

**COMMUNITY FUTURES HIGHWOOD**

**FINANCIAL STATEMENTS**

**For the year ended March 31, 2023**

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**COMMUNITY FUTURES HIGHWOOD**  
**TABLE OF CONTENTS**  
For the year ended March 31, 2022

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<b>INDEPENDENT AUDITOR'S REPORT</b>	1 - 2
<b>FINANCIAL STATEMENTS</b>	
STATEMENT OF FINANCIAL POSITION	3 - 4
STATEMENT OF OPERATIONS	5
STATEMENT OF CHANGES IN FUND BALANCES	6
STATEMENT OF CASH FLOWS	7 - 8
NOTES TO THE FINANCIAL STATEMENTS	9 - 16
SCHEDULE TO THE FINANCIAL STATEMENTS	17

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Community Futures Highwood

### *Opinion*

We have audited the financial statements of Community Futures Highwood, which comprise the statement of financial position as at March 31, 2023, and the statement of operations, changes in fund balances and statement of 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 organization as at March 31, 2023, and its financial performance 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 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 Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

**INDEPENDENT AUDITOR'S REPORT, continued**

- ◆ 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.

Lethbridge, Alberta  
June 29, 2023

*Avail LLP*

Chartered Professional Accountants

**COMMUNITY FUTURES HIGHWOOD**  
**STATEMENT OF FINANCIAL POSITION**  
**As at March 31, 2023**

	Loan investment funds							2022 Total
	Operating Fund	PrairiesCan Non-Repayable Investment Fund	PrairiesCan Conditionally Repayable EDP Fund	PrairiesCan Conditionally Repayable Youth Fund	Rotary Fund	Regional Relief and Recovery Fund	Capital Growth Initiative Fund	
<b>Current assets</b>								
Cash	\$ 419,927	\$ 873,362	\$ -	\$ -	\$ -	\$ 10,344	\$ -	\$ 1,303,633
Investments (note 3)	-	1,102,987	249,544	-	-	-	-	1,352,531
Accounts receivable	25,668	-	-	-	-	-	-	25,668
GST receivable	3,583	-	-	-	-	-	-	3,583
Interfund receivable	-	-	-	80,791	-	103,846	-	184,637
Prepaid expenses	628	-	-	-	-	-	-	628
Current portion of loans receivable	-	1,137,106	34,429	24,135	-	-	-	1,195,670
	449,806	3,113,455	283,973	104,926	-	114,190	-	4,066,350
<b>Loans receivable (note 4)</b>	-	1,387,060	13,097	-	-	3,364,147	79,401	4,843,705
<b>Capital assets (note 5)</b>	50,802	-	-	-	-	-	-	50,802
	\$ 500,608	\$ 4,500,515	\$ 297,070	\$ 104,926	\$ -	\$ 3,478,337	\$ 79,401	\$ 8,960,857
								\$ 9,689,605

**COMMUNITY FUTURES HIGHWOOD**  
**STATEMENT OF FINANCIAL POSITION**  
**As at March 31, 2023**

	Loan investment funds							2022 Total
	Operating Fund	PrairiesCan Non-Repayable Investment Fund	PrairiesCan Conditionally Repayable EDP Fund	PrairiesCan Conditionally Repayable Youth Fund	Rotary Fund	Regional Relief and Recovery Fund	Capital Growth Initiative Fund	
<b>Current liabilities</b>								
Operating loan (note 6)	\$ -	\$ 1,364,926	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,364,926
Accounts payable and accrued liabilities	42,537	500	-	-	-	-	-	43,037
Government remittances payable	7,501	-	-	-	-	-	-	7,501
Deferred revenue (note 7)	33,191	-	-	-	-	-	-	33,191
Interfund payable	107,419	25,543	51,675	-	-	-	-	184,637
	190,648	1,390,969	51,675	-	-	-	-	1,633,292
<b>Unamortized capital contributions (note 8)</b>	35,626	-	-	-	-	-	-	35,626
<b>Conditionally repayable contribution (note 9)</b>	-	-	200,000	200,000	-	3,374,365	76,054	3,850,419
<b>Administrative funds loan (note 10)</b>	-	-	-	-	-	103,342	-	103,342
	226,274	1,390,969	251,675	200,000	-	3,477,707	76,054	5,622,679
								6,402,705
<b>Fund balances</b>								
Share capital (note 11)	10	-	-	-	-	-	-	10
Invested in capital assets	15,176	-	-	-	-	-	-	15,176
Externally restricted	-	3,109,546	45,395	(95,074)	-	630	3,347	3,063,844
Unrestricted	259,148	-	-	-	-	-	-	259,148
	274,334	3,109,546	45,395	(95,074)	-	630	3,347	3,338,178
	\$ 500,608	\$ 4,500,515	\$ 297,070	\$ 104,926	\$ -	\$ 3,478,337	\$ 79,401	\$ 8,960,857
								\$ 9,689,605

