

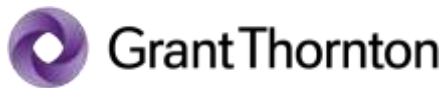
Financial Statements

Alberta Women Entrepreneurs Association

March 31, 2021

Contents

	Page
Independent Auditor's Report	1 - 2
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 14



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Independent Auditor's Report

To the members of Alberta Women Entrepreneurs Association

Qualified Opinion

We have audited the financial statements of Alberta Women Entrepreneurs Association ("the Association"), which comprise the statement of financial position as at March 31, 2021 and March 31, 2020, and the statements of operations, 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, except for the possible 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 Alberta Women Entrepreneurs as at March 31, 2021 and March 31, 2020, and its results of operations and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

As described in Note 2, the Association has not recorded their loans receivable at fair value upon initial recognition but rather recorded them at face value. This constitutes a departure from Canadian accounting standards for not-for-profit organizations which require that when a financial asset is originated or acquired or a financial liability is issued or assumed in an arm's length transaction, an entity shall measure it at its fair value. The impact of this departure from Canadian accounting standards for not-for-profit organizations has not been determined and therefore, we were unable to determine whether any adjustments might be necessary to revenues, expenditures, excess of revenues over expenditures, and cash flows from operations for the years ended March 31, 2021, and March 31, 2020 loans receivable as at March 31, 2021 and March 31, 2020, and net assets as at March 31, 2021, April 1, 2020 and March 31, 2020.

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 Association 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.

Other Matter – Amended Independent Auditor's Report

Our report dated June 17, 2020 inappropriately reflected an unmodified opinion for the year ended March 31, 2020, however, the same basis for qualification existed at that date with respect to the loans receivable. Accordingly, our opinion on the financial statements for the year ended March 31, 2020 expressed in that report is different from the opinion expressed on the comparative information for the year ended March 31, 2020 in this report.



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

Management is responsible for the preparation and fair presentation of these 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 Association'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 Association'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 Association 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.

Edmonton, Canada
June 28, 2021

Chartered Professional Accountants

Alberta Women Entrepreneurs Association

Statement of Operations

Year Ended March 31

				2021	2020
	<u>Unrestricted</u>	<u>Externally restricted loan fund</u>	<u>Externally restricted RRRF fund</u>	<u>Total</u>	<u>Total</u>
Revenues					
Contributions (Note 6)	\$ 1,051,250	\$ -	\$ 4,189,950	\$ 5,241,200	\$ 975,000
Project contributions (Note 6)	739,502	-	-	739,502	224,599
Interest on loan portfolio (Note 6)	-	204,698	-	204,698	209,247
Program fees and other	61,237	-	-	61,237	315,369
Interest on GIC's	12,280	3,382	-	15,662	19,671
Recovery of loss on loans receivable	-	5,393	-	5,393	5,143
	<u>1,864,269</u>	<u>213,473</u>	<u>4,189,950</u>	<u>6,267,692</u>	<u>1,749,029</u>
Expenditures					
Salaries and benefits	980,312	-	-	980,312	903,672
Forgiven loans	-	-	696,625	696,625	-
Program expenses	359,146	-	-	359,146	182,752
Loss on loans receivable (Note 3)	-	341,714	-	341,714	189,264
Office	140,018	-	-	140,018	47,485
Professional fees	125,606	-	-	125,606	100,280
Marketing	96,887	-	-	96,887	64,482
Rent	70,421	-	-	70,421	80,543
Audit fee	21,480	-	-	21,480	19,100
Other loan fees	3,741	16,449	-	20,190	26,025
Board expense	17,577	-	-	17,577	12,665
Training	8,089	-	-	8,089	7,155
Amortization of property and equipment	7,483	-	-	7,483	9,118
Insurance	4,967	-	-	4,967	5,096
Travel	4,432	-	-	4,432	102,841
Bank charges and interest	3,149	-	-	3,149	3,749
Repairs and maintenance	-	-	-	-	5,705
	<u>1,843,308</u>	<u>358,163</u>	<u>696,625</u>	<u>2,898,096</u>	<u>1,759,932</u>
Excess (deficiency) of revenues over expenditures	\$ 20,961	\$ (144,690)	\$ 3,493,325	\$ 3,369,596	\$ (10,903)

See accompanying notes to the financial statements.

