

COMMUNITY FUTURES BIG COUNTRY

Financial Statements

Year Ended March 31, 2020

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 , 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, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our 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 those 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 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 relating 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.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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, 2019, to March 31, 2020, with the requirements set out in the Contribution Agreement between Western Economic Diversification Canada and Community Futures Big Country dated March 7, 2019.

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, 2019, to March 31, 2020, 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 Western Economic Diversification Canada.

Calgary, Alberta
June 25, 2020

Chartered Professional Accountants

COMMUNITY FUTURES BIG COUNTRY
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

		LOAN INVESTMENT FUNDS				TOTAL	
	WD OPERATING FUND	WD NON- REPAYABLE INVESTMENT FUND	WD CONDITIONALLY REPAYABLE INVESTMENT FUND	WD CONDITIONALLY REPAYABLE EDP FUND	2020	2019	
CURRENT ASSETS							
Cash <i>(Note 3)</i>	\$ 35,552	\$ 285,735	\$ -	\$ 93,727	\$ 415,014	\$ 501,475	
Accounts receivable	668	-	-	-	668	1,470	
Interest receivable	-	3,017	-	-	3,017	4,599	
Goods and Services Tax receivable	1,820	30	-	-	1,850	3,711	
Interfund receivable	-	-	-	-	-	1,260	
Current portion of loans receivable	-	155,765	-	-	155,765	179,492	
Prepaid Expenses	1,522	-	-	-	1,522	4,096	
	39,562	444,547	-	93,727	577,836	696,103	
LONG TERM INVESTMENTS							
Loans receivable <i>(Note 14, 15)</i>	-	836,052	-	-	836,052	894,280	
Community Futures Lending Investment Pool <i>(Note 4)</i>	-	1,403,131	509,606	-	1,912,737	1,589,960	
	-	2,239,183	509,606	-	2,748,789	2,484,240	
CAPITAL ASSETS <i>(Note 5)</i>	281,503	-	-	-	281,503	300,604	
	281,503	-	-	-	281,503	300,604	
TOTAL ASSETS	<u>\$ 321,065</u>	<u>\$ 2,683,730</u>	<u>\$ 509,606</u>	<u>\$ 93,727</u>	<u>\$ 3,608,128</u>	<u>\$ 3,480,947</u>	
CURRENT LIABILITIES							
Accounts payable and accrued liabilities <i>(Note 6)</i>	\$ 24,743	\$ -	\$ -	\$ -	24,743	18,971	
Interfund payable	-	-	-	-	-	1,260	
Deferred contribution <i>(note 7)</i>	24,129	-	-	-	24,129	7,000	
Current portion of long-term debt	5,172	-	-	-	5,172	20,374	
	54,044	-	-	-	54,044	47,605	
LONG TERM LIABILITIES							
Long -term debt	-	-	-	-	-	23,172	
Investment fund <i>(Note 9)</i>	-	-	500,000	87,415	587,415	587,415	
	-	-	500,000	87,415	587,415	610,587	
INVESTED IN CAPITAL ASSETS <i>(Note 2)</i>	276,326	-	-	-	276,326	257,054	
EXTERNALLY RESTRICTED <i>(Note 2)</i>	-	2,683,730	9,606	6,312	2,699,648	2,580,350	
UNRESTRICTED <i>(Note 2)</i>	(9,305)	-	-	-	(9,305)	(14,649)	
	267,021	2,683,730	9,606	6,312	2,966,669	2,822,755	
TOTAL LIABILITIES AND NET FUNDS	<u>\$ 321,065</u>	<u>\$ 2,683,730</u>	<u>\$ 509,606</u>	<u>\$ 93,727</u>	<u>\$ 3,608,128</u>	<u>\$ 3,480,947</u>	

ECONOMIC DEPENDANCE *(Note 10)*
COMMITMENTS *(Note 11)*

Approved by: _____ Director

Director

The accompanying notes form an integral part of these financial statements.
Dorward & Company LLP Chartered Accountants

COMMUNITY FUTURES BIG COUNTRY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2020

