

**Community Futures
Peace Country
Financial Statements**
March 31, 2023

Community Futures Peace Country
Contents

Year Ended March 31, 2023

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To the Board of Community Futures Peace Country:

Qualified Opinion

We have audited the financial statements of Community Futures Peace Country (the "Organization"), which comprise the statement of financial position as at March 31, 2023, and the statements of earnings (loss), changes in unrestricted and restricted 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, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, 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 Qualified Opinion

The Organization has issued loans as part of the Regional Relief and Recovery Fund ("RRRF") program. Due to the associated terms and conditions, the valuation of the RRRF loans is not susceptible to satisfactory audit verification. Accordingly, verification of the RRRF loans was limited to their existence based on the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to loan impairment provision and excess of revenues over expenses for the years ended March 31, 2023 and 2022, and loans receivable, repayable RRRF loans, and net assets as at March 31, 2023 and 2022.

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 qualified 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:

- 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.

Peace River, Alberta

June 19, 2023

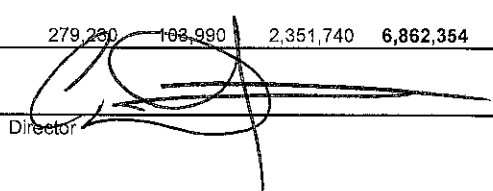
MNP LLP

Chartered Professional Accountants

MNP

**Community Futures Peace Country
Statement of Financial Position**

As at March 31, 2023

	Loan Investment Funds						2023	2022
	PrairiesCan Operating Fund	PrairiesCan Conditionally Repayable Investment Fund	PrairiesCan Non- Repayable Investment Fund	PrairiesCan Conditionally Repayable Disabled Fund	CGI Investment/ Loan Fund	RRRF Investment/ Loan Fund		
Assets								
Current								
Cash in bank and short term investments	174,038	308,486	208,579	186,138	6,292	72,540	956,073	973,508
Accounts receivable	46,221	78,246	8,528	5,503	-	-	138,498	92,417
Prepaid expenses	3,183	-	-	-	-	-	3,183	5,121
Assets held for resale	-	-	-	-	-	-	-	-
Current portion of loans	-	687,976	182,857	29,717	14,284	-	914,834	858,796
	223,442	1,074,708	399,964	221,358	20,576	72,540	2,012,588	1,929,842
Property and equipment (Note 3)	270,333	-	-	-	-	-	270,333	270,771
CGI loans receivable	-	-	-	-	97,698	-	97,698	-
RRRF loans receivable	-	-	-	-	-	2,279,200	2,279,200	2,469,650
Investment loans receivable								
net of allowance for credit loss (Note 5)	-	2,273,495	756,285	87,589	-	-	3,117,369	2,967,565
Less: current portion	-	(687,976)	(182,857)	(29,717)	(14,284)	-	(914,834)	(858,796)
	-	1,585,519	573,428	57,872	83,414	2,279,200	4,579,433	4,578,419
Total assets	493,775	2,660,227	973,392	279,230	103,990	2,351,740	6,862,354	6,779,032
Liabilities and fund balances								
Current								
Short-term debt (Note 7)	-	-	-	-	-	-	-	-
Accounts payable (Note 8)	85,007	-	37,485	-	-	-	122,492	64,016
Deferred revenue (Note 10)	35,311	-	-	-	-	72,540	107,851	109,511
Current portion of long-term debt (Note 11)	17,533	-	-	-	-	-	17,533	17,533
	137,851	-	37,485	-	-	72,540	247,876	191,060
Repayable RRRF loans (Note 13)	-	-	-	-	-	2,279,200	2,279,200	2,469,650
Repayable CGI loans (Note 14)	-	-	-	-	100,000	-	100,000	-
Long-term debt (Note 11)	1,462	-	-	-	-	-	1,462	18,995
	139,313	-	37,485	-	100,000	2,351,740	2,628,538	2,679,705
Fund Balances								
Invested in property and equipment	251,338	-	-	-	-	-	251,338	234,243
Externally restricted (Note 6)	-	2,660,227	935,907	279,230	3,990	-	3,879,354	3,761,235
Unrestricted	103,124	-	-	-	-	-	103,124	103,849
	354,462	2,660,227	935,907	279,230	3,990	-	4,233,816	4,099,327
Total liabilities and fund balances	493,775	2,660,227	973,392	279,230	103,990	2,351,740	6,862,354	6,779,032
Approved on behalf of the Board								
Director								