Alberta Women Entrepreneurs Association Statement of Changes in Net Assets

Year ended March 31

	<u>Unrestricted</u>	<u>Externally restricted loan fund</u>	<u>Externally restricted RRRF fund</u>	<u>Internally restricted</u>	<u>2021 Total</u>	<u>2020 Total</u>
Balance, beginning of year	\$ 262,484	\$ 5,181,307	\$ -	\$ 487,500	\$ 5,931,291	\$ 5,942,194
Excess (deficiency) of revenues over expenditures	<u>20,961</u>	<u>(144,690)</u>	<u>3,493,325</u>	<u>-</u>	<u>3,369,596</u>	<u>(10,903)</u>
Balance, end of year	<u>\$ 283,445</u>	<u>\$ 5,036,617</u>	<u>\$ 3,493,325</u>	<u>\$ 487,500</u>	<u>\$ 9,300,887</u>	<u>\$ 5,931,291</u>

See accompanying notes to the financial statements.

Alberta Women Entrepreneurs Association

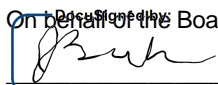
Statement of Financial Position

March 31

	<u>Unrestricted</u>	<u>Externally restricted loan fund</u>	<u>Externally restricted RRRF fund</u>	<u>Internally restricted</u>	<u>2021 Total</u>	<u>2020 Total</u>
Assets						
Current						
Cash and cash equivalents	\$ 222,464	\$ 1,674,848	\$ 1,682,953	\$ 487,500	\$ 4,067,765	\$ 2,405,177
Accounts receivable	317,500	-	29	-	317,529	94,838
Prepays and deposits	43,828	-	-	-	43,828	66,974
Interest receivable	-	9,028	-	-	9,028	-
Current portion of loans receivable (Note 3)	-	948,694	32,196	-	980,890	1,164,923
	<u>583,792</u>	<u>2,632,570</u>	<u>1,715,178</u>	<u>487,500</u>	<u>5,419,040</u>	<u>3,731,912</u>
Long-term loans receivable (Note 3)	-	2,409,541	1,778,147	-	4,187,688	2,475,589
Property and equipment (Note 4)	13,772	-	-	-	13,772	11,198
	<u>\$ 597,564</u>	<u>\$ 5,042,111</u>	<u>\$ 3,493,325</u>	<u>\$ 487,500</u>	<u>\$ 9,620,500</u>	<u>\$ 6,218,699</u>
Liabilities						
Current						
Accounts payable and accrued liabilities	\$ 204,206	\$ 5,494	\$ -	\$ -	\$ 209,700	\$ 159,752
Unearned revenue	61,163	-	-	-	61,163	46,406
Deferred operating contributions (Note 5)	48,750	-	-	-	48,750	81,250
	<u>314,119</u>	<u>5,494</u>	<u>-</u>	<u>-</u>	<u>319,613</u>	<u>287,408</u>
Net Assets						
Externally restricted	-	5,036,617	3,493,325	-	8,529,942	5,181,307
Internally restricted (Note 10)	-	-	-	487,500	487,500	487,500
Unrestricted	283,445	-	-	-	283,445	262,484
	<u>283,445</u>	<u>5,036,617</u>	<u>3,493,325</u>	<u>487,500</u>	<u>9,300,887</u>	<u>5,931,291</u>
	<u>\$ 597,564</u>	<u>\$ 5,042,111</u>	<u>\$ 3,493,325</u>	<u>\$ 487,500</u>	<u>\$ 9,620,500</u>	<u>\$ 6,218,699</u>

Commitments (Note 7)

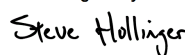
On behalf of the Board



Director

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Director

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See accompanying notes to the financial statements.

