

COMMUNITY FUTURES WILD ROSE
Financial Statements
Year Ended March 31, 2021

**COMMUNITY FUTURES WILD ROSE
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Community Futures Wild Rose

Opinion

We have audited the financial statements of Community Futures Wild Rose (the Organization), which comprise the statement of financial position as at March 31, 2021 and 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, 2021, 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 Wild Rose:

We have undertaken a reasonable assurance engagement of Community Futures Wild Rose's compliance during the period April 1, 2020, to March 31, 2021, with the requirements set out in the Contribution Agreement between Western Economic Diversification Canada and Community Futures Wild Rose dated May 29, 2020.

Management's Responsibility

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

Our Responsibility

Our responsibility is to express a reasonable assurance opinion on Community Futures Wild Rose'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 Wild Rose complied with the specified requirements set out in the Contribution Agreement during the period April 1, 2020, to March 31, 2021, in all significant respects.

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

Restriction on Distribution and Use of Our Report

Our report is intended solely for Community Futures Wild Rose and Western Economic Diversification Canada and should not be distributed to or used by parties other than Community Futures Wild Rose or Western Economic Diversification Canada.

Calgary, Alberta

June 3, 2021

Chartered Professional Accountants

COMMUNITY FUTURES WILD ROSE
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021

	WD OPERATING FUND	WD RRRF OPERATING FUND	WD NON-REPAYABLE INVESTMENT FUND	WD CONDITIONALLY REPAYABLE INVESTMENT FUND	WD CONDITIONALLY REPAYABLE EDP FUND	WD RRRF INVESTMENT FUND	TOTAL	
							2021	2020
CURRENT ASSETS								
Cash (Note 8)	\$ 214,529	\$ -	\$ 1,724,635	\$ 119,647	\$ -	\$ 402,139	\$ 2,460,950	\$ 1,196,594
Accounts receivable	46,320	-	-	-	-	-	46,320	504
Accrued interest receivable	-	-	13,358	1,291	303	-	14,952	17,610
Term deposits (Note 3)	420,003	-	-	-	-	-	420,003	518,938
Short term investments	-	-	1,538,732	412,744	177,224	-	2,128,700	1,944,339
Goods and Services Tax receivable	9,752	-	-	-	-	-	9,752	4,125
Prepaid Expenses	8,490	23,594	-	-	-	-	32,084	3,595
Current portion of loans receivable	-	-	329,796	44,655	14,942	-	389,393	683,234
	<u>699,094</u>	<u>23,594</u>	<u>3,606,521</u>	<u>578,337</u>	<u>192,469</u>	<u>402,139</u>	<u>5,502,154</u>	<u>4,368,939</u>
LONG TERM INVESTMENTS								
Loans receivable (Notes 2, 4, 5 and 19)	-	-	2,308,257	310,121	27,285	2,307,000	4,952,663	3,008,830
Long term investments (Note 6)	1,269	-	2,012	-	-	-	3,281	3,210
	<u>1,269</u>	<u>-</u>	<u>2,310,269</u>	<u>310,121</u>	<u>27,285</u>	<u>2,307,000</u>	<u>4,955,944</u>	<u>3,012,040</u>
CAPITAL ASSETS (Notes 2 and 7)	<u>207,691</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>207,691</u>	<u>218,429</u>
	<u>207,691</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>207,691</u>	<u>218,429</u>
TOTAL ASSETS	<u>\$ 908,054</u>	<u>\$ 23,594</u>	<u>\$ 5,916,790</u>	<u>\$ 888,458</u>	<u>\$ 219,754</u>	<u>\$ 2,709,139</u>	<u>\$ 10,665,789</u>	<u>\$ 7,599,408</u>
CURRENT LIABILITIES								
Accounts payable and accrued liabilities (Note 9)	\$ 17,695	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,695	\$ 18,310
Deferred contribution (note 10)	3,000	-	-	-	-	-	3,000	27,580
	<u>20,695</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,695</u>	<u>45,890</u>
LONG TERM LIABILITIES								
Long term debt (Note 11)	-	-	-	-	-	2,707,000	2,707,000	-
Repayable contributions (Note 12)	-	-	-	350,000	200,000	-	550,000	550,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>350,000</u>	<u>200,000</u>	<u>2,707,000</u>	<u>3,257,000</u>	<u>550,000</u>
SHARE CAPITAL (Note 13)	15	-	-	-	-	-	15	15
CONTRIBUTED SURPLUS (Note 14)	-	-	1,182,202	-	-	-	1,182,202	1,182,202
INVESTED IN CAPITAL ASSETS (Note 2)	207,691	-	-	-	-	-	207,691	218,429
EXTERNALLY RESTRICTED (Note 15)	-	-	4,734,588	538,458	19,754	2,139	5,294,939	5,016,637
UNRESTRICTED (Note 2)	679,653	23,594	-	-	-	-	703,247	586,235
	<u>887,359</u>	<u>23,594</u>	<u>5,916,790</u>	<u>538,458</u>	<u>19,754</u>	<u>2,139</u>	<u>7,388,094</u>	<u>7,003,518</u>
TOTAL LIABILITIES AND NET FUNDS	<u>\$ 908,054</u>	<u>\$ 23,594</u>	<u>\$ 5,916,790</u>	<u>\$ 888,458</u>	<u>\$ 219,754</u>	<u>\$ 2,709,139</u>	<u>\$ 10,665,789</u>	<u>\$ 7,599,408</u>

