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**COMMUNITY FUTURES ELK ISLAND REGION**

**Financial Statements**

**Year Ended March 31, 2024**

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**NCUBE &  
LANDRY LLP**

CHARTERED PROFESSIONAL ACCOUNTANTS (CPA)

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**AUDITOR'S REPORT  
ON COMPLIANCE WITH AGREEMENT**

We have audited the Community Futures Elk Island Region's compliance as at March 31, 2024 with the criteria established in the Contribution Agreement between Pacific Economic Development Canada (PrairiesCan) formerly Western Economic Diversification and the Community Futures Elk Island Region and the interpretation of the Agreement as set out in the introduction of notes attached. Compliance with the criteria established by the provisions of the agreement is the responsibility of the board of directors of the Community Futures Elk Island Region. Our responsibility is to express an opinion on this compliance.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the Community Futures Elk Island Region complied with the criteria established by the provisions of the agreement referred to above. Such an audit includes examining, on a test basis, evidence supporting compliance, evaluating the overall compliance with the agreement, and where applicable, assessing the accounting principles used and significant estimates made by management.

In our opinion, the Community Futures Elk Island Region is in compliance, in all material respect, with the criteria established by the contribution agreement.

*NCube & Landry LLP*

Two Hills, Alberta  
March 5, 2025

Chartered Professional Accountants

**COMMUNITY FUTURES ELK ISLAND REGION**

**Index to Financial Statements**

**Year Ended March 31, 2024**

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	Page
AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3 - 4
Statement of Revenues and Expenditures	5 - 6
Statement of Changes in Fund Balances	7
Statement of Cash Flows	8 - 9
Notes to Financial Statements	10 - 15



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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Community Futures Elk Island Region

### *Opinion*

We have audited the financial statements of Community Futures Elk Island Region (the organization), which comprise the statement of financial position as at March 31, 2024, and the statements of revenues and expenditures, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2024, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

### *Basis for Opinion*

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

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

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

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

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

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

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

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:

*(continues)*

Independent Auditor's Report to the To the Members of Community Futures Elk Island Region  
(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.

Two Hills, AB  
March 5, 2025

*Neube & Landry LLP*

Chartered Professional Accountants

**COMMUNITY FUTURES ELK ISLAND REGION**

**Statement of Financial Position**

**March 31, 2024**

	General Fund	Special project fund	Restricted Non-repayable	Restricted Repayable	Restricted Disabled	Regional Relief and Recovery Fund / CGI	Total 2024	Total 2023
<b>ASSETS</b>								
<b>CURRENT</b>								
Cash	\$ 122,465	\$ 14,784	\$ 758,920	\$ 616,717	\$ 373,054	\$ 248,000	\$ 2,133,940	\$ 2,379,518
Term deposits	-	-	96,300	-	-	-	96,300	93,788
Accounts receivable (Note 2)	161,473	-	100,000	-	-	-	261,473	160,613
Interest receivable (Note 4)	-	-	894,922	100,502	2,168	-	997,592	839,476
Prepaid expenses	2,589	-	-	-	-	-	2,589	2,589
Inter fund receivable (Note 3)	-	41,630	635,790	-	-	-	677,420	391,297
<b>CAPITAL ASSETS (Net) (Note 5)</b>	286,527	56,414	2,485,932	717,219	375,222	248,000	4,169,314	3,867,281
<b>LOANS AND NOTES RECEIVABLE</b>	183,512	-	-	-	-	-	183,512	191,158
	-	-	2,905,368	626,924	-	304,991	3,837,283	5,605,231
	\$ 470,039	\$ 56,414	\$ 5,391,300	\$ 1,344,143	\$ 375,222	\$ 552,991	\$ 8,190,109	\$ 9,663,670