	LOAN INVESTMENT FUNDS				TOTAL	
	WD OPERATING FUND	WD NON- REPAYABLE INVESTMENT FUND	WD CONDITIONALLY REPAYABLE INVESTMENT FUND	WD CONDITIONALLY REPAYABLE EDP FUND	2020	2019
REVENUE						
Western Economic Diversification	\$ 289,551	\$ -	\$ -	\$ -	\$ 289,551	\$ 289,551
Interest Income	1,423	86,404	-	1,766	89,593	83,347
Investment Income - CFLIP	-	(9,434)	(2,789)	-	(12,223)	38,082
Gain (loss) on disposal of assets	(2,673)	-	-	-	(2,673)	
Other revenue	24,787	35	-	-	24,822	16,475
TOTAL REVENUE	313,088	77,005	(2,789)	1,766	389,070	427,455
Expenses						
Wages and benefits	141,552	-	-	-	141,552	179,909
Professional fees	25,555	-	-	-	25,555	57,607
Repairs and maintenance	22,450	-	-	-	22,450	3,465
Advertising	12,808	-	-	-	12,808	10,078
Amortization	12,576	-	-	-	12,576	13,498
Telephone and utilities	12,542	-	-	-	12,542	13,824
Conferences	12,135	-	-	-	12,135	8,742
Other programs	10,809	-	-	-	10,809	4,966
Office	8,946	-	-	-	8,946	7,700
Information technology	8,778	-	-	-	8,778	5,767
Property taxes	5,414	-	-	-	5,414	5,400
Insurance	4,615	-	-	-	4,615	4,314
Janitorial	3,337	-	-	-	3,337	3,455
Meetings	2,376	-	-	-	2,376	3,051
Entrepreneur workshops	1,539	-	-	-	1,539	-
Travel and accommodation	1,537	-	-	-	1,537	2,319
Interest on long-term debt	1,458	-	-	-	1,458	2,296
Interest and bank charges	45	384	-	-	429	427
Bad debts	-	(40,700)	-	(3,000)	(43,700)	(79,065)
TOTAL ADMINISTRATIVE EXPENDITURES	288,472	(40,316)	-	(3,000)	245,156	247,753
EXCESS OF REVENUE OVER EXPENDITURE	\$ 24,616	\$ 117,321	\$ (2,789)	\$ 4,766	\$ 143,914	\$ 179,702

The accompanying notes form an integral part of these financial statements.
Dorward & Company LLP Chartered Accountants

**COMMUNITY FUTURES BIG COUNTRY
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2020**

	WD CAPITAL ASSET FUND	OPERATING FUND	LOAN INVESTMENT FUNDS			TOTAL	
			WD NON- REPAYABLE INVESTMENT FUND	WD CONDITIONALLY REPAYABLE INVESTMENT FUND	WD CONDITIONALLY REPAYABLE EDP FUND	2020	2019
FUND BALANCES							
Beginning of year	\$ 257,054	\$ (14,649)	\$ 2,566,409	\$ 12,395	\$ 1,546	\$ 2,822,755	\$ 2,643,053
EXCESS OF REVENUE OVER EXPENSES	(19,102)	43,718	117,321	(2,789)	4,766	143,914	179,702
TRANSFER OF FUNDS <i>(Note 2)</i>							
Repayment of long-term debt	38,374	(38,374)	-	-	-	-	-
FUND BALANCES, end of year	\$ 276,326	\$ (9,305)	\$ 2,683,730	\$ 9,606	\$ 6,312	\$ 2,966,669	\$ 2,822,755

The accompanying notes form an integral part of these financial statements.
Dorward & Company LLP Chartered Accountants

COMMUNITY FUTURES BIG COUNTRY
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 2020