Approved by:

X _____

Director

ECONOMIC DEPENDANCE (Note 16)

COMMITMENTS (Note 17)

Director

COMMUNITY FUTURES WILD ROSE
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2021

	WD RRRF		WD NON-	WD CONDITIONALLY	WD	WD RRRF	TOTAL	
	WD OPERATING FUND	OPERATING FUND	REPAYABLE INVESTMENT FUND	REPAYABLE INVESTMENT FUND	CONDITIONALLY REPAYABLE EDP FUND	INVESTMENT FUND	2021	2020
REVENUE								
WD Funding	\$ 294,963	\$ 140,875	\$ -	\$ -	\$ -	\$ -	\$ 435,838	\$ 294,963
Interest on loans	-	-	170,906	18,354	5,541	-	194,801	294,659
Interest from investment	10,957	-	34,457	9,646	3,568	339	58,967	72,828
Unrealized gain (loss) on investment	-	-	98,802	27,657	10,230	-	136,689	(67,111)
Loan fees	550	-	-	-	-	-	550	2,250
Corporate services revenue	36,000	-	-	-	-	-	36,000	36,000
TOTAL REVENUE	342,470	140,875	304,165	55,657	19,339	339	862,845	633,589
ADMINISTRATIVE EXPENDITURES								
Salaries and wages	250,713	-	-	-	-	-	250,713	254,610
Employee benefits	25,726	-	-	-	-	-	25,726	29,827
Utilities and property taxes	22,567	1,933	-	-	-	-	24,500	26,388
Office expenses	14,528	36,094	-	-	-	-	50,622	25,120
Amortization	10,293	-	-	-	-	-	10,293	11,047
Professional fees	9,000	3,274	4,563	-	-	-	16,837	10,386
Repairs and maintenance	6,444	46,336	-	-	-	-	52,780	7,545
Insurance	5,862	-	-	-	-	-	5,862	5,195
Training	4,637	1,108	-	-	-	-	5,745	3,279
Advertising and promotions	3,255	5,559	-	-	-	-	8,814	7,483
Rental	2,300	-	-	-	-	-	2,300	3,600
Memberships & conferences	1,361	-	-	-	-	-	1,361	2,325
Travel, meetings and conferences	1,297	-	-	-	-	-	1,297	8,363
Supplies	862	-	-	-	-	-	862	2,463
(Gain) loss on disposal of assets	445	-	-	-	-	-	445	-
Interest and bank charges	102	-	495	-	-	200	797	769
Returned RRRF funds	-	8,371	-	-	-	-	8,371	-
Provision for doubtful loans	-	-	25,000	-	-	-	25,000	90,892
Loan impairment recovery	-	-	(17,060)	-	-	-	(17,060)	(6,584)
TOTAL ADMINISTRATIVE EXPENDITURES	359,392	102,675	12,998	-	-	200	475,265	482,708
PROJECT REVENUE AND EXPENSES								
Project revenue	240,198	-	-	-	-	-	240,198	49,627
Project expenses	(230,596)	(12,606)	-	-	-	-	(243,202)	(85,542)
PROJECT SURPLUS (DEFICIT)	9,602	(12,606)	-	-	-	-	(3,004)	(35,915)
EXCESS OF REVENUE OVER EXPENDITURES	\$ (7,320)	\$ 25,594	\$ 291,167	\$ 55,657	\$ 19,339	\$ 139	\$ 384,576	\$ 114,966