**COMMUNITY FUTURES ELK ISLAND REGION**

**Statement of Financial Position**

March 31, 2024

	General Fund	Special project fund	Restricted Non-repayable	Restricted Repayable	Restricted Disabled	Regional Relief and Recovery Fund / CGI	Total 2024	Total 2023
<b>LIABILITIES AND FUND BALANCES</b>								
<b>CURRENT</b>								
Accounts payable (Note 7)	\$ 79,226	\$ -	\$ 3,920	\$ 8,781	\$ -	\$ -	\$ 91,927	\$ 10,095
Wages payable	-	-	-	-	-	-	-	15,097
Current portion of long term debt (Note 8)	9,890	-	-	-	-	-	9,890	9,393
Inter fund payable	333,923	-	-	124,604	-	218,550	677,420	391,297
Deferred income	-	-	-	-	-	-	-	13,758
<b>LONG TERM DEBT (Note 8)</b>	<b>423,039</b>	<b>-</b>	<b>3,920</b>	<b>133,385</b>	<b>343</b>	<b>218,550</b>	<b>779,237</b>	<b>439,640</b>
<b>DEFERRED INCOME</b>	<b>24,073</b>	<b>-</b>	<b>1,300,000</b>	<b>-</b>	<b>-</b>	<b>333,000</b>	<b>1,657,073</b>	<b>3,639,345</b>
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,000</b>
<b>FUND BALANCES</b>	<b>447,112</b>	<b>-</b>	<b>1,303,920</b>	<b>133,385</b>	<b>343</b>	<b>551,550</b>	<b>2,436,310</b>	<b>4,083,985</b>
Invested in capital assets	196,476	-	-	-	-	-	196,476	208,407
Unrestricted	(173,549)	56,414	4,087,380	1,210,758	374,879	1,441	(117,135)	(130,798)
Externally restricted	-	-	-	-	-	-	5,674,458	5,502,076
	22,927	56,414	4,087,380	1,210,758	374,879	1,441	5,753,799	5,579,685
	22,927	56,414	4,087,380	1,210,758	374,879	1,441	5,753,799	5,579,685
	470,039	56,414	5,391,300	1,344,143	375,222	552,991	8,190,109	9,663,670

APPROVED ON BEHALF OF THE BOARD

  
Jacqueline Fenske  
Director

  
Director

**COMMUNITY FUTURES ELK ISLAND REGION**  
**Statement of Revenues and Expenditures**  
**Year Ended March 31, 2024**

	General Account Budget	General Account Actual	Special Projects	Non Repayable Investments	Repayable Investments	Disabled Investments	Regional Relief and Recovery Fund / CGI	Total 2024	Total 2023
<b>REVENUES</b>									
Prairies Can	\$ 294,963	\$ 294,963	-	-	-	-	-	\$ 294,963	\$ 294,963
Special programs	303,639	314,394	-	-	-	-	700,258	1,014,652	340,556
Service and miscellaneous	107,401	7,038	-	-	-	-	-	7,038	8,368
Income	-	-	632	59,989	22,177	-	-	97,851	52,329
Interest income	-	-	-	103,151	64,866	15,053	4,258	172,275	301,796
Investment interest	-	-	-	-	-	-	-	-	-
	706,003	616,395	632	163,140	87,043	15,053	704,516	1,586,779	998,012
<b>EXPENDITURES</b>									
Salaries, wages and benefits	526,557	406,800	-	-	-	-	167,254	574,054	492,378
Travel and subsistence - staff	25,654	35,166	-	-	-	-	12,355	47,521	33,308
Supplies	18,000	28,351	-	-	-	-	-	28,351	30,690
Rental	18,000	19,688	-	-	-	-	-	19,688	16,451
Professional development	18,000	18,000	-	-	-	-	-	18,000	-
Travel and subsistence - director	11,100	17,597	-	-	-	-	6,183	23,780	14,680
Advertising and promotion	16,400	16,374	-	-	-	-	-	16,374	9,925
Telephone	11,900	11,994	-	-	-	-	-	11,994	13,030
RRRF Loan forgiveness	-	-	-	-	-	-	518,500	518,500	-
Business taxes, licenses and memberships	11,868	11,762	-	-	-	-	-	11,762	8,156
Utilities	12,260	11,092	-	-	-	-	-	11,092	11,733
Insurance	8,304	8,878	-	-	-	-	-	8,878	7,076
Professional fees	7,000	7,340	-	-	-	-	-	7,340	1,500
Property taxes	4,500	4,854	-	-	-	-	-	4,854	4,849
Projects	4,000	3,555	-	-	-	-	-	3,555	1,474
Interest on long term debt	1,650	2,625	-	92,298	-	-	-	94,923	68,459
GST expense	-	2,173	-	-	-	-	-	2,173	3,615
Credit checks, client expense	-	1,275	-	-	-	-	-	1,275	482
Interest and bank charges	-	-	125	100	-	-	-	225	189

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**COMMUNITY FUTURES ELK ISLAND REGION**