Approved on behalf of the board

Director  Director Kerri Ann Colby

**COMMUNITY FUTURES HIGHWOOD**  
**STATEMENT OF OPERATIONS**  
For the year ended March 31, 2023

	Loan investment funds										2022 Total		
	Operating Fund	PrairiesCan Non-Repayable Investment Fund	PrairiesCan Conditionally Repayable EDP Fund	PrairiesCan Conditionally Repayable Youth Fund	PrairiesCan Conditionally Repayable Fund	Rotary Fund	Regional Relief and Recovery Fund	Capital Growth Initiative Fund	2023 Total	2022 Total			
<b>Revenue</b>													
PrairiesCan contribution (schedule 1)	\$ 280,263	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 280,263	\$ 294,963
Loan interest	-	180,612	4,805	1,587	-	-	-	3,347	-	-	-	190,351	192,960
Project revenues (note 12)	158,421	-	-	-	-	-	7,898	-	-	-	-	166,319	244,276
Bank and investment interest	9,036	41,393	7,779	-	-	-	630	-	-	-	-	58,838	53,101
Rental	53,470	-	-	-	-	-	-	-	-	-	-	53,470	49,978
Loan administration fees	8,000	-	-	-	-	-	-	5,154	-	-	-	13,154	27,160
Unrealized loss on investments	-	(17,661)	(4,363)	-	-	-	-	-	-	-	-	(22,024)	(17,447)
	509,190	204,344	8,221	1,587	-	8,528	8,501	-	-	-	-	740,371	844,991
<b>Expenses</b>													
Salaries and related benefits	243,766	-	-	-	-	-	-	5,154	-	-	-	248,920	234,958
Project expenses	98,969	-	-	-	-	-	7,898	-	-	-	-	106,867	213,418
Interest on operating loan	-	71,147	-	-	-	-	-	-	-	-	-	71,147	36,188
Professional fees	42,776	-	-	-	-	-	-	-	-	-	-	42,776	49,484
Repairs and maintenance	36,947	-	-	-	-	-	-	-	-	-	-	36,947	23,076
Rent	25,000	-	-	-	-	-	-	-	-	-	-	25,000	25,000
Office	15,633	-	-	-	-	-	-	-	-	-	-	15,633	12,152
Professional development	9,069	-	-	-	-	-	-	-	-	-	-	9,069	6,958
Advertising and promotion	4,969	-	-	-	-	-	-	-	-	-	-	4,969	1,023
Travel	4,433	-	-	-	-	-	-	-	-	-	-	4,433	1,446
Telephone	3,730	-	-	-	-	-	-	-	-	-	-	3,730	4,300
Interest and bank charges	1,728	1,845	-	-	-	-	-	-	-	-	-	3,573	3,363
Meetings and conventions	3,412	-	-	-	-	-	-	-	-	-	-	3,412	466
Insurance	2,710	-	-	-	-	-	-	-	-	-	-	2,710	2,683
Equipment lease/maintenance	2,428	-	-	-	-	-	-	-	-	-	-	2,428	2,428
Non-refundable GST	4,688	-	-	-	-	-	-	-	-	-	-	4,688	6,176
Loan write offs (recoveries)	-	(956)	61,293	-	-	-	-	-	-	-	-	60,337	32,984
Change in loan loss provisions	-	72,821	(40,569)	-	-	-	-	-	-	-	-	32,252	(28,321)
Amortization	10,723	-	-	-	-	-	-	-	-	-	-	10,723	6,957
	510,981	144,857	20,724	-	-	7,898	5,154	-	-	-	-	689,614	634,739
<b>Excess (deficiency) before other</b>	(1,791)	59,487	(12,503)	1,587	-	630	3,347	-	-	-	-	50,757	210,252
<b>Other income</b>													
(Gain) on disposal of capital assets	(520)	-	-	-	-	-	-	-	-	-	-	(520)	(580)
<b>Excess (deficiency) of revenue over expenses</b>	\$ (1,271)	\$ 59,487	\$ (12,503)	\$ 1,587	\$ -	\$ 630	\$ 3,347	\$ -	\$ -	\$ -	\$ -	\$ 51,277	\$ 210,832