COMMUNITY FUTURES WILD ROSE
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2021

	INVESTED IN CAPITAL ASSETS	WD OPERATING FUND	WD RRRF OPERATING FUND	WD NON- REPAYABLE INVESTMENT FUND	WD CONDITIONALLY REPAYABLE INVESTMENT FUND	WD CONDITIONALLY REPAYABLE EDP FUND	WD RRRF INVESTMENT FUND	TOTAL	
								2021	2020
FUND BALANCES									
Beginning of year	\$ 218,429	\$ 586,235	\$ -	\$ 4,533,421	\$ 482,801	\$ 415	\$ -	\$ 5,821,301	\$ 5,706,335
EXCESS OF REVENUE OVER EXPENSES	-	(7,320)	25,594	291,167	55,657	19,339	139	384,576	114,966
TRANSFER OF FUNDS (Note 2)									
Amortization	(10,293)	10,293		-	-	-	-	-	-
Loss on disposal of assets	(445)	445		-	-	-	-	-	-
TRANSFER OF FUNDS TO INTERNALLY RESTRICTED									
From internally restricted (Note 2)	-	90,000	-	(90,000)	-	-	-	-	-
From RRRF operating to RRRF Investment fund	-	-	(2,000)	-	-	-	2,000	-	-
FUND BALANCES, end of year	\$ 207,691	\$ 679,653	\$ 23,594	\$ 4,734,588	\$ 538,458	\$ 19,754	\$ 2,139	\$ 6,205,877	\$ 5,821,301

COMMUNITY FUTURES WILD ROSE
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 2021

