

Community Futures Development
Corporation of Central Kootenay
Financial Statements
For the Year Ended March 31, 2023

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Community Futures Development Corporation of Central
Kootenay
Financial Statements
For the Year Ended March 31, 2023

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Independent Auditor's Report

To the Directors of Community Futures Development Corporation of Central Kootenay

Opinion

We have audited the financial statements of Community Futures Development Corporation of Central Kootenay (the Corporation), which comprise the statement of financial position as at March 31, 2023, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2023, and its financial performance and 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 Corporation 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.

Other Matter

The financial statements of the Corporation for the year ended March 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on November 8, 2022.

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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

BDO Canada LLP

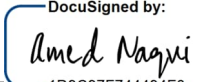
Chartered Professional Accountants

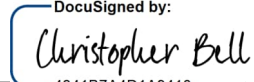
Salmon Arm, British Columbia
September 25, 2023

Community Futures Development Corporation of Central Kootenay Statement of Financial Position

March 31	General and Projects Fund	Investment Fund	2023 Total	2022 Total
Assets				
Current				
Cash (Note 2)	\$ 699,935	\$ 2,181,931	\$ 2,881,866	\$ 2,933,023
Accounts receivable	274,363	-	274,363	230,962
Current portion of loans receivable (Note 4)	-	785,373	785,373	1,323,803
Prepaid expenses	10,475	-	10,475	14,282
	984,773	2,967,304	3,952,077	4,502,070
Loans receivable (Note 4)	-	5,594,774	5,594,774	5,054,557
Capital Assets (Note 3)	48,168	-	48,168	60,762
Investment in West Kootenay Boundary Investment Co-op	1,000	-	1,000	1,000
Investment in Joint Venture (Note 8)	170,694	-	170,694	188,990
	\$ 1,204,635	\$ 8,562,078	\$ 9,766,713	\$ 9,807,379
Liabilities and Fund Balances				
Current				
Accounts payable and accrued liabilities (Note 9)	\$ 151,213	\$ -	\$ 151,213	\$ 354,381
Unearned revenue	66,798	-	66,798	93,085
Loans payable (Note 10)	-	318,531	318,531	378,110
Interfund balances	(300,000)	300,000	-	-
	(81,989)	618,531	536,542	825,576
Fund Balances				
Invested in capital assets	169,867	-	169,867	199,554
Externally restricted (Note 11)	166,553	7,943,547	8,110,100	7,846,689
Internally restricted (Note 12)	91,691	-	91,691	111,877
Unrestricted	858,513	-	858,513	823,683
	1,286,624	7,943,547	9,230,171	8,981,803
	\$ 1,204,635	\$ 8,562,078	\$ 9,766,713	\$ 9,807,379

On behalf of the Board:

DocuSigned by:

 1D9C97F744494F0... Director

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 4341B7A4D1A9410... Director

The accompanying notes are an integral part of these financial statements.

Community Futures Development Corporation of Central Kootenay
Statement of Changes in Net Assets

For the year ended March 31	2023			2022	
	General Fund	Projects Fund	Investment Fund	Total	Total
Balance, beginning of the year	\$ 1,135,114	\$ 133,747	\$ 7,712,942	\$ 8,981,803	\$ 9,333,775
Excess (deficit) of revenues over expenses	(298,026)	151,067	409,605	262,646	(330,993)
Interfund revenue and expense	120,157	(120,157)	-	-	-
Interfund transfers (Note 12)	179,000	-	(179,000)	-	-
Amortization	(14,278)	-	-	(14,278)	(20,979)
Transfer from operating	(1,896)	1,896	-	-	-
Balance, end of the year	\$ 1,120,071	\$ 166,553	\$ 7,943,547	\$ 9,230,171	\$ 8,981,803

The accompanying notes are an integral part of these financial statements.

Community Futures Development Corporation of Central Kootenay Statement of Operations

For the year ended March 31	2023			2022	
	General Fund	Projects Fund	Investment Fund	Total	Total
Revenue					
Pacific Economic Development Canada and other federal grants	\$ 307,563	\$ 109,709	\$ -	\$ 417,272	\$ 235,421
Provincial grants	1,166,635	233,335	-	1,399,970	1,108,620
Local government grants	-	161,077	-	161,077	133,360
Columbia Basin Trust	-	77,767	-	77,767	627,629
Other grants and contributions	9,643	99,872	-	109,515	110,107
Fees for services	44,617	-	14,720	59,337	44,660
Interest on deposits	23,033	-	68,104	91,137	6,243
Interest on loans receivable	-	-	399,797	399,797	394,957
Rental revenue	83,321	-	-	83,321	73,027
Sponsorship and participants	115	-	-	115	120
	1,634,927	681,760	482,621	2,799,308	2,734,144
Expenses					
Advertising and promotion	4,395	2,080	-	6,475	33,781
Audit and legal fees	35,735	1,820	-	37,555	29,273
Bad debt expense	-	-	53,648	53,648	24,535
Bank charges and interest	7,819	-	19,368	27,187	20,089
Conferences and trade shows	14,310	3,145	-	17,455	14,936
Employee travel and training	13,628	18,100	-	31,728	29,537
Insurance and dues	11,781	35	-	11,816	11,930
Loss on joint venture	88,459	-	-	88,459	87,423
Management fees	1,184	-	-	1,184	35,654
Meetings and director travel	13,937	617	-	14,554	9,758
Office maintenance and supplies	71,386	2,914	-	74,300	100,014
Premises cost	882	-	-	882	11,893
Recruitment	-	-	-	-	1,720
Salaries, benefits, and contractors	763,978	479,975	-	1,243,953	2,117,475
Self-employment supports	883,336	-	-	883,336	409,925
Special projects	13,678	21,737	-	35,415	114,291
Telephone and fax	8,445	270	-	8,715	12,903
	1,932,953	530,693	73,016	2,536,662	3,065,137
Excess (deficiency) of revenues over expenses	\$ (298,026)	\$ 151,067	\$ 409,605	\$ 262,646	\$ (330,993)

The accompanying notes are an integral part of these financial statements.

Community Futures Development Corporation of Central