**COMMUNITY FUTURES HIGHWOOD**  
**STATEMENT OF CHANGES IN FUND BALANCES**  
For the year ended March 31, 2023

	Loan investment funds										2022 Total
	Operating Fund	PrairiesCan Non-Repayable Investment Fund	PrairiesCan Conditionally Repayable EDP Fund	PrairiesCan Conditionally Repayable Youth Fund	Rotary Fund	Regional Relief and Recovery Fund	Capital Growth Initiative Fund	2023 Total			
<b>Invested in capital assets</b>											
Beginning of year	\$ 20,335	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,335	\$ 27,292
Amortization of capital assets	(10,723)	-	-	-	-	-	-	-	-	(10,723)	(6,957)
Purchase of capital assets	41,189	-	-	-	-	-	-	-	-	41,189	-
Gain on disposal of capital assets	520	-	-	-	-	-	-	-	-	520	580
Proceeds on sale of capital assets	(520)	-	-	-	-	-	-	-	-	(520)	(580)
Capital asset purchases funded by capital contributions	(41,189)	-	-	-	-	-	-	-	-	(41,189)	-
Amortization of capital contributions	5,564	-	-	-	-	-	-	-	-	5,564	-
<b>End of year</b>	<b>15,176</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,176</b>	<b>20,335</b>
<b>Externally restricted</b>											
Beginning of year	-	3,050,059	57,898	(96,661)	35,522	-	-	-	-	3,046,818	2,860,922
Excess (deficiency) of revenue over expense	-	59,487	(12,503)	1,587	-	630	3,347	-	-	52,548	185,896
Interfund transfer	-	-	-	-	(35,522)	-	-	-	-	(35,522)	-
<b>End of year</b>	<b>-</b>	<b>3,109,546</b>	<b>45,395</b>	<b>(95,074)</b>	<b>-</b>	<b>630</b>	<b>3,347</b>	<b>-</b>	<b>-</b>	<b>3,063,844</b>	<b>3,046,818</b>
<b>Unrestricted</b>											
Beginning of year	219,737	-	-	-	-	-	-	-	-	219,737	187,844
Excess (deficiency) of revenue over expense	(1,271)	-	-	-	-	-	-	-	-	(1,271)	24,936
Amortization of capital assets	10,723	-	-	-	-	-	-	-	-	10,723	6,957
Purchase of capital assets	(41,189)	-	-	-	-	-	-	-	-	(41,189)	-
Proceeds on sale of capital assets	520	-	-	-	-	-	-	-	-	520	580
Gain on disposal of capital assets	(520)	-	-	-	-	-	-	-	-	(520)	(580)
Capital asset purchases funded by capital contributions	41,189	-	-	-	-	-	-	-	-	41,189	-
Amortization of capital contributions	(5,564)	-	-	-	-	-	-	-	-	(5,564)	-
Interfund transfer	35,522	-	-	-	-	-	-	-	-	35,522	-
<b>End of year</b>	<b>259,147</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>259,147</b>	<b>219,737</b>
	\$ 274,323	\$ 3,109,546	\$ 45,395	\$ (95,074)	\$ -	\$ 630	\$ 3,347	\$ -	\$ -	\$ 3,338,167	\$ 3,286,890



