assets. It is the original cost of the assets, less accumulated amortization and any deferred contributions related to the assets as well as any outstanding loans.

Transfer of funds to capital assets

This account represents the cash investment required to purchase new capital assets, and the expenditure recognized regarding amortization of capital assets.

Contributed Services

Volunteers contributed time to assist the organization in carrying out its operations because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Financial instruments

The organization initially measures its financial assets and liabilities at fair value. The organization subsequently measures all of its financial assets and financial liabilities at amortized cost except for investments in securities traded in an active market, which are measured at fair value.

Measurement uncertainty

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 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. 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.

COMMUNITY FUTURES BIG COUNTRY

Notes to Financial Statements

Year Ended March 31, 2023

3. CASH

The corporation holds cash which is restricted to specific program expenditures and types of investments as follows:

	General	Investment Fund	2023	2022
Unrestricted cash	\$ 25,249	\$ -	\$ 25,249	\$ 46,753
Restricted cash	-	554,955	554,955	412,427
Cash	\$ 25,249	\$ 554,955	\$ 580,204	\$ 459,180

Restricted cash in the investment fund represents funds externally restricted for specific lending programs.

4. LOANS RECEIVABLE

The Community Futures Big Country loan portfolio consists of 66 (2022 - 48) loans at interest rates ranging from 0.00% to 8.50% per annum (2022 - 0.00% to 8.50%). Repayment agreements most commonly require monthly or semi-monthly blended principal and interest payments and occasionally involve interest only periods. Security is taken on the loans as appropriate to the situation and may include personal guarantees, general security agreements covering business assets, mortgages on equipment, land and buildings, or assignment of accounts receivable. The loans are amortized over periods not exceeding five years, with the terms of renewal not exceeding five years.

The loan portfolio is composed of widely diversified business ventures located over a broad geographical area. An allowance for losses on investment loans is made based on review of the loans portfolio, as determined by management.

Net investment in the loan portfolio is summarized as follows:

	Loans receivable	Less: allowance for doubtful accounts	2023	2022
<u>Loans receivable</u>				
PrairiesCan non-repayable investment fund	\$ 605,917	\$ 23,444	\$ 582,473	\$ 681,183
PrairiesCan RRRF Investment fund	829,500	-	829,500	766,500
Capital Growth Initiative Loan	100,000	-	100,000	-
	\$ 1,535,417	\$ 23,444	\$ 1,511,973	\$ 1,447,683

There are no loan receivable from the PrairiesCan conditionally repayable EDP fund at March 31, 2023.

COMMUNITY FUTURES BIG COUNTRY

Notes to Financial Statements

Year Ended March 31, 2023

5. COMMUNITY FUTURES LENDING INVESTMENT POOL

The funds invested in the Community Futures Lending Investment Pool are managed on behalf of the organization by Community Futures Network of Alberta. The organization has access to the funds at any time if they are required for loan purposes.

	<u>2023</u>	<u>2022</u>
<i>Investment</i>		
Opening balance	\$ 2,633,278	\$ 2,352,766
Net deposit (withdrawal)	(250,000)	200,000
Reinvested income	(53,136)	53,820
Unrealised gain (loss)	84,583	26,692
Ending balance	<u>\$ 2,414,725</u>	<u>\$ 2,633,278</u>

The rate of return was 1.38% (2022 - 3.17%).

6. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Buildings	\$ 395,084	\$ 185,110	\$ 209,974	\$ 215,353
Land	38,000	-	38,000	38,000
Furniture and fixtures	65,301	53,692	11,609	4,281
Computer equipment	93,777	89,388	4,389	2,821
Office equipment	63,131	61,976	1,155	1,444
Audio visual equipment	19,941	19,941	-	-
	<u>\$ 675,234</u>	<u>\$ 410,107</u>	<u>\$ 265,127</u>	<u>\$ 261,899</u>

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are made up of the following balances:

	<u>2023</u>	<u>2022</u>
<u>Section heading</u>		
Accrued Professional Fees	\$ 13,940	\$ 13,655
Accounts Payable	8,482	4,539
Accrued Employee Vacation Payable	2,385	3,623
Building Key Deposits	40	40
	<u>\$ 24,847</u>	<u>\$ 21,857</u>

COMMUNITY FUTURES BIG COUNTRY

Notes to Financial Statements

Year Ended March 31, 2023

8. DEFERRED CONTRIBUTION

RRRF deferred contribution relates to funds received from Community Futures Network of Alberta (RRRF Administrative Funds) which were not spent and have been deferred to the March 31, 2025 fiscal period.

CGI deferred contribution relates to funds received from Community Futures Network of Alberta (Alberta Women's Economic Recovery – Capital Growth Initiative Project) which were not spent and have been deferred to the March 31, 2025 fiscal period.