Alberta Women Entrepreneurs Association

Statement of Cash Flows

Year Ended March 31

2021

2020

	<u>Unrestricted</u>	<u>Externally restricted loan fund</u>	<u>Externally restricted RRRF fund</u>	<u>Total</u>	<u>Total</u>
Operating					
Excess (deficiency) of revenues over expenditures	\$ 20,961	\$ (144,690)	\$ 3,493,325	\$ 3,369,596	\$ (10,903)
Amortization of property and equipment	7,483	-	-	7,483	9,118
Forgiven loans	-	-	696,625	696,625	-
Loss on loans receivable	-	341,714	-	341,714	189,264
	<u>28,444</u>	<u>197,024</u>	<u>4,189,950</u>	<u>4,415,418</u>	<u>187,479</u>
Change in non-cash operating working capital:					
Accounts receivable	(222,662)	-	(29)	(222,691)	(24,943)
Loans advanced	-	(1,159,981)	(2,546,500)	(3,706,381)	(1,346,790)
Loan payments received	-	1,100,444	39,532	1,139,976	1,158,291
Interest receivable	-	(9,028)	-	(9,028)	9,790
Prepays and deposits	23,146	-	-	23,146	(19,105)
Accounts payable and accrued liabilities	50,644	(696)	-	49,948	43,316
Unearned revenue	14,757	-	-	14,757	(137,102)
Deferred operating contributions	(32,500)	-	-	(32,500)	-
	<u>(138,171)</u>	<u>127,863</u>	<u>1,682,953</u>	<u>1,672,645</u>	<u>(129,064)</u>
Investing activities					
Purchase of property and equipment	(10,057)	-	-	(10,057)	(5,598)
Net increase (decrease) in cash and cash equivalents	(148,228)	127,863	1,682,953	1,662,588	(134,662)
Cash and cash equivalents (Note 9)					
Beginning of year	<u>858,192</u>	<u>1,546,985</u>	<u>-</u>	<u>2,405,177</u>	<u>2,539,839</u>
End of year	<u>\$ 709,964</u>	<u>\$ 1,674,848</u>	<u>\$ 1,682,953</u>	<u>\$ 4,067,765</u>	<u>\$ 2,405,177</u>

Supplemental cash flow information (Note 9)

See accompanying notes to the financial statements.

Alberta Women Entrepreneurs Association

Notes to the Financial Statements

Year ended March 31, 2021

1. Purpose of the organization

Alberta Women Entrepreneurs Association (the "Association") is a non-profit entity incorporated under the Act of Alberta Legislature of Alberta on May 23, 1995 and commenced operations on June 1, 1995. The Association's objective is to aid in the establishment, growth, and expansion of businesses owned and operated by women throughout Alberta. No provision for corporate income taxes has been made in these financial statements pursuant to section 149(1)(l) of the Income Tax Act, Canada.

In March 2020, the World Health Organization declared a global pandemic related to the COVID-19 virus. The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, organizations are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services have triggered significant disruptions to operations worldwide, resulting in an economic slowdown. Governments and central banks have responded with monetary and fiscal interventions to stabilize the economic conditions.

As a result of the public health measures introduced by governments in response to COVID-19, the Association reverted to an online service delivery model for its programs and core operations. The Association also entered into an agreement with Western Economic Diversification Canada to administer loans under the Regional Relief and Recovery Fund (RRRF) established as part of the Government of Canada's COVID-19 economic response plan (Note 6).

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, continue to remain unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position of the Organization for future periods.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

Use of estimates and measurement uncertainty

In preparing financial statements in conformity with ASNPO, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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. Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Actual results could differ from those estimates. The significant estimate included in these financial statements is the allowance for loan losses.

Alberta Women Entrepreneurs Association

Notes to the Financial Statements

Year ended March 31, 2021

2. Summary of significant accounting policies (cont'd)

Revenue recognition

The Association follows the restricted fund method of accounting for contributions. Revenues and expenses related to service delivery and operating activities are reported in the unrestricted fund. Loan fund contributions from Western Economic Diversification are direct increases to the externally restricted loan fund. Regional Relief and Recovery (RRRF) loan fund contributions are direct increases of the externally restricted RRRF fund.

Restricted contributions for the purchase of property and equipment are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired property and equipment.

Restricted contributions related to operations are recognized as revenue of the Unrestricted fund in the year in which the related expenses are incurred. Funds received in advance of the expenditures are reported as deferred operating contributions.

Interest income is recognized as revenue when earned into the appropriate fund in which it has been earned. Program fees are recognized as revenue at the point in time when the event is held.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Property and equipment

Purchased property and equipment is recorded at cost, less accumulated amortization. Contributed property and equipment is recorded at fair value at the date of contribution.