**Statement of Revenues and Expenditures (continued)**  
**Year Ended March 31, 2024**

	General Account Budget	General Account Actual	Special Projects	Non Repayable Investments	Repayable Investments	Disabled Investments	Regional Relief and Recovery Fund / CGI	Total 2024	Total 2023
Bad debts	-	-	-	-	-	-	-	-	165,488
Write off on loan receivables	-	-	-	-	555	-	-	555	-
Client cost	-	-	-	-	-	-	-	-	315
	696,393	607,524	125	92,398	555	125	704,292	1,405,019	883,798
<b>EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS</b>	9,610	8,871	507	70,742	86,488	14,928	224	181,760	114,214
<b>OTHER ITEMS</b>									
Amortization of capital assets	\$(9,610)	\$(7,646)	-	-	-	-	-	\$(7,646)	\$(9,986)
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	\$ -	\$ 1,225	\$ 507	\$ 70,742	\$ 86,488	\$ 14,928	\$ 224	\$ 174,114	\$ 104,228

**COMMUNITY FUTURES ELK ISLAND REGION**

**Statement of Changes in Fund Balances**  
**Year Ended March 31, 2024**

	General Account	Special Projects	Non Repayable Investments	Repayable Investments	Disabled Investments	Regional Relief and Recovery Fund / CGI	2024	2023
<b>FUND BALANCES - BEGINNING OF YEAR</b>	\$ 21,702	\$ 55,907	\$ 4,016,638	\$ 1,124,270	\$ 359,951	\$ 1,217	\$ 5,579,685	\$ 5,475,457
Excess of revenues over expenditures	1,225	507	70,742	86,488	14,928	224	174,114	104,228
Approved fund transfer	-	-	-	-	-	-	-	-
<b>FUND BALANCES - END OF YEAR</b>	\$ 22,927	\$ 56,414	\$ 4,087,380	\$ 1,210,758	\$ 374,879	\$ 1,441	\$ 5,753,799	\$ 5,579,685

**COMMUNITY FUTURES ELK ISLAND REGION**  
**Statement of Cash Flows**  
**Year Ended March 31, 2024**

	General fund	Special project	Non repayable	Repayable	Disabled	Regional Relief and Recovery Fund / CGI	Total 2024	Total 2023
<b>OPERATING ACTIVITIES</b>								
Excess Of Revenues Over Expenditures	\$ 1,225	\$ 507	\$ 70,742	\$ 86,488	\$ 14,928	\$ 224	\$ 174,114	\$ 104,228
Items not affecting cash:								
Amortization of capital assets	7,646	-	-	-	-	-	7,646	9,986
Bad debts	-	-	-	-	-	-	-	165,488
Write off on loans	-	-	-	-	-	-	-	(165,488)
	8,871	507	70,742	86,488	14,928	224	181,760	114,214
<b>Changes in non-cash working capital:</b>								
Accounts receivable	(859)	-	(100,000)	-	-	-	(100,859)	103,253
Interest receivable	-	-	(134,685)	(23,434)	-	-	(158,119)	14,304
Accounts payable	79,132	-	2,700	-	-	-	81,832	(4,081)
Deferred income	(5,000)	-	-	-	-	(13,758)	(18,758)	5,000
Term deposits	-	-	(2,512)	-	-	-	(2,512)	(2,071)
Wages payable	(15,098)	-	-	-	-	-	(15,098)	(8,044)
	58,175	-	(234,497)	(23,434)	-	(13,758)	(213,514)	108,361
Cash flow from operating activities	67,046	507	(163,755)	63,054	14,928	(13,534)	(31,754)	222,575
<b>INVESTING ACTIVITY</b>								
Addition to loans and notes receivable	-	-	11,413	47,529	-	1,709,008	1,767,950	(37,061)
Cash flow from (used by) investing activity	-	-	11,413	47,529	-	1,709,008	1,767,950	(37,061)
<b>FINANCING ACTIVITIES</b>								
Interfund transfers	25,325	-	(293,099)	43,248	(999)	225,526	1	-
Long term debt	(8,775)	-	-	-	-	(1,973,000)	(1,981,775)	90,453
Approved fund transfers	-	-	-	-	-	-	-	-
Cash flow from (used by) financing activities	16,550	-	(293,099)	43,248	(999)	(1,747,474)	(1,981,774)	90,453
<b>INCREASE (DECREASE) IN CASH FLOW</b>	83,596	507	(445,441)	153,831	13,929	(52,000)	(245,578)	275,967

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**COMMUNITY FUTURES ELK ISLAND REGION**  
**Statement of Cash Flows (continued)**  
**Year Ended March 31, 2024**