See accompanying notes to the financial statements

Community Futures Peace Country
Statement of Earnings (Loss) and Changes in Unrestricted Fund Balance

Year Ended March 31, 2023

	2023	2022
Revenue		
PrairiesCan contribution	309,962	309,963
Bank interest	464	347
Insurance revenue	-	4,342
Program revenues	78,928	38,324
Pan West revenue (Note 15)	50,000	-
Loan and technical fees	6,250	7,800
	445,604	360,776
Operating expenses		
Advertising and promotion	3,318	1,392
Amortization	13,178	10,568
Bad debt (recovery)	1,650	375
Bank charges	732	1,458
Board members expenses	7,391	399
Books and publications	72	129
Contractor expenses	3,205	1,400
Insurance and memberships	7,366	4,120
Janitorial	8,665	10,621
Legal and audit fees	19,675	16,000
Loan expenses	1,983	2,275
Long term interest	1,591	1,589
Meeting expenses	3,689	1,930
Non-refundable GST	3,897	2,485
Office supplies and postage	14,557	14,310
Pan West expenses (Note 15)	37,261	-
Repairs and maintenance	4,352	1,611
Salaries and benefits	233,831	231,143
Small equipment and furniture	468	1,150
Special projects - other	53,743	37,490
Staff development	650	2,343
Staff travel	6,360	3,329
Utilities	18,600	16,369
	446,234	362,486
Net earnings (loss) for the year	(630)	(1,710)
Unrestricted Net Assets, beginning of year	103,849	112,524
Transfer from restricted fund	26,000	-
Transfer to RRRF fund	(9,000)	-
Transfer to investment in property and equipment	(17,095)	(6,965)
Unrestricted Net Assets, end of year	103,124	103,849

See accompanying notes to the financial statements

Community Futures Peace Country
Statement of Earnings (Loss) and Changes in Restricted Fund Balances

Year Ended March 31, 2023

	<u>Loan Investment Funds</u>					2023	2022
	<i>PrairiesCan Conditionally Repayable Investment Fund</i>	<i>PrairiesCan Non- Repayable Investment Fund</i>	<i>PrairiesCan Conditionally Repayable Disabled Fund</i>	<i>CGI Investment/ Loan Fund</i>	<i>RRRF Investment/ Loan Fund</i>		
Revenue							
Investment fees	16,675	-	-	-	-	16,675	850
Interest on loans	205,973	62,006	8,509	3,990	-	280,478	259,830
RRRF admin funds	-	-	-	-	9,000	9,000	-
	222,648	62,006	8,509	3,990	9,000	306,153	260,680
Expenses							
Bank and investment charges	14,691	-	-	-	-	14,691	48,911
Bad debts (recoveries)	143,637	3,521	(469)	-	-	146,689	28,934
Contract expense	-	-	-	-	9,000	9,000	1,193
GST expense (recoveries)	654	-	-	-	-	654	-
	158,982	3,521	(469)	-	9,000	171,034	79,038
Net earnings (loss) for the year	63,666	58,485	8,978	3,990	-	135,119	181,642
Interfund transfers	11,367	(1,566)	(801)	-	(9,000)	-	-
Transfer (to) from general fund	-	(26,000)	-	-	9,000	(17,000)	-
Earned fund balance, Beginning of year (Note 6)	1,747,694	554,988	71,053	-	-	2,373,735	2,192,093
Earned fund balance, end of year (Note 6)	1,822,727	585,907	79,230	3,990	-	2,491,854	2,373,735
Original contributions	837,500	350,000	200,000	-	-	1,387,500	1,387,500
Total fund balance, end of year (Note 6)	2,660,227	935,907	279,230	3,990	-	3,879,354	3,761,235