Amortization is calculated using the following methods and rates:

Computer hardware and software	3 years, straight line
Furniture and fixtures	5 years, straight line
Office equipment	5 years, straight line
Leasehold improvements	straight line over remaining lease term

Impairment of long-lived assets

The Association tests for impairment when events or changes in circumstances indicate the carrying amount of an item or class of property and equipment may not be recoverable. The recoverability of long-lived assets is based on the net recoverable amounts determined on an undiscounted cash flow basis. If the carrying amount of an asset exceeds its net recoverable amount, an impairment loss is recognized to the extent that fair value is below the asset's carrying amount. Fair value is determined based on quoted market prices where available, otherwise on discounted cash flows over the life of the asset.

Alberta Women Entrepreneurs Association

Notes to the Financial Statements

Year ended March 31, 2021

2. Summary of significant accounting policies (cont'd)

Loans receivable

Loans receivable are initially recorded at face value, net of anticipated forgiveness and losses. This constitutes a departure from Canadian accounting standards for not-for-profit organizations which require that when a financial asset is originated or acquired or a financial liability is issued or assumed in an arm's length transaction, an enterprise shall measure it at its fair value. Fair value is the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The loans receivable contain interest and repayment terms (Note 3) which include, for certain instruments, terms such as interest free periods.

Loan forgiveness in the RRRF fund is recognized in full at the time of entering into the loans receivable. Borrowers may ultimately not qualify for forgiveness, in which case, the Association will recognize a recovery of amounts previously forgiven (Note 3).

Loans are extended to each borrower under the Association's normal credit standards, controls, and monitoring features. Most credit arrangements are short-term in nature and terms generally do not exceed five years. Credit terms provide for fixed interest rates at the time of approval of the loan, with blended principal and interest repayments. The Association evaluates each loan's status throughout the year for non-performance.

Loans are recognized as being impaired when, in management's opinion, there is a reasonable doubt to the collectability of some or all of the principal or interest. When a loan is classified as impaired, recognition of interest ceases and the impaired loans are reduced to their estimated realizable value, net of collateral expected to be collected and costs of realization. Loan costs to realize the security are charged to the externally restricted loan fund.

Financial instruments

Initial measurement:

The Association's financial instruments are measured at fair value when issued or acquired except for loans receivable. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related transaction costs.

Subsequent measurement:

At each reporting date, the Association measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets). The financial instruments measured at amortized cost are cash and cash equivalents, accounts receivable, interest receivable and accounts payable and accrued liabilities. The carrying value of current financial instruments approximates their fair value due to the short-term nature, unless otherwise noted.

Donated materials and contributed services

Donated materials and contributed services are recorded at fair value when the fair value can be reasonably estimated and when the materials or services are normally purchased by the Association.

Volunteers assist the Association in carrying out certain activities. Due to the difficulty of determining the fair value and the fact that such assistance is generally not otherwise purchased, volunteer services are not recognized in the financial statements.

Alberta Women Entrepreneurs Association

Notes to the Financial Statements

Year ended March 31, 2021

3. Loans receivable

	Externally restricted loan fund	Externally restricted RRRF fund	<u>2021</u>	<u>2020</u>
Loans issued	\$ 4,351,332	\$ 2,506,968	\$ 6,858,300	\$ 4,391,439
Less:				
loan forgiveness	-	(696,625)	(696,625)	-
allowance for loan losses	<u>(993,097)</u>	<u>-</u>	(993,097)	<u>(750,927)</u>
	3,358,235	1,810,343	5,168,578	3,640,512
Less: current portion	<u>948,694</u>	<u>32,196</u>	980,890	<u>1,164,923</u>
Long-term loans receivable	<u>\$ 2,409,541</u>	<u>\$ 1,778,147</u>	\$ 4,187,688	<u>\$ 2,475,589</u>

Externally restricted loan fund

The loans bear fixed interest rates ranging from 4.45% to 6.95% per annum. Repayment terms of the loans within the portfolio vary depending on the length of the term and individual agreement terms. The loans have maturity dates ranging from April 7, 2021 to April 15, 2026.