	General fund	Special project	Non repayable	Repayable	Disabled	Regional Relief and Recovery Fund / CGI	Total 2024	Total 2023
Cash - beginning of year	38,869	14,277	1,204,361	462,886	359,125	300,000	2,379,518	2,103,651
<b>CASH - END OF YEAR</b>	<b>\$ 122,465</b>	<b>\$ 14,784</b>	<b>\$ 758,920</b>	<b>\$ 616,717</b>	<b>\$ 373,054</b>	<b>\$ 248,000</b>	<b>\$ 2,133,940</b>	<b>\$ 2,379,518</b>

## COMMUNITY FUTURES ELK ISLAND REGION

### Notes to Financial Statements

Year Ended March 31, 2024

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#### INTRODUCTION TO NOTES

The COMMUNITY FUTURES ELK ISLAND REGION is a community based organization that provides loans and financial services to small businesses that are otherwise unable to obtain financing. The organization is incorporated under the Alberta Companies Act as a non-profit organization. It is exempt from income taxes under the Income Tax Act as a non-profit organization.

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

##### Fund accounting

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

The General Fund accounts for the organization's operating costs and general revenues. This fund reports unrestricted resources and restricted operating grants.

The Special Projects Fund accounts for the organization's special projects. This fund reports unrestricted resources and restricted operating grants.

The Loan Investment Funds report restricted resources that are to be used for assistance to small businesses and entrepreneurs in the form of loans, loan guarantees or equity participation. Loans from the Loan Investment Fund for the Disabled are limited to businesses owned and operated by disabled. The organization is restricted in the types of loans that can be made according to its agreement with the federal government.

##### Cash and cash equivalents

The organizations policy is to present bank balances and term deposits with a maturity period of three months or less from the date of acquisition under cash and cash equivalents.

##### Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight line basis over the assets' estimated lives, which is 5 years. Amortization expense is reported in the General Fund and Special Projects Fund.

##### Revenue recognition

Community Futures Elk Island Region 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.

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**COMMUNITY FUTURES ELK ISLAND REGION**

**Notes to Financial Statements**

**Year Ended March 31, 2024**

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

Investment loans and accrued interest receivable

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

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

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.

Financial instruments policy

The organization initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in the fair value are recognized in the statement of operations.

The financial assets subsequently measured at amortized cost include cash, and accounts receivable. The financial liabilities measured at amortize cost include trade accounts payable and accrued liabilities.

2. ACCOUNTS RECEIVABLE

	<u>2024</u>	<u>2023</u>
General trade receivable	\$ 57,387	\$ 37,612
Receivable from federal government	21,226	19,040
CF East Central	<u>182,860</u>	<u>103,961</u>
	<u>\$ 261,473</u>	<u>\$ 160,613</u>

3. INTERFUND RECEIVABLE / PAYABLE

The interfund receivable and payables are the amounts that are required to reimburse the other Funds for receipts and disbursements made on their behalf. These internally restricted amounts are not available for any other purpose with out the approval of the board of directors. Interfund amounts bear no interest and are not governed by term of repayment in the year.

**COMMUNITY FUTURES ELK ISLAND REGION****Notes to Financial Statements****Year Ended March 31, 2024****4. INTEREST RECEIVABLE**

	<u>2024</u>	<u>2023</u>
Loan interest receivable	\$ 1,063,560	\$ 905,443
Allowance for doubtful accounts	(65,967)	(65,967)
	<u>\$ 997,593</u>	<u>\$ 839,476</u>

**5. PROPERTY AND EQUIPMENT**

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Buildings	\$ 235,500	\$ 51,988	\$ 183,512	\$ 191,158
Computer equipment	74,197	74,197	-	-
Computer software	16,597	16,597	-	-
Furniture and fixtures	81,973	81,973	-	-
Leasehold improvements	20,209	20,209	-	-
	<u>\$ 428,476</u>	<u>\$ 244,964</u>	<u>\$ 183,512</u>	<u>\$ 191,158</u>

**6. INVESTMENT LOANS RECEIVABLE**

Outstanding loans to entrepreneurs are interest bearing at floating rates with blended principle and interest repayments. Security is taken on these loans as appropriate to the situation and includes personal guarantees, general security agreements covering business assets and mortgages on land and buildings.