See accompanying notes to the financial statements

Community Futures Peace Country
Statement of Cash Flows

As at March 31, 2023

	<i>PrairiesCan Conditionally Repayable Investment Fund</i>	<i>PrairiesCan Non- Repayable Investment Fund</i>	<i>PrairiesCan Conditionally Repayable Disabled Fund</i>	<i>CGI Investment/ Loan Fund</i>	<i>RRRF Investment/ Loan Fund</i>	2023	2022
Cash provided by (used):							
Operating:							
PrairiesCan Contribution	309,962	-	-	-	-	309,962	309,963
Interest received	464	194,963	67,395	5,672	-	268,494	242,346
Other revenue	141,811	16,675	-	-	-	158,486	56,318
Investment loan repayments	-	496,600	144,694	12,213	6,292	659,799	669,590
Investment loan advances	-	(720,000)	(230,000)	-	-	(950,000)	(725,000)
CGI funds received	10,000	-	-	-	100,000	110,000	-
CGI funds disbursed	-	-	-	-	(100,000)	(100,000)	-
RRRF funds received	-	-	-	-	-	-	170,040
RRRF admin funds spent	-	-	-	-	-	(9,000)	(154,800)
Interest and investment costs	(2,323)	(15,345)	-	-	-	(17,668)	(53,151)
Salaries and benefits	(227,396)	-	-	-	-	(227,396)	(239,821)
Materials and services	(196,877)	7,037	-	-	-	(189,840)	(133,826)
	35,641	(20,070)	(17,911)	17,885	6,292	12,837	141,659
Investing:							
Purchases of property and Equipment	(12,739)	-	-	-	-	(12,739)	-
Transfer out	-	(6,586)	-	(801)	-	(7,387)	(2,761)
	(12,739)	(6,586)	-	(801)	-	(20,126)	(2,761)
Financing:							
Repayment of long term debt	(17,533)	-	-	-	-	(17,533)	(17,533)
Transfer in	-	-	7,387	-	-	7,387	2,761
	(17,533)	-	7,387	-	-	(10,146)	(14,772)
Increase (decrease) in							
Cash resources	5,369	(26,656)	(10,524)	17,084	6,292	(17,435)	124,126
Cash resources, beginning of year	168,669	335,142	219,103	169,054	-	973,508	849,382
Cash resources, end of year	174,038	308,486	208,579	186,138	6,292	956,073	973,508
Cash resources consists of:							
Cash in bank	174,038	308,486	208,579	186,138	6,292	956,073	973,508

See accompanying notes to the financial statements

Community Futures Peace Country

Notes to the Financial Statements

March 31, 2023

1. Purpose of the organization

Community Futures Peace Country is a community-based organization that provides loans and financial services to small businesses that are otherwise unable to obtain financing. The Corporation 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.

2. Significant accounting policies

Revenue Recognition — Restricted Fund Method

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

Property and equipment

Property and equipment acquisitions over \$1,000 are recorded at cost.

Property and equipment are being amortized on a straight-line basis over their estimated useful lives as follows:

Computer equipment	4 years
Equipment between \$1,000 and \$5,000	5 years
Equipment over \$5,000	10 years
Buildings	30 years

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of Property and Equipment.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

Community Futures Peace Country

Notes to the Financial Statements

March 31, 2023

2. Significant accounting policies (continued)

Financial Instruments

Held for trading

The Corporation has classified the following financial assets and liabilities as held for trading: cash and short term investments. These instruments are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date.

Held for trading financial instruments are initially and subsequently measured at their fair value. Gains and losses arising from changes in fair value are recognized immediately in the statement of revenues and expenses.

Loans and receivables

The Corporation has classified the following financial assets as loans and receivables: trade accounts receivable and long term loans receivable. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date.

Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate method, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectibility. Gains or losses arising from changes in fair value are recognized in excess of revenues and expenses upon derecognition or impairment.

Other financial liabilities

The Corporation has classified the following financial liabilities as other financial liabilities: accounts payable and accruals, short-term debt and long term debt. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to its net carry value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. Gains and losses arising from changes in fair value are recognized in excess of revenues over expenses upon derecognition or impairment.

Community Futures Peace Country
Notes to the Financial Statements

March 31, 2023

2. Significant accounting policies (continued)

Long-lived assets and discontinued operations

Long-lived assets consist of property and equipment with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The organization performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. If the carrying amount is not recoverable, impairment is then measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using prices for similar items. Any impairment is included in earnings for the year.