	LOAN INVESTMENT FUNDS				TOTAL	
	WD OPERATING FUND	WD NON- REPAYABLE INVESTMENT FUND	WD CONDITIONALLY REPAYABLE INVESTMENT FUND	WD CONDITIONALLY REPAYABLE EDP FUND	2020	2019
CASH PROVIDED BY OPERATING ACTIVITIES						
Excess of revenue over expenses	\$ 24,616	\$ 117,321	\$ (2,789)	\$ 4,766	\$ 143,914	\$ 179,702
Items not requiring an outlay of cash:						
Amortization	12,576	-	-	-	12,576	13,498
Loss (gain) on disposal of capital assets	2,673	-	-	-	2,673	-
	<u>39,865</u>	<u>117,321</u>	<u>(2,789)</u>	<u>4,766</u>	<u>159,163</u>	<u>193,200</u>
Changes in non-cash working capital						
Accounts receivable	(45)	852	-	-	807	584
Prepaid expenses	2,575	-	-	-	2,575	(2,996)
Interest receivable	-	1,580	-	-	1,580	490
Accounts payable and accrued liabilities	5,770	-	-	-	5,770	365
Deferred revenue	17,129	-	-	-	17,129	7,000
Interfund transfer	(1,260)	1,260	-	-	-	-
GST receivable	1,892	(35)	-	-	1,857	(871)
	<u>26,061</u>	<u>3,657</u>	<u>-</u>	<u>-</u>	<u>29,718</u>	<u>4,572</u>
FINANCING ACTIVITIES						
Repayment of long-term debt	(38,374)	-	-	-	(38,374)	(19,559)
	<u>(38,374)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(38,374)</u>	<u>(19,559)</u>
INVESTING ACTIVITIES						
Additions to capital assets	(4,947)	-	-	-	(4,947)	-
Sale of capital assets	8,800	-	-	-	8,800	-
Decrease (increase) in short term investments	-	(325,566)	2,789	-	(322,777)	(88,082)
Decrease (increase) in loans receivable	-	81,956	-	-	81,956	(40,662)
	<u>3,853</u>	<u>(243,610)</u>	<u>2,789</u>	<u>-</u>	<u>(236,968)</u>	<u>(128,744)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>31,405</u>	<u>(122,632)</u>	<u>-</u>	<u>4,766</u>	<u>(86,461)</u>	<u>49,469</u>
CASH, beginning of year	4,147	408,367	-	88,961	501,475	452,006
CASH, end of year	<u>\$ 35,552</u>	<u>\$ 285,735</u>	<u>\$ -</u>	<u>\$ 93,727</u>	<u>\$ 415,014</u>	<u>\$ 501,475</u>
CASH AND CASH EQUIVALENTS CONSISTS OF:						
Cash	35,552	285,735	-	93,727	415,014	501,475
Internally restricted cash	-	-	-	-	-	-
	<u>35,552</u>	<u>285,735</u>	<u>-</u>	<u>93,727</u>	<u>415,014</u>	<u>501,475</u>

The accompanying notes form an integral part of these financial statements.
Dorward Company LLP Chartered Accountants

COMMUNITY FUTURES BIG COUNTRY

Notes to Financial Statements

Year Ended March 31, 2020

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, 2020

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
Land	N/A	non-amortizable
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 the Office of Western Economic Diversification and Alberta Employment and Immigration. The funding is recorded as revenue when earned in the Statement of Operations.

Funding to finance capital expenditures is provided by the Office of Western Economic Diversification. 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, 2020

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 Her Majesty the Queen 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, 2020

3. CASH

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

	General	Investment Fund	2020	2019
Unrestricted cash	\$ 35,552	\$ -	\$ 35,552	\$ 4,147
Restricted cash	-	379,462	379,462	-
Cash	<u>\$ 35,552</u>	<u>\$ 379,462</u>	<u>\$ 415,014</u>	<u>\$ 4,147</u>

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

4. 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.

	2020	2019
<i>Investment</i>		
Opening balance	\$ 1,589,960	\$ 1,501,878
Net deposit (withdrawal)	335,000	50,000
Reinvested income	54,177	24,300
Unrealised gain (loss)	(66,399)	13,782
Ending balance	<u>\$ 1,912,738</u>	<u>\$ 1,589,960</u>

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Buildings	\$ 391,782	\$ 158,110	\$ 233,672	\$ 254,881
Land	38,000	-	38,000	38,000
Furniture and fixtures	54,000	49,795	4,205	3,102
Office equipment	63,131	60,874	2,257	2,821
Computer equipment	85,791	82,558	3,233	1,605
Audio visual equipment	19,941	19,805	136	194
	<u>\$ 652,645</u>	<u>\$ 371,142</u>	<u>\$ 281,503</u>	<u>\$ 300,603</u>

COMMUNITY FUTURES BIG COUNTRY**Notes to Financial Statements****Year Ended March 31, 2020**

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	<u>2020</u>	<u>2019</u>
<u>Section heading</u>		
Accounts Payable	\$ 7,716	\$ 1,128
Accrued Professional Fees	13,600	14,291
Building Key Deposits	40	40
Accrued Employee Vacation Payable	<u>3,385</u>	<u>3,512</u>
	<u>\$ 24,741</u>	<u>\$ 18,971</u>

7. DEFERRED CONTRIBUTIONS

The deferred contribution relates to funds received in the current period from the Western Economic Diversification to be matched with expenses of the next year.