**COMMUNITY FUTURES HIGHWOOD**  
**STATEMENT OF CASH FLOWS**  
For the year ended March 31, 2023

	Loan investment funds										2022 Total	
	Operating Fund	PrairiesCan Non-Repayable Investment Fund	PrairiesCan Conditionally Repayable EDP Fund	PrairiesCan Conditionally Repayable Youth Fund	Rotary Fund	Regional Relief and Recovery Fund	Capital Growth Initiative Fund	2023 Total				
<b>Cash flows from operating activities</b>												
Excess (deficiency) of revenue over expenses	\$ (1,271)	\$ 59,487	\$ (12,503)	\$ 1,587	\$ -	\$ 630	\$ 3,347	\$ 51,277	\$ 210,832			
Items not involving cash												
Amortization	10,723	-	-	-	-	-	-	10,723	6,957			
Unrealized loss on investments	-	17,661	4,363	-	-	-	-	22,024	17,447			
Bad debts (recovered)	-	72,831	21,185	-	-	-	-	94,016	4,663			
Gain on sale of capital assets	(520)	-	-	-	-	-	-	(520)	(580)			
<b>Net change in non-cash working capital items</b>	8,932	149,979	13,045	1,587	-	630	3,347	177,520	239,319			
Accounts receivable	(3,652)	-	-	-	-	-	-	(3,652)	(21,202)			
Advances to other funds	31,701	(194,924)	(14,066)	(2,440)	172,471	7,258	-	-	-			
Prepaid expenses	(628)	-	-	-	-	-	-	(628)	-			
Accounts payable and accrued liabilities	3,539	-	-	-	(172,471)	-	-	(168,932)	(38,043)			
Government remittances payable	1,174	-	-	-	-	-	-	1,174	(395)			
GST receivable	(1,176)	-	-	-	-	-	-	(1,176)	(1,191)			
Deferred revenue	(72,839)	-	-	-	-	-	-	(72,839)	(70,300)			
	(32,949)	(44,945)	(1,021)	(853)	-	7,888	3,347	(68,533)	108,188			
<b>Cash flows from lending activities</b>												
Loan payments	-	894,542	31,180	10,375	-	199,558	21,446	1,157,101	1,194,110			
Loan advances	-	(573,699)	(22,380)	(9,522)	-	(100)	(105,847)	(711,548)	(1,128,894)			
Proceeds from administrative funds loan	-	-	-	-	-	-	-	-	111,240			
Loan allocated to administrative fees	-	-	-	-	-	(7,898)	-	(7,898)	-			
	-	320,843	8,800	853	-	191,560	(84,401)	437,655	176,456			
<b>Cash flows from investing activities</b>												
Operating line repayments	-	(50,853)	-	-	-	-	-	(50,853)	(35,154)			
Purchase of capital assets	(41,189)	-	-	-	-	-	-	(41,189)	-			
Proceeds on sale of capital assets	520	-	-	-	-	-	-	520	580			
Purchase of investments	-	(184,102)	(7,779)	-	-	-	-	(191,881)	(43,115)			
	(40,669)	(234,955)	(7,779)	-	-	-	-	(283,403)	(77,689)			
<b>Cash flows from financing activities</b>												
Unamortized capital contributions	35,626	-	-	-	-	-	-	35,626	-			
Repayment of syndicated loan debt	-	-	-	-	-	-	-	-	(118,613)			
Proceeds from investment funds	-	-	-	-	-	-	100,000	100,000	180,272			
Repayment of investment funds	-	-	-	-	-	(315,297)	(18,946)	(334,243)	(66,463)			
	35,626	-	-	-	-	(315,297)	81,054	(198,617)	(4,804)			
<b>Increase (decrease) in cash</b>	(37,992)	40,943	-	-	-	(115,849)	-	(112,898)	202,151			
<b>Cash, beginning of year</b>	457,919	832,419	-	-	-	126,193	-	1,416,531	1,214,380			
<b>Cash, end of year</b>	\$ 419,927	\$ 873,362	\$ -	\$ -	\$ -	\$ 10,344	\$ -	\$ 1,303,633	\$ 1,416,531			

**COMMUNITY FUTURES HIGHWOOD**  
**STATEMENT OF CASH FLOWS**  
**For the year ended March 31, 2023**

	Loan investment funds						2022	2023
	Operating Fund	PrairiesCan Non-Repayable Investment Fund	PrairiesCan Conditionally Repayable EDP Fund	PrairiesCan Conditionally Repayable Youth Fund	Rotary Fund	Regional Relief and Recovery Fund	Capital Growth Initiative Fund	Total