	WD CONDITIONALLY						TOTAL	
	WD OPERATING	WD RRRF	WD NON-PERAYABLE	REPAYABLE INVESTMENT	WD CONDITIONALLY	WD RRRF	2021	2020
	FUND	OPERATING FUND	INVESTMENT FUND	FUND	REPAYABLE EDP FUND	INVESTMENT FUND		
CASH PROVIDED BY OPERATING ACTIVITIES								
Excess of revenue over expenses	\$ (7,320)	\$ 25,594	\$ 291,167	\$ 55,657	\$ 19,339	\$ 139	384,576	\$ 114,966
Items not requiring an outlay of cash:								
Amortization	10,293	-	-	-	-	-	10,293	11,047
Interfund transfer	90,000	(2,000)	(90,000)	-	-	2,000	-	-
Loss on disposal of capital assets	445	-	-	-	-	-	445	-
	<u>93,418</u>	<u>23,594</u>	<u>201,167</u>	<u>55,657</u>	<u>19,339</u>	<u>2,139</u>	395,314	126,013
Changes in non-cash working capital								
Accounts receivable	(45,816)	-	-	-	-	-	(45,816)	2,996
Accrued payable and accrued liabilities	(615)	-	-	-	-	-	(615)	(348)
Deferred revenue	(24,580)	-	-	-	-	-	(24,580)	(28,562)
Accrued interest receivable	-	-	2,558	61	39	-	2,658	(1,885)
Goods and Services Tax receivable	(5,627)	-	-	-	-	-	(5,627)	(139)
Funds held in trust	-	-	-	-	-	-	-	92,095
Prepaid expenses	(4,895)	(23,594)	-	-	-	-	(28,489)	(1,216)
	<u>(81,533)</u>	<u>(23,594)</u>	<u>2,558</u>	<u>61</u>	<u>39</u>	<u>-</u>	(102,469)	62,941
FINANCING ACTIVITIES								
Increase (decrease) long term debt	-	-	-	-	-	2,707,000	2,707,000	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,707,000</u>	2,707,000	-
INVESTING ACTIVITIES								
Additions to capital assets	-	-	-	-	-	-	-	(2,994)
Decrease (increase) in short term investments	98,935	-	(133,286)	(19,363)	(31,712)	-	(85,426)	3,684
Decrease (increase) in long term investments	(28)	-	(43)	-	-	-	(71)	(117)
Decrease (increase) in loans receivable	-	-	612,126	32,548	12,334	(2,307,000)	(1,649,992)	(124,229)
	<u>98,907</u>	<u>-</u>	<u>478,797</u>	<u>13,185</u>	<u>(19,378)</u>	<u>(2,307,000)</u>	(1,735,489)	(123,656)
INCREASE (DECREASE) IN CASH	110,792	-	682,522	68,903	-	402,139	1,264,356	65,298
CASH, beginning of year	103,737	-	1,042,113	50,744	-	-	1,196,594	1,131,296
CASH, end of year	<u>\$ 214,529</u>	<u>\$ -</u>	<u>\$ 1,724,635</u>	<u>\$ 119,647</u>	<u>\$ -</u>	<u>\$ 402,139</u>	\$ 2,460,950	<u>\$ 1,196,594</u>

COMMUNITY FUTURES WILD ROSE

Notes to Financial Statements

Year Ended March 31, 2021

1. PURPOSE OF THE ORGANIZATION

Community Futures Wild Rose (the "organization") is a not-for-profit organization incorporated provincially under the Business Corporations Act of Alberta.

The organization operates to provide loans and financial services to small businesses that are otherwise unable to obtain financing. The Company also works to support the community's plans for the generation of additional private sector support in addition to community capacity building initiatives.

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 Wild Rose follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Seminars fees are recognized as revenue when the seminars are held.

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.

When a loan is classified as impaired, recognition of interest in accordance with the original loan agreement ceases. Subsequent payments of interest or principal received on an impaired loan are recorded as a reduction of the recorded investment in the loan. Interest is recognized only when all allowances for loan impairment have been reversed, or the loan is restructured.

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COMMUNITY FUTURES WILD ROSE

Notes to Financial Statements

Year Ended March 31, 2021

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

Capital assets

Capital assets are stated at cost, net of government assistance. Contributed capital assets are recorded at fair market value on the date of contribution. 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
Building improvements	4%	declining balance method
Furniture and fixtures	20%	declining balance method
Computer equipment	55%	declining balance method
Computer software	100%	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 Wild Rose follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Seminar fees are recognized as revenue when the seminars are held.

Income taxes

Community Futures Wild Rose is a registered not-for-profit corporation and is exempt from income taxes under paragraph 149(1)(l) of the Income Tax Act.

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COMMUNITY FUTURES WILD ROSE

Notes to Financial Statements

Year Ended March 31, 2021

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

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.

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.

Unrestricted Funds

These amounts are not restricted by the Board and are available for any purpose approved by the Members of the Board.

Measurement uncertainty

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The precise value of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of approximations, which have been made using careful judgment by management. Actual results could differ from those approximations.

The provision for loan impairment is subject to a significant degree of uncertainty. A deterioration in general economic conditions may result in a much higher rate than is currently anticipated. However, the amount is not expected to vary significantly in the next year.

3. TERM DEPOSITS

The Guaranteed Investment Certificates bear interest ranging from 2.35% to 3.11% and mature from April 26, 2021 until November 15, 2021.