Factors that management considers may indicate deterioration in loan quality include:

- financial statements that portray a decline in the current financial position of the borrower;
- a significant decline in the value of security underlining the loan; and
- a current default in making interest and/or principal payments when due.

At year-end, the Association assessed each loan to determine the ultimate collectability and reduced its loan portfolio balance by \$993,097 (2020 - \$750,928). This represents specific identification of allowance for loan losses.

	<u>2021</u>	<u>2020</u>
Increase in allowance for loan losses	\$ 242,170	\$ 149,394
Loans written off during the year	<u>99,544</u>	<u>39,870</u>
Net provision for loan losses	\$ 341,714	<u>\$ 189,264</u>

Externally restricted RRRF fund

The loans are interest-free until December 31, 2022; any unpaid loan balance at that time will be converted to a three-year term loan with interest rates up to 5%, with the full balance repayable no later than December 31, 2025. If the loan is repaid prior to December 31, 2022, a portion of the loan balance will be forgiven (see Note 6).

Alberta Women Entrepreneurs Association

Notes to the Financial Statements

Year ended March 31, 2021

4. Property and equipment

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2021 Net Book Value</u>	<u>2020 Net Book Value</u>
Computer hardware	\$ 68,072	\$ 57,389	\$ 10,683	\$ 7,024
Software	46,062	46,062	-	1,263
Furniture and fixtures	40,928	40,276	652	1,233
Office equipment	7,336	4,899	2,437	1,678
Leasehold improvements	<u>129,322</u>	<u>129,322</u>	<u>-</u>	<u>-</u>
	<u>\$ 291,720</u>	<u>\$ 277,948</u>	<u>\$ 13,772</u>	<u>\$ 11,198</u>

5. Deferred operating contributions

Deferred operating contributions represent contributions that have not been spent as of year-end and have been received to fund operating activities.

	<u>2021</u>	<u>2020</u>
Deferred contributions, beginning of year	\$ 81,250	\$ 81,250
Contributions received during the year	1,018,750	975,000
Amortized to revenue	<u>(1,051,250)</u>	<u>(975,000)</u>
Deferred contributions, end of year	<u>\$ 48,750</u>	<u>\$ 81,250</u>

6. Contributions

The prior Contribution Agreement with Western Economic Diversification dated March 19, 2018 was amended on July 7, 2020 to provide for a \$2,000,000 contribution to establish a Regional Relief and Recovery (RRRF) loan fund to assist businesses recover from the impacts of the COVID-19 pandemic. The RRRF is intended to address gaps left by other federal relief measures. As well an additional \$75,000 in operational funding was provided to assist with RRRF operational costs.

On the following dates additional agreement amendments were executed as follows:

- i) December 10, 2020 amendment to increase the RRRF loan fund by an additional \$500,000 and an additional \$50,000 in RRRF operational funding.
- ii) January 28, 2021 amendment to increase the RRRF loan fund by an additional \$1,689,950.
- iii) March 31, 2021 amendment intended to replace the March 19, 2018 Contribution Agreement (Agreement) and whose term will expire on March 31, 2026.

Alberta Women Entrepreneurs Association

Notes to the Financial Statements

Year ended March 31, 2021

6. Contributions (cont'd)

Loan funds received from Western Economic Diversification restricted for use in the loan program are recorded in the externally restricted loan fund. Contributions for the loan program are conditionally repayable in any of the following events or circumstances:

- i) An event of default occurs;
- ii) The Agreement is terminated; The Agreement expires at the expiration date and the Minister does not extend the Term of the Agreement;
- iii) The loan fund is not administered according to the terms and conditions specified by the agreement;
- iv) The loan fund is no longer necessary or relevant to the development of the western Canadian economy;
- v) The Minister determines that the loan fund is no longer providing a satisfactory level of benefits in terms of the development and growth of women-owned or controlled businesses, including employment creation, and the strengthening of the economy in Western Canada.

Interest received on the loan funds is recorded in the externally restricted loan fund to be used for additional loans.

