

Community Futures Pan West Network Inc.
Financial Statements
March 31, 2021

Management's Responsibility

To the Board of Directors of Community Futures Pan West Network Inc.:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Committee is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP is appointed by the Board of Directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

 E-SIGNED by Colette Close

Executive Director

Independent Auditor's Report

To the Board of Directors of Community Futures Pan West Network Inc.:

Opinion

We have audited the financial statements of Community Futures Pan West Network Inc. (the "Organization"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations including supplementary schedules, and changes in net assets 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, 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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.

Medicine Hat, Alberta

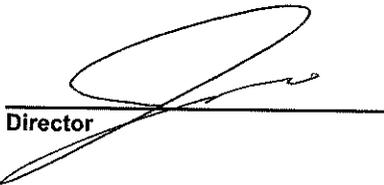
June 17, 2021

Chartered Professional Accountants

Community Futures Pan West Network Inc.
Statement of Financial Position
As at March 31, 2021

	2021	2020
Assets		
Current		
Cash	434,080	151,637
Accounts receivable (Note 3)	112,563	10,561
	546,643	162,198
Liabilities		
Current		
Accounts payable and accruals (Note 4)	513,347	144,677
Deferred revenue	9,752	5,772
	523,099	150,449
Net Assets		
Unrestricted	23,544	11,749
	546,643	162,198

Approved on behalf of the Board



Director

The accompanying notes are an integral part of these financial statements

Community Futures Pan West Network Inc. Statement of Operations and Changes in Net Assets

For the year ended March 31, 2021

	2021	2020
Revenue		
Western Diversification revenue	359,500	359,502
Regional Relief and Recovery Fund revenue	211,943	-
Community Futures Leadership Institute revenue	24,968	48,290
Cyber security revenue <i>(Schedule 1)</i>	-	70,000
Rural opportunity revenue <i>(Schedule 2)</i>	4,356,840	820,600
Miscellaneous revenue	48	955
	4,953,299	1,299,347
Expenses		
Community Futures Board Development program	45,284	102,525
Community Futures Leadership Institute program	70,821	75,832
Contracted services	89,645	82,253
Cyber security <i>(Schedule 1)</i>	-	70,441
Goods and Services Tax and sales tax	6,743	8,182
Insurance	2,407	2,336
Marketing strategy	40,200	24,299
Office rent	5,922	5,922
Office supplies	1,403	6,054
Professional fees	1,133	7,292
Regional Relief and Recovery Fund project	286,758	-
Special projects	5,100	3,554
Staff and volunteer awards	32,000	32,000
Travel	181	49,590
Rural opportunities <i>(Schedule 2)</i>	4,353,907	818,443
	4,941,504	1,288,723
Excess of revenue over expenses	11,795	10,624
Net assets, beginning of year	11,749	1,125
Net assets, end of year	23,544	11,749

The accompanying notes are an integral part of these financial statements

Community Futures Pan West Network Inc.
Statement of Cash Flows
For the year ended March 31, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	11,795	10,624
Changes in working capital accounts		
Accounts receivable	(102,002)	281
Accounts payable and accruals	368,670	130,703
Deferred contributions	3,980	5,772
	282,443	147,380
Financing		
Repayment of advances from related party	-	(182)
Increase in cash resources	282,443	147,198
Cash resources, beginning of year	151,637	4,439
Cash resources, end of year	434,080	151,637

The accompanying notes are an integral part of these financial statements

Community Futures Pan West Network Inc.

Notes to the Financial Statements

For the year ended March 31, 2021

1. Incorporation and nature of the organization

Community Futures Pan West Network Inc.'s (the "Organization") vision is to help create diverse, sustainable communities by supporting local, community-based economic development. Community Futures Pan West Network Inc. provides programming support and other support to the four western Canadian provincial Community Futures Associations. These four provincial Associations provide direct support and development services to the Community Futures Organizations they serve in British Columbia, Alberta, Saskatchewan, and Manitoba.

The Organization was incorporated under the Province of Manitoba on June 14, 2018. It is a not-for profit under the Federal Income Tax Act and is not subject to either federal or provincial income taxes.

Impact on operations of COVID-19 (*coronavirus*)

In early March 2020 the impact of the global outbreak of COVID-19 (*coronavirus*) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

The Organization's operations were impacted by COVID-19 due to the implemented travel restrictions which reduced the Organization's expenses in this area.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Society as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada using the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks.

Tangible capital assets

Tangible capital assets are expensed on acquisition. Tangible capital assets held include furniture and office equipment, as well as computer equipment.

Revenue recognition

The Organization 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.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

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

Community Futures Pan West Network Inc.
Notes to the Financial Statements
For the year ended March 31, 2021

2. Significant accounting policies (Continued from previous page)

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in related party transactions.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made this election and has reported all financial instruments at amortized cost.

Financial asset impairment:

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when there are numerous assets affected by the same factor. Management considers many factors in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year deficiency of revenues over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of excess in the year the reversal occurs.

3. Accounts receivable

	2021	2020
Accounts receivable	102,140	300
Goods and services tax receivable	10,423	10,261
	112,563	10,561

4. Accounts payable and accruals

	2021	2020
Trade accounts payable	511,951	143,473
Source deductions payable	1,396	1,204
	513,347	144,677

5. Related party transactions

Included in expenses for the current year are \$135,036 for contracted services (2020 - \$112,651), \$13,044 for rent, telephone and office expenses (2020 - \$10,122), and \$5,035 for various approved expenses reimbursed which were paid initially by a company owned by the Executive Director (2020 - \$37,730). A portion of these expenses are included in the Rural opportunities project. The prior year also included \$8,799 paid to a related party for the CFLI Board Program expenses. These amounts are exclusive of GST and were recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Community Futures Pan West Network Inc.
Notes to the Financial Statements
For the year ended March 31, 2021

6. Financial instruments

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

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization's exposure to liquidity risk is dependent on the collection of accounts receivable, however, exposure is limited as accounts receivable is largely from other Community Future Organizations.

Credit concentration

As at March 31, 2021, two organizations represent 100% of accounts receivable (2020 - nil). Organization sales are concentrated on the provincial government grant funding; however, credit exposure is limited due to the Organization's large customer base being the provincial government.

7. Economic dependence

The Organization's primary source of revenue is government contracts. The contract funding can be cancelled if the Organization does not observe certain established guidelines. The Organization's ability to continue viable operations is dependent upon maintaining its right to follow the criteria within describe the provincial government guidelines. As at the date of these financial statements the Organization believes that it is in compliance with the guidelines.

Community Futures Pan West Network Inc.
Schedule 1 - Schedule of Cyber Security Revenues and Expenses

For the year ended March 31, 2021

	2021	2020
Revenue	-	70,000
Expenses		
Cyber security best practices	-	70,441
Deficiency of revenue over expenses	-	(441)

Community Futures Pan West Network Inc.
Schedule 2 - Schedule of Rural Opportunities Revenues and Expenses
For the year ended March 31, 2021

	2021	2020
Revenue		
Rural opportunity revenue	4,356,840	820,600
Expenses		
Administrative contract	45,391	28,398
Advertising	1,197	250
Committee travel	-	10,844
Communications	1,435	10,541
Covid Project	1,526,000	-
Cyber security project	63,699	23,673
Equipment rent	722	300
GST expense	2,935	2,079
Office rent	6,400	3,900
Office supplies	5,167	3,983
Professional fees	6,638	804
Project co-ordinator wages	56,260	25,179
Projects	2,635,340	704,066
Staff travel	-	3,327
Telephone and internet	2,723	1,099
	4,353,907	818,443
Excess of revenue over expenses	2,933	2,157