COMMUNITY FUTURES WILD ROSE

Notes to Financial Statements

Year Ended March 31, 2021

4. LOANS RECEIVABLE

The Community Futures Wild Rose loan portfolio consists of 124 loans at interest rates ranging from 0.00% to 9.50% per annum. 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	2021	2020
<u>Loans receivable</u>				
WD non-repayable investment fund	\$ 2,768,053	\$ 130,000	\$ 2,638,053	\$ 3,250,179
WD conditionally repayable investment fund	354,776	-	354,776	387,324
WD conditionally repayable EDP fund	92,227	50,000	42,227	54,561
WD RRRF Investment fund	2,307,000	-	2,307,000	-
	<u>\$ 5,522,056</u>	<u>\$ 180,000</u>	<u>\$ 5,342,056</u>	<u>\$ 3,692,064</u>

5. IMPAIRED LOANS

A specific allowance for loan impairment has been established with respect to six (2020 - four) loans, with a reported net investment included in loans receivable, as follows:

	2021	2020
Impaired loans to small businesses	\$ (165,000)	\$ (100,000)
Recovery (provision) for doubtful loans	<u>(15,000)</u>	<u>(65,000)</u>
Net impaired loans	<u>\$ (180,000)</u>	<u>\$ (165,000)</u>

COMMUNITY FUTURES WILD ROSE

Notes to Financial Statements

Year Ended March 31, 2021

6. LONG TERM INVESTMENTS

	Operating	Investment Fund	2021	2020
Chinook Credit Union equity	\$ 1,269	\$ 2,012	\$ 3,281	\$ 3,210
	<u>\$ 1,269</u>	<u>\$ 2,012</u>	<u>\$ 3,281</u>	<u>\$ 3,210</u>

7. CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Buildings	\$ 276,450	\$ 129,587	\$ 146,863	\$ 152,982
Building improvements	108,460	50,617	57,843	60,253
Computer equipment	12,335	11,288	1,047	2,771
Furniture and fixtures	119,938	117,999	1,939	2,423
Computer software	19,121	19,121	-	-
	<u>\$ 536,304</u>	<u>\$ 328,612</u>	<u>\$ 207,692</u>	<u>\$ 218,429</u>

8. BANK OVERDRAFT

The bank overdraft is secured by the loans receivable. The corporation has an authorized line of credit of \$50,000 at the Chinook Credit Union Ltd., at a rate of prime plus 1%. The unused portion at year end is \$50,000 (2020 - \$50,000).

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Accrued vacation pay	\$ 3,344	\$ 7,351
Accrued liabilities	14,351	10,959
	<u>\$ 17,695</u>	<u>\$ 18,310</u>

10. DEFERRED CONTRIBUTIONS

The deferred contribution relates to funds received in the current period from a tenant in relation to payment for rent for April 2021.

COMMUNITY FUTURES WILD ROSE

Notes to Financial Statements

Year Ended March 31, 2021

11. LONG TERM DEBT

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 December 31, 2022. On December 31, 2022 any portion of the loan advanced which has not been loaned by the organization to a secondary borrower by virtue of a Secondary loan, shall be repaid by the organization to the lender within 10 business days of said date. At which point the remaining balance of the loan will automatically extend starting on January 1, 2023 for an additional term maturing on December 31, 2025. The remaining balance of the loan to be repaid shall be calculated as follows: the principal amount owing as of January 1, 2023 on all secondary loans made by the organization to the secondary borrowers less any portion of the secondary loans that have been forgiven by the organization in accordance with the secondary loan terms, less any portion of the loan that has been advanced by the borrower to a secondary borrower, on which a default or loss has occurred and for which a secondary loan cannot be collected or recovered or for which a write off has occurred and less reasonable costs, charges, and expenses incurred by the organization in connection with enforcing payment of any monies or in performance of any other obligation owing under any secondary loan.

12. REPAYABLE CONTRIBUTIONS

The corporation has received repayable contributions from Her Majesty the Queen, Minister of Western Economic Diversification (Canada) totaling \$550,000, of which \$200,000 (2019 - \$200,000) is reserved for loans made to the WD Conditionally Repayable EDP Fund loans. The remaining \$350,000 (2020 - \$ 350,000) is available for the WD Conditionally Repayable Investment Fund loans.