9. LONG TERM DEBT

	<u>2023</u>	<u>2022</u>
Regional Relief and Recovery Fund (RRRF)	\$ 750,250	\$ 799,000
Regional Relief and Recovery loan - Operating	-	25,920
Capital Growth Initiative	<u>100,000</u>	<u>-</u>
	<u>\$ 850,250</u>	<u>\$ 824,920</u>

Long term debt has been borrowed from Community Futures Alberta in relation to the Regional Relief and Recovery program which has the organization borrow money from Community Futures Alberta and lend those amounts out to secondary borrowers as a means of relief during the COVID pandemic. The loan is interest free and will not revolve and cannot be re-borrowed. No principal payments on the loan will be required until at least December 31, 2025. With principal repayments tied to the secondary borrowers repayments.

RRRF operating loan was extended on December 31, 2023 for operating costs related to the RRRF loan aftercare and assisting small and medium sized enterprises in the community. Costs will be able to be used to reduce the balance of this loan. The loan is non-interest bearing, and non-revolving and is repayable on December 31, 2025.

In 2023, additional long term debt has been borrowed from Community Futures Network of Alberta (Alberta Women's Economic Recovery - Capital Growth Initiative Project) destined to benefit women entrepreneurs residing and operating SMEs in the province of Alberta. The loan is interest free and will not revolve. This loan will mature within 5 years from the date of disbursement from the organization to its client.

COMMUNITY FUTURES BIG COUNTRY

Notes to Financial Statements

Year Ended March 31, 2023

10. CONDITIONALLY REPAYABLE CONTRIBUTIONS DISCLOSURE

Conditionally repayable contributions made by Prairies Economic Development Canada (PrairiesCan) are non-interest bearing, unsecured, and repayable upon 60 days notice in the event of default, as defined in the contribution agreement. PrairiesCan Conditionally Repayable Contributions are subject to certain conditions as stipulated in the contribution agreement. The corporation has received repayable contributions from His Majesty the King, Minister responsible for the Prairies Economic Development Canada totaling \$700,000 (2022 - \$700,00), \$200,000 was reserved for loans made to the Disabled Entrepreneur Investment Fund with \$87,415 remaining to be loaned out. The remaining \$500,000 is available to improve access to capital for qualifying business and has been included in the restricted fund.

Upon notice of the Minister responsible for the Prairies Economic Development Canada (the "Minister"), the organization must repay the lesser of the uncommitted cash balance within each of these funds and the amount of the repayable contributions within each fund. As of March 31, 2023 no such notice has been given by the minister.

	<u>2023</u>	<u>2022</u>
<u>Conditionally repayable contributions</u>		
PrairiesCan conditionally repayable investment fund	\$ 500,000	\$ 500,000
PrairiesCan conditionally repayable EDP fund	<u>87,415</u>	<u>87,415</u>
	<u>\$ 587,415</u>	<u>\$ 587,415</u>

11. ECONOMIC DEPENDENCE

The organization receives approximately 76% (2022 - 67%) of its revenue from the Federal government. Should the Federal government substantially change its dealings with the society, management is of the opinion that continued viable operations would be doubtful.

12. COMMITMENTS

The organization has entered into agreements with His Majesty the King with respect to Canada and Alberta to provide various programs as follows:

The Community Futures Program amendment is the core funding provided by PrairiesCan, and is intended to offset the costs of operations. The amended contribution agreement dated March 3, 2022, provides a maximum of \$1,447,750 delivered over the course of five years commencing April 1, 2021.

The agreement expires on March 31, 2026. Any surplus realized from this funding is repayable at the government's discretion.

COMMUNITY FUTURES BIG COUNTRY

Notes to Financial Statements

Year Ended March 31, 2023

13. 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, 2023.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. In order to reduce its credit risk, the organization reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization has a significant number of customers which minimizes concentration of credit risk.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The organization is mainly exposed to interest rate risk.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

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Notes to Financial Statements

Year Ended March 31, 2023

14. ALLOWANCE FOR DOUBTFUL ACCOUNTS

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

	Beginning balance	Provisions	Write-offs	Reversals	2023	2022
Loans receivable						
PrairieCan non-repayable investment fund	\$ 44,274	\$ 77,981	\$ (98,812)	\$ -	\$ 23,443	\$ 44,274
PrairieCan conditionally repayable investment fund	-	-	-	-	-	-
PrairieCan conditionally repayable EDP fund	-	-	-	-	-	-
PrairieCan RRRF investment fund	-	-	-	-	-	-
Loans receivable total	\$ 44,274	\$ 77,981	\$ (98,812)	\$ -	\$ 23,443	\$ 44,274

Included in the loan impairment provision are provisions, write-offs and reversals of \$20,831 (2022 - \$5,577).