Long-lived assets are classified as held for sale when all of the following criteria are met:

- The Board of Directors, having the authority to approve the action, commits the organization to a plan to sell the assets;
- The asset is available for immediate sale in its present condition;
- The organization has initiated an active program to locate a buyer;
- The sale is probable, and is expected to qualify for recognition as a completed sale within one year;
- The asset is being actively marketed for sale at a reasonable price relative to its fair value; and
- It is unlikely that the plan to sell the asset will be withdrawn or that significant changes will be made to the plan.

Long-lived assets classified as held for sale are initially measured at the lower of the carrying amount and fair value less costs to sell, and are not amortized. Subsequent increases in fair value not in excess of the cumulative loss previously recorded are recognized as gains.

Community Futures Peace Country
Notes to the Financial Statements

March 31, 2023

3. Property and equipment

	<i>Cost</i>	<i>Accumulated Depreciation</i>	2023 Net Book Value	2022 Net Book Value
Building	298,000	139,067	158,933	168,867
Computer equipment	1,230	307	923	-
Equipment \$1,000 - \$5,000	21,971	11,494	10,477	1,904
Equipment over \$5,000	11,617	11,617	-	-
Land	100,000	-	100,000	100,000
	432,818	162,485	270,333	270,771

4. 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 loan portfolios, as determined by management, as follows:

	<i>2022 Ending Balance</i>	<i>Written Off</i>	<i>Recovery</i>	<i>Provision for Credit Losses</i>	2023 Ending Balance
PrairiesCan Conditionally Repayable Investment Fund	355,256	(14,910)	-	140,212	480,558
PrairiesCan Non-repayable Investment Fund	289,173	(60,864)	-	3,554	231,863
PrairiesCan Conditionally Repayable Disabled Fund	5,228	-	(618)	-	4,610
	649,657	(75,774)	(618)	143,766	717,031

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.

5. Loans receivable

Outstanding loans to entrepreneurs are interest bearing at fixed rates varying from 6% to 10% with monthly principal and interest repayments amortized for terms between 12 and 84 months. 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 building. This security is usually subordinated to those of a primary lender.

	<i>PrairiesCan Conditionally Repayable Investment Fund</i>	<i>PrairiesCan Non- Repayable Investment Fund</i>	<i>PrairiesCan Conditionally Repayable Disabled Fund</i>	2023 Total	2022 Total
Investment loans receivable	2,754,052	988,149	92,199	3,834,400	3,617,222
Less: Allowance for credit loss (Note 4)	480,558	231,863	4,610	717,031	649,657
	2,273,494	756,286	87,589	3,117,369	2,967,565

Community Futures Peace Country
Notes to the Financial Statements

March 31, 2023

6. Externally Restricted Fund Balance

	2023	2022
<u>Loan Investment funds</u>		
Loan Investment Funds restricted to loans and Equity Investments to entrepreneurs		
PrairiesCan Conditionally Repayable Investment Fund - contributions	837,500	837,500
PrairiesCan Conditionally Repayable Investment Fund - earned	1,822,727	1,747,694
	2,660,227	2,585,194
PrairiesCan Non-repayable Investment Fund - contributions	350,000	350,000
PrairiesCan Non-repayable Investment Fund - earned	585,907	554,988
	935,907	904,988
PrairiesCan Conditionally Repayable Disabled Fund - contributions	200,000	200,000
PrairiesCan Disabled Conditionally Repayable Disabled Fund - earned	79,230	71,053
	279,230	271,053
CGI Investment/Loan Fund - contributions	-	-
CGI Investment/Loan Fund - earned	3,990	-
	3,990	-
	3,879,354	3,761,235

Under the terms and conditions of the contribution agreement between the Corporation and the Department of Prairies Economic Development Canada, the Conditionally Repayable Loan Funds are repayable if any of the following conditions occur:

- i. The Conditionally Repayable Investment Fund is not administered according to the terms and conditions specified in this Agreement; or
- ii. 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 Community-owned or controlled businesses, and strengthening of the western Canadian economy; or
- iii. 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
- iv. The Agreement is Terminated as described in Section 16; or
- v. An event of default occurs, as described in Section 17 of the Agreement; or
- vi. The Minister does not approve terms and conditions to extend the project beyond March 31, 2023.