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**COMMUNITY FUTURES HIGHWOOD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended March 31, 2023

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**1. Nature of operations**

Community Futures Highwood is a community based not-for-profit organization that was incorporated under the Alberta Companies Act. The Government of Canada through the Department of Prairies Economic Development Canada, provides financial assistance to the organization pursuant to a Contribution Agreement effective April 12, 2021. The purpose of the organization is to support community economic development, diversify the economy, support the creation and expansion of small and medium sized enterprises, maintain and create new employment and maintain the Minister's capacity to deliver business services to rural communities in Western Canada.

**2. Significant accounting policies**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the PrairiesCan operating 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 PrairiesCan operating fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Rental revenue is recognized as revenue of the PrairiesCan operating fund in the year received once the agreement has been made to rent the space.

Investment income includes interest income as well as realized investment gains and losses which are recognized as revenue in the respective fund when earned.

(b) Loans receivable and allowance for loan impairment

Loans receivable are classified as impaired when, in the opinion of management, there is reasonable doubt as to the timely collection of principal and 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.

(c) Capital assets

Capital assets are recorded at cost. Purchases of capital assets in excess of \$500 are capitalized. The organization provides for amortization in the PrairiesCan operating fund using the following methods and rates designed to amortize the cost of the property and equipment over its estimated useful life.

Furniture and office equipment	20% - 30% straight-line
Leasehold improvements	20% straight-line

**2. Significant accounting policies, continued**

- (d) Equity in capital assets  
The organization has chosen to continue to treat fund balances invested in capital assets as a separate component of fund balances.
- (e) Income taxes  
The organization is operated exclusively for not-for-profit purposes and accordingly will be exempted from income taxes as long as it complies with the requirements of section 149(1)(l) of the Income Tax Act.
- (f) Fund accounting  
The organization follows the restricted fund method of accounting for contributions and uses the following funds:

Operating fund:

The Operating fund is charged with providing administration services to other funds within the control of the organization. The operating fund accounts for the organization's operating costs and general revenues. This fund reports unrestricted resources and restricted operating grants.

PrairiesCan Non-repayable investment fund:

The PrairiesCan Non-repayable investment fund is charged with providing loan financing to qualifying businesses.

PrairiesCan Conditionally repayable EDP (Entrepreneurs with Disabilities Program) fund:

The PrairiesCan Conditionally repayable EDP fund is charged with providing loan financing to qualifying individuals who have a physical or mental impairment to start or expand business ventures.

PrairiesCan Conditionally repayable youth fund:

The PrairiesCan Conditionally repayable youth fund is charged with providing loan financing to businesses owned and operated by entrepreneurs between the ages of 18 and 29 at the time of application.

Regional Relief and Recovery Fund:

The Regional Relief and Recovery Fund is used to account for repayable investment funds the organization received from the Government of Canada to provide loans for small and medium-sized enterprises to enable their recovery from economic disruptions caused by the COVID-19 pandemic.

Capital Growth Initiative Fund:

The Capital Growth Initiative Loan Fund is used to account for repayable investment funds the organization received from the Community Futures Network of Alberta to provide loans for small and medium-sized enterprises owned by women entrepreneurs to increase access to capital.

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**COMMUNITY FUTURES HIGHWOOD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended March 31, 2023

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**2. Significant accounting policies, continued**

- (g) 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 amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

Significant areas requiring the use of management's estimates are the allowance for loan impairment, accounts receivable and the related allowance for doubtful accounts, amortization of tangible capital assets, and deferred revenue. These amounts reflect management's best estimates based on the conditions and information available at the time of the preparation of the financial statements. Significant changes in these conditions could result in different estimates.

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

**3. Investments**

	2023	2022
Community Futures Lending Investment Pool (cost: \$1,337,662 ; 2022 - \$1,145,781)	\$ 1,352,531	\$ 1,182,675

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.