**7. ACCOUNTS PAYABLE**

	<u>2024</u>	<u>2023</u>
Trade accounts payable	\$ 91,927	\$ 10,095
Excess loan payments payable	-	-
	<u>\$ 91,927</u>	<u>\$ 10,095</u>

**8. LONG TERM DEBT**

	<u>2024</u>	<u>2023</u>
ATB Financial loan bearing interest at 5.05% per annum, repayable in monthly blended payments of \$950. The loan matures on April 30, 2027 and is secured by Marketable security with a value of \$96300	\$ 33,963	\$ 42,738
	<u>33,963</u>	<u>42,738</u>
Amounts payable within one year	<u>(9,890)</u>	<u>(9,393)</u>

*(continues)*

**COMMUNITY FUTURES ELK ISLAND REGION**

**Notes to Financial Statements**

**Year Ended March 31, 2024**

8. LONG TERM DEBT (continued)

2024	2023
<b>\$ 24,073</b>	<b>\$ 33,345</b>

Principal repayment terms are approximately:

2025	\$ 9,890
2026	10,409
2027	10,954
2028	2,092
Thereafter	618
	<u>\$ 33,963</u>

9. LOANS PAYABLE

The line of credit from CFNA is a demand loan requiring monthly payments of interest only. Interest is at prime rate (currently 2.70%) and is secured by a first charge on the loan portfolio.

The Regional Relief and Recovery Fund is a demand loan with no payments due until January 2023 at which time any funds not loaned out as secondary loans are to be repaid. Any funds loaned out as secondary loans are not to be repaid until after December 2025. These loans are interest free and are to be repaid December 31, 2025.

10. ALLOWANCE FOR CREDIT LOSS

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

	Opening balance	Provision for credit losses	Actual write off	Ending balance
Loan investment fund - general	\$ 185,105	\$ -	\$ -	\$ 185,105
Loan investment fund - repayable	65,688	-	-	65,688
	<u>\$ 250,793</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250,793</u>

Actual write-offs, net of recoveries, will be deducted from the allowance for credit losses. The provision for credit losses in the statement of income and changes in fund balances is charged with an amount sufficient to keep the balance in the allowance for credit losses adequate to absorb all credit related losses. During the year, actual write off on investments was \$0 Nil (\$330,453 - 2023)

11. 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, 2024.

*(continues)*



**COMMUNITY FUTURES ELK ISLAND REGION**

**Notes to Financial Statements**

**Year Ended March 31, 2024**

11. FINANCIAL INSTRUMENTS *(continued)*

**(a) Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The association's main credit risk relate to its interest receivable and loans receivable.

**(b) Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The association's main interest rate risk involves the loans receivable and loans payable.

12. EXTERNALLY RESTRICTED NET ASSETS

Major categories of externally imposed restrictions on net assets are as follows:

	<u>2024</u>	<u>2023</u>
General	\$ 4,255,380	\$ 4,016,638
Conditionally repayable fund	1,210,758	1,124,270
Conditionally repayable disabled fund	374,879	359,951
RRRF / CGI	<u>7,386</u>	<u>1,217</u>
	<b>\$ 5,848,403</b>	<b>\$ 5,502,076</b>

Loan investment funds restricted to loans and equity investments to entrepreneurs

Under the terms and conditions of the contribution agreement with the Department of Prairies Economic Development Canada, Loan investment funds include Conditionally Repayable Funds in the amount of \$700,000 that 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 the Agreement; or
2. Based on review and evaluation of the operations and the Conditionally Repayable Investment Funds of the Corporation, The Conditionally Repayable Investment Fund is not providing satisfactory level of benefits in terms of employment creation, the development of SME's, and strengthening of the western Canadian economy; or
3. In the opinion of the Minister, the Conditionally Repayable 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 7 of the agreement; or
5. An event of default occurs, as described in Section 7 of the agreement; or
6. The Minister does not approve terms and conditions to extend the Project beyond the Completion Date or the Corporation does not agree to extend the Project beyond the Completion Date of March 31, 2024.

**COMMUNITY FUTURES ELK ISLAND REGION**

**Notes to Financial Statements**

**Year Ended March 31, 2024**

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**13. LOCAL AUTHORITIES PENSION PLAN**

Employees of the Community Futures Elk Island Region participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP is financed by employer and employee contributions and investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

Total current service contributions by the Organization to the LAPP in 2023-24 were \$22,232.

At December 31, 2023 the LAPP disclosed an actuarial surplus of over \$6.5 billion.

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**14. ECONOMIC DEPENDENCE**

The organization receives 95% of its operating revenues from federal, provincial and municipal governments and is economically dependent upon them.

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