As described above, during the current year, the Association received a total of \$4,189,950 in RRRF loan funds that contained the following terms and conditions:

- i) The maximum loan granted to a women entrepreneur or a women-owned/-led business may not exceed \$60,000;
- ii) 0% interest and no principal payments until December 31, 2022;
- iii) Principal repayments can be voluntarily made at any time on or before December 31, 2022 at the discretion of the borrower;
- iv) On the first \$40,000 portion of the loan, 25% (not to exceed \$10,000) can be forgiven provided the Client has repaid 75% of the original loan amount prior to December 31, 2022;
- v) For loans higher than \$40,000, the borrower must first utilize \$40,000 with 25% forgivable before accessing any additional funds;
- vi) On the portion of the loan between \$40,000 and \$60,000, provided that 50% of the loan is repaid on or before December 31, 2022, the remaining 50% balance of the loan, to the maximum of \$10,000, shall be forgiven and need not be repaid; and
- vii) If the Client is unable to repay the loan by December 31, 2022, the loan will be converted to a three-year term loan with interest rates up to 5%, effective January 1, 2023. The full balance must be repaid no later than December 31, 2025.

The RRRF loan fund contributions are contingently repayable to the Minister of Western Economic Diversification if any of the contributions are not disbursed or not yet committed by June 30, 2021. As of June 28, 2021, funds have been either disbursed or committed in the amount of \$1,682,982.

Alberta Women Entrepreneurs Association

Notes to the Financial Statements

Year ended March 31, 2021

6. Contributions (cont'd)

Lastly, the Association signed a Project Agreement with the Minister in the current fiscal year to train women entrepreneurs in digital business applications. Activities include hiring incremental staff, engaging consultants, holding training seminars, and developing and disseminating promotional/marketing materials. The project is committed for \$1,690,000 for a period of four years ending March 31, 2023. In the current year \$524,289 has been recognized as project contribution revenue and a total of \$628,003 has been recognized to date.

7. Commitments

The Association has entered into an operating lease agreement for the Edmonton location office space, expiring July 31, 2022. The Association is obligated to make the following annual minimum lease payments:

2022	\$41,127
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8. Financial instrument risks

The Association's main financial instrument risk exposure is detailed as follows:

The Association is exposed to credit risk from borrowers. Credit risk arises from the possibility that the individuals to which the Association lends money may experience financial difficulty and be unable to fulfil their obligations. This risk is mitigated by proactive loan management policies that include regular monitoring of the debtor's payment history and performance. The Association's loan receivable balance is made up of numerous and diverse receivables, which reduces the concentration of credit risk. The Association has considered the future possible impacts of COVID-19 on its credit risk from borrowers and monitors this risk on an individual loan basis.

Interest rate risk refers to the adverse consequences of interest rate changes on the Association's cash flows. This risk arises from differences in the timing and amount of cash flows related to the Associations' interest bearing assets. The Association's primary source of interest rate risk is its loans receivable, which carry variable rates of interest.

The Association is exposed to liquidity risk as the Association could encounter difficulty in meeting obligations associated with its financial liabilities. The Association's approach to managing liquidity risk is to ensure that it has sufficient cash flows to fund its operations and to meet its obligations when due, under both normal and stressed conditions. The Association does not consider itself to have significant exposure to liquidity risk.

Alberta Women Entrepreneurs Association

Notes to the Financial Statements

Year ended March 31, 2021

9. Supplemental cash flow information

	<u>2021</u>	<u>2020</u>
Interest received	\$ <u>211,332</u>	\$ <u>238,708</u>

Cash and cash equivalents are comprised of the following:

Cash	\$ <u>3,367,765</u>	\$ 1,205,177
Short term investments (cashable guaranteed investment certificates)	<u>700,000</u>	<u>1,200,000</u>
	<u>\$ 4,067,765</u>	<u>\$2,405,177</u>

Bank indebtedness represents cheques issued in excess of the bank balance.

The Association has a demand operating facility available for a total of \$200,000 bearing interest at bank prime plus 0.5%. In the current year, \$nil (2020 - \$nil) has been drawn on this facility. The security for the facility is an assignment of term deposits and credit balances.

10. Interfund transfers

The Association internally restricts the use of cash reserves of \$487,500 (2020 - \$487,500) for the explicit purpose of budget shortfalls.

During the year, an interfund transfer in the amount of \$nil (2020 - \$21,544) was made from unrestricted net assets to internally restricted net assets to fund future budget shortfalls.