

Community Futures Pan West Network Inc.
Financial Statements
March 31, 2019

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.



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, 2019, and the statements of operations, changes in net assets and cash flows for the period 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, 2019, and the results of its operations and its cash flows for the period 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Medicine Hat, Alberta

June 13, 2019

Chartered Professional Accountants

Community Futures Pan West Network Inc.
Statement of Financial Position

March 31, 2019

March 31
2019

Assets

Current

Cash (Note 3)	4,439
Accounts receivable	10,843

15,282

Liabilities

Current

Accounts payable and accruals	13,975
Advances from related party	182

14,157

Net Assets

Unrestricted	1,125
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15,282

Approved on behalf of the Board



Director



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
year ended March 31, 2019

**10 Months
Ended
2019**

Revenue

Western Diversification revenue	295,177
Community Futures Leadership Institute revenue	33,601
	328,778

Expenses

Community Futures Leadership Institute program	119,959
Contracted services	72,544
Community Futures Leadership Institute board program	40,058
Travel	36,146
Staff and volunteer awards	32,000
Professional fees	8,906
Goods and Services Tax	6,062
Office rent	4,935
Office supplies	4,043
Marketing strategy	3,000
	327,653

Excess of revenue over expenses **1,125**

Net assets, beginning of period -

Net assets, end of period **1,125**

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, 2019

	<i>10 Months Ended 2019</i>
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Cash provided by (used for) the following activities	
Operating	
Excess of revenue over expenses	1,125
Changes in working capital accounts	
Accounts receivable	(10,844)
Accounts payable and accruals	13,976
	<hr/> 4,257
Financing	
Advances from related party	182
	<hr/> 4,439
Increase in cash resources	4,439
Cash resources, beginning of period	-
Cash resources, end of period	4,439

The accompanying notes are an integral part of these financial statements

Community Futures Pan West Network Inc.
Notes to the Financial Statements
year ended March 31, 2019

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 4 western Canadian provincial Community Futures Associations. These 4 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.

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.

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.

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.

Community Futures Pan West Network Inc.
Notes to the Financial Statements
For the year ended March 31, 2019

2. Significant accounting policies *(Continued from previous page)*

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 period. 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 period 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 period the reversal occurs.

3. Cash

Cash in banks

2019

4,439

4. Related party transactions

Included in expenses for the current year are \$72,544 for contracted services, \$4,935 for rent and telephone expenses, \$14,000 for the CFLI Board Program, and \$1,757 for reimbursement of operational expenses paid to a company owned by the Executive Director. These amounts are exclusive of GST and were recorded at fair value at the date of the transaction.

5. 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, 2019, there is no credit concentration of the accounts receivable as the balance is evenly distributed between funders. 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.

2019 1/2

Community Futures Pan West Network Inc.
Notes to the Financial Statements
For the year ended March 31, 2019

6. 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.

7. Subsequent event

After year end, the Organization received funding for their cyber security initiative from Western Economic Diversification.