Community Futures Peace Country Notes to the Financial Statements

March 31, 2023

7. Short-term debt

Short-term debt consists of a line of credit totalling \$1,000,000 (2022 -\$1,000,000) of which \$nil was drawn as of March 31, 2023 (2022 - \$nil). The interest rate included on the line of credit is at prime, effective rate of 6.70% (2022 - prime, effective rate of 2.70%). Funds can be drawn in increments of \$50,000. The line of credit is payable on demand and in any case not later than sixty (60) months following the date of the first loan advance (the loan was first advanced in August 2016). Amount is secured by a demand promissory note executed by the Corporation and related general security agreement securing all assets and undertakings of the borrower.

8. Accounts payable

Included in accounts payable is \$5,916 (2022 - \$6,636) owing to the Receiver General for payroll source deductions.

9. Commitments

As of March 31, 2023, the corporation had one loan (2022 - two loans) that was approved but not fully disbursed. The loan was for \$150,000 and was fully disbursed in April 2023.

10. Deferred revenue

During the year, the Corporation administered a number of projects in which they received \$69,176 (2022 - \$28,946) in allocations. Opening deferred revenue was \$27,971 (2022 - \$37,743) for a total revenue stream of \$97,147 (2022 - \$66,689). Of this amount, \$71,836 (2022 - \$38,718) was spent on the related projects. The excess contributions over expenses incurred for 2023 is \$25,311 (2022 - \$27,971) for the program revenues.

During the year the Corporation received an advance of \$10,000 from the Community Futures Network of Alberta. This amount received is for the Capital Growth Initiative Fund. These funds may only be used for specific administrative activities related to the CGI loans. These costs will be incurred subsequent to year end and up to March 31, 2025. None of the funds advanced have been spent at year end. This amount is also included in the operating fund.

During the year, the Corporation spent \$9,000 from the Regional Relief and Recovery Administrative Fund. These funds may only be used for operating costs related to RRRF loan aftercare and assisting in community response to COVID-19. These costs will continue to be incurred up to December 31, 2025. The remaining amount of unspent funds at year end is \$72,540.

11. Long term debt

	2023	2022
CIBC building mortgage with monthly principal payments of \$1,461 plus interest at prime plus 1.0%, effective rate of 7.70% (2022 - prime plus 1.0%, effective rate of 3.70%), secured by the related land and building with a net book value of \$258,933 (2022 - \$268,867), maturing 2025.	18,995	36,528
Less: current portion	17,533	17,533
	1,462	18,995
Principal payments over the next two years are as follows:		
2024	17,533	
2025	1,462	

Community Futures Peace Country Notes to the Financial Statements

March 31, 2023

12. Economic Dependence

The Corporation received 97% (2022 - 96%) of its operating revenue from the federal government and is economically dependant upon it.

13. Repayable RRRF loans

Repayable RRRF loans owing to the Community Futures Network of Alberta ("CFNA") are non-interest bearing and are repayable as the RRRF loans receivable are collected. Any loan losses on the RRRF loans receivable reduce the amount to be repaid to CFNA.

14. Repayable CGI loans

Repayable CGI loans owing to the Community Futures Network of Alberta ("CFNA") are interest bearing at 2% plus Bank of Canada Prime and are repayable as the CGI loans receivable are collected. The first six months are interest only and are for a term of 60 months. 25% of the initial principal will be forgiven upon repayment of 75% of the principal within the 60 month term.

15. Pan West Revenue and Expenses

The Organization received \$50,000 during the year from Community Futures Pan West Network. All of these funds were spent during the year. \$37,261 is recognized in unrestricted operating expenses and the \$12,739 difference was spent on various assets that were reallocated to capital assets in the statement of financial position.

16. Financial instruments

The Corporation as part of its operations carries a number of financial instruments. It is management's opinion that the Corporation is not exposed to significant interest rate, currency or credit risks arising from these financial instruments except as otherwise disclosed.