8. LONG TERM DEBT

	<u>2020</u>	<u>2019</u>
This mortgage is repayable in monthly blended payments of \$1,819, including interest at 4.25%. Security pledged consists of specified land and building with a carrying value of \$291,550. This loan will be paid off in the current year.	\$ 5,172	\$ 43,546
Amounts payable within one year	<u>(5,172)</u>	<u>(20,374)</u>
	<u>\$ -</u>	<u>\$ 23,172</u>

COMMUNITY FUTURES BIG COUNTRY

Notes to Financial Statements

Year Ended March 31, 2020

9. CONDITIONALLY REPAYABLE CONTRIBUTIONS DISCLOSURE

Conditionally repayable contributions made by Western Economic Diversification Canada (WD) are non-interest bearing, unsecured, and repayable upon 60 days notice in the event of default, as defined in the contribution agreement. WD Conditionally Repayable Contributions are subject to certain conditions as stipulated in the contribution agreement. The corporation has received repayable contributions from Her Majesty the Queen, Minister of Western Economic Diversification (Canada) totaling \$700,000 (2019 - \$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 of Western Economic Development (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, 2020 no such notice has been given by the minister.

	2020	2019
Conditionally repayable contributions		
WD conditionally repayable investment fund	\$ 500,000	\$ 500,000
WD conditionally repayable EDP fund	87,415	87,415
	<u>\$ 587,415</u>	<u>\$ 587,415</u>

10. ECONOMIC DEPENDENCE

The organization receives approximately 74% (2019 - 68%) 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.

11. COMMITMENTS

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

The Community Futures Program amendment is the core funding provided by the Office of Western Economic Diversification, and is intended to offset the costs of operations. The amended contribution agreement dated March 7, 2019, provides a maximum of \$579,100 delivered over two years commencing April 1, 2018, with cash payments for the program years to be distributed to the corporation as per the schedule below.

The agreement expired on March 31, 2020. Any surplus realized from this funding is repayable at the government's discretion. As of March 31, 2020 there was not any surplus realized from this funding and at no point has the Government requested repayment.

COMMUNITY FUTURES BIG COUNTRY

Notes to Financial Statements

Year Ended March 31, 2020

12. 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, 2020.

(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.

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

13. COMPARATIVE FIGURES

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

14. LOANS RECEIVABLE

The Community Futures Big Country loan portfolio consists of 30 (2019 - 30) loans at interest rates ranging from 5.00% to 8.50% per annum (2019 - 5.00% to 10.00%). 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 twenty 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	2020	2019
<u>Loans receivable</u>				
WD non-repayable investment fund	\$ 1,019,816	\$ (27,999)	\$ 991,817	\$ 1,073,773
	<u>\$ 1,019,816</u>	<u>\$ (27,999)</u>	<u>\$ 991,817</u>	<u>\$ 1,073,773</u>

There are no loan receivable from the WD conditionally repayable investment fund or the WD conditionally repayable EDP fund at March 31, 2020.

COMMUNITY FUTURES BIG COUNTRY**Notes to Financial Statements****Year Ended March 31, 2020**

15. ALLOWANCE FOR DOUBTFUL ACCOUNTS

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

	Beginning balance	Provisions	Write-offs	Reversals	2020	2019
<hr/>						
Loans receivable						
WD non-repayable investment fund	\$ 129,743	\$ 3,256	\$ (105,000)	\$ -	\$ 27,999	\$ 129,743
WD conditionally repayable investment fund	-	-	-	-	-	-
WD conditionally repayable EDP fund	-	-	-	-	-	-
<hr/>						
Loans receivable total	\$ 129,743	\$ 3,256	\$ (105,000)	\$ -	\$ 27,999	\$ 129,743

Included in the loan impairment provision are provisions, write-offs and reversals of \$ -101,744 (2019 - \$-108,150).