A revised agreement was entered into, commencing April 1, 2006, with regards to these funds, which no longer required repayment of the funds, unless conditions relating to the agreement are violated. As of March 31, 2021, this agreement is still in place and has been extended indefinitely.

13. SHARE CAPITAL

	2021	2020
Issued:		
15 Class "A" common voting shares	<u>\$ 15</u>	<u>\$ 15</u>

14. CONTRIBUTED SURPLUS

Since the commencement of operations, government assistance in the amount of \$1,182,202 has been received to finance loans. The funding agreement in effect through the 2018 fiscal year requires the corporation to maintain its not-for-profit status and meet the goals set out in Note 2. The corporation is in compliance with the agreement requirements as at March 31, 2021. The contributed surplus represents externally restricted funds.

COMMUNITY FUTURES WILD ROSE

Notes to Financial Statements

Year Ended March 31, 2021

15. EXTERNALLY RESTRICTED ASSETS

Loan Investment Funds restricted to loans and equity investment to entrepreneurs:

	<u>2021</u>	<u>2020</u>
Externally restricted	\$ 5,292,800	\$ 5,016,637

The Community Futures Wild Rose 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.

During a previous year, the Department of Western Economic Diversification amended the terms and conditions of its contribution agreement with the corporation. Under the revised terms and conditions, the Conditionally Repayable Loan Funds, are repayable if any of the following conditions occur:

1. The Conditionally Repayable Investment Fund is not administered according to the terms and conditions specified in this Agreement; or
2. Based on reviews and evaluations of the operations and the Conditionally Repayable Investment Fund of the corporation, the Conditionally Repayable Investment Fund is not providing a satisfactory level of benefits in terms of employment creation, the development of the Community-owned or controlled businesses, and strengthening of the western Canadian economy; or
3. In the opinion of the Minister, the Conditionally Repayable Investment Fund is no longer necessary or relevant to the development of the western Canadian economy; or
4. The Agreement is terminated as described in Section 16 of the Agreement; or
5. An event of default occurs, as described in Section 17 of the Agreement.

As of March 31, 2021, none of the above mentioned conditions has occurred. The Minister has approved the terms and conditions to extend the project indefinitely.

16. ECONOMIC DEPENDENCE

The organization is dependent on contracts with the Federal Government to continue operations. Contracts have terms from two to five years, as detailed in note 17.

COMMUNITY FUTURES WILD ROSE

Notes to Financial Statements

Year Ended March 31, 2021

17. 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 April 1, 2015, provides a maximum of \$884,889 delivered over three years commencing April 1, 2015, with cash payments for the program years distributed to the corporation.

The agreement expired on March 31, 2018. Any surplus realized from this funding is repayable at the government's discretion.

On March 16, 2018, the organization has signed a new agreement with Her Majesty the Queen which has extended the core funding provided by the Office of Western Economic Diversification for 3 additional years beginning April 1, 2018 until March 31, 2021.

18. COMPARATIVE FIGURES

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

COMMUNITY FUTURES WILD ROSE

Notes to Financial Statements

Year Ended March 31, 2021

19. ALLOWANCE FOR DOUBTFUL ACCOUNTS

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

	Beginning balance	Provisions	Write-offs	Reversals	2021	2020
Allowance for doubtful accounts						
WD non-repayable investment fund	\$ 115,000	\$ 25,000	\$ -	\$ (10,000)	\$ 130,000	\$ 115,000
WD conditionally repayable investment fund	-	-	-	-	-	-
WD conditionally repayable EDP fund	50,000	-	-	-	50,000	50,000
WD RRRF investment fund	-	-	-	-	-	-
Allowance for doubtful accounts total	\$ 165,000	\$ 25,000	\$ -	\$ (10,000)	\$ 180,000	\$ 165,000

Included in the loan impairment provision are provisions, write-offs and reversals of \$15,000 (2020 - \$65,000).