**COMMUNITY FUTURES HIGHWOOD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended March 31, 2023

**4. Loans receivable**

Outstanding loans to entrepreneurs are interest bearing at fixed rates varying from 4.45% to 8.45% with monthly blended principal and interest repayments for terms between 12 and 180 months. Regional Relief & Recovery Fund loans do not bear interest and do not require payment until January 1, 2024. Capital Growth Initiative loans bear interest at a rate of prime plus 2% with monthly blended principal and interest repayments amortized for a term of 5 years. Security is taken on these loans as appropriate and includes personal guarantees, general security agreements covering personal and business assets, assignment of insurance, and mortgages on land and buildings.

	Recorded loan	Allowance	Carrying value	Current portion	Long-term portion
PrairiesCan Non- Repayable Investment Fund	\$ 2,626,417	\$ (102,251)	\$ 2,524,166	\$(1,137,106)	\$ 1,387,060
PrairiesCan Conditionally Repayable EDP Fund	58,610	(11,084)	47,526	(34,429)	13,097
PrairiesCan Conditionally Repayable Youth Fund	24,135	-	24,135	(24,135)	-
Regional Relief and Recovery Fund	3,364,147	-	3,364,147	-	3,364,147
Capital Growth Initiative Fund	79,401	-	79,401	-	79,401
	<u>\$ 6,152,710</u>	<u>\$ (113,335)</u>	<u>\$ 6,039,375</u>	<u>\$(1,195,670)</u>	<u>\$ 4,843,705</u>

The current portion includes \$984,770 (2022 - \$1,090,000) lines of credit with one year maturities. These lines of credit are typically refinanced at maturity.

Included in the above loans receivable are six loans of \$150,000 or more with initial loan advances totaling \$900,000 and March 31, 2023 remaining balances totaling \$620,473.

**COMMUNITY FUTURES HIGHWOOD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended March 31, 2023

**4. Loans receivable, continued**

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

	Beginning balance	Provisions	Write-offs	Reversals	Ending balance
PrairiesCan Non- Repayable Investment Fund	\$ 29,431	\$ 71,865	\$ (11)	\$ 966	\$ 102,251
PrairiesCan Conditionally Repayable EDP Fund	51,652	20,725	(61,754)	461	11,084
	\$ 81,083	\$ 92,590	\$ (61,765)	\$ 1,427	\$ 113,335

Included in the loan write offs and loss provisions expenses are the above allowance for doubtful accounts, write-offs, and reversals resulting in a net loss of \$32,252. Combined with write-offs of \$61,765, recoveries of \$1,428, there was a net bad debt write off of \$92,589.

**5. Capital assets**

	Cost	Accumulated Amortization	2023 Net	2022 Net
Furniture and office equipment	\$ 93,146	\$ 48,975	\$ 44,171	\$ 11,974
Leasehold improvements	19,984	13,353	6,631	8,361
	\$ 113,130	\$ 62,328	\$ 50,802	\$ 20,335

**6. Operating loan**

The organization has negotiated an operating loan up to \$1,500,000 with the Alberta Community Futures Association's CFLIP Program for the operating fund that is secured by a borrowing resolution. The organization is currently making monthly payments of \$12,000 including interest at the prime rate.

**COMMUNITY FUTURES HIGHWOOD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended March 31, 2023

**7. Deferred revenue**

	Opening	Received	Spent	Closing
Prairies Economic Development				
Canada Contributions	\$ -	\$ 294,963	\$ (280,263)	14,700
Okotoks Entrepreneur Project	6,987	-	(6,034)	953
Digital Service Squad	99,043	-	(86,351)	12,692
CGI Administrative Funds	-	10,000	(5,154)	4,846
	<u>\$ 106,030</u>	<u>\$ 304,963</u>	<u>\$ (377,802)</u>	<u>33,191</u>

**8. Unamortized capital contributions**

Unamortized capital contributions represent restricted contributions for the purchase of capital assets that have been spent but have not yet been recognized as revenue. The contributions will be recognized as revenue over the same period as the amortization of the related capital assets. The changes in unamortized capital contributions for the period are as follows:

	2023
Balance, beginning of year	\$ -
Capital contributions	41,190
Amount amortized to revenue	(5,564)
Balance, end of year	<u>\$ 35,626</u>

**9. Conditionally repayable contribution**

Prairies Economic Development Canada contributions are required to be maintained in particular funds. These contributions are available solely for the mandate of each fund. In prior years, Prairies Economic Development Canada provided contributions totaling \$400,000 to improve access to capital for qualifying business. Upon notice of the Minister of Prairies Economic Development Canada, the organization must repay the lesser of the uncommitted cash balance in each of the funds and the amount of the repayable contributions in each fund. As of March 31, 2023 no such notice has been given by the Minister.

In prior years the Government of Canada (via Community Futures Network of Alberta) provided contributions totaling \$3,888,090 for the Regional Relief and Recovery Fund. No additional amounts received in 2023. The contributions are repayable net of any loan forgiveness, losses and loan collection fees. During the year repayments of \$315,297 (prior years \$102,053) were made and \$64,250 (prior years \$32,125) of loans were forgiven.

In the current year, the Community Futures Network of Alberta provided contributions totalling \$100,000 for the Capital Growth Initiative Fund. The contributions are repayable net of any loan forgiveness, losses, and loan collection fees. During the year repayments of \$18,946 were made and \$5,000 of loans were forgiven.



**COMMUNITY FUTURES HIGHWOOD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended March 31, 2023

**10. Administrative funds loan**

In the prior year, the Government of Canada (via Community Futures Network of Alberta) provided a loan totalling \$111,240 to be used for administrative costs relating to the Regional Relief and Recovery Fund loan aftercare and assisting small and medium-sized enterprises in their communities in response to COVID-19. The loan is interest-free and is repayable on December 31, 2025 net of any portion spent on eligible costs. In the current year, \$7,898 was spent on eligible costs and recognized directly into revenue.

**11. Share capital**

	2023	2022
Issued		
10 Common Voting Shares	\$ 10	\$ 10

**12. Project revenues**

Digital service squad	\$ 86,351	\$ 29,057	
Other project revenues	36,794	10,130	
Entrepreneurs with disabilities	14,135	4,775	
Regional relief and recovery fund administrative fund	7,898	-	
Okotoks entrepreneurial ecosystem	6,035	18,517	
Amortization of deferred capital contributions	5,564	-	
Smart start	3,876	9,850	
Alberta jobs now program	3,136	4,745	
Canada-Alberta job program	2,530	-	
Succession matching program	-	167,202	
	\$ 166,319	\$ 244,276	

**13. Financial instruments**

**Credit risk**

Credit risk arises from the potential that the entities to which the organization provides financing may experience difficulties and be unable to fulfill their obligations. The organization is exposed to financial risk that arises from the credit quality of the entities to which it provides services and loans. In order to match the credit risk to the organization's objectives, the organization has adopted credit policies which include loan approval procedures, credit analysis of each borrower, adequate security, and the analysis of the financial position of its borrowers on a regular basis.

**Liquidity risk**

Liquidity risk is the risk the organization may not be able to meet its obligations. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, loan payable, and operating lease commitments.

**Interest rate risk**

The organization manages its exposure to interest rate risk through a combination of fixed and floating rate borrowings. The fixed rate debt is subject to interest rate price risk, as the value will fluctuate as a result of changes in market rates. The floating rate debt is subject to interest rate cash flow risk, as the required cash flows to service the debt will fluctuate as a result of changes in market rates.

**14. Economic dependence**

The organization receives a significant portion of its operating revenue from federal government contracts and is therefore economically dependant on the Government of Canada.

**COMMUNITY FUTURES HIGHWOOD**  
**SCHEDULE OF PRAIRIESCAN OPERATING REVENUE AND ELIGIBLE EXPENSES**  
For the year ended March 31, 2023

	2023	2022
<b>Prairies Economic Development Canada - Contributions</b>	\$ 280,263	\$ 294,963
<b>Expenses</b>		
Salaries and related benefits	243,766	234,958
Professional fees	42,776	49,484
Rent	25,000	25,000
Repairs and maintenance	36,947	23,076
Office	15,633	12,152
Professional development	9,069	6,958
Telephone	3,730	4,300
Insurance	2,710	2,683
Equipment lease/maintenance	2,428	2,428
Interest and bank charges	1,727	2,149
Advertising and promotion	4,969	1,023
Non-refundable GST	4,688	6,176
	393,443	370,387
<b>Deficiency of revenue over expenses</b>	\$ (113,180)	\$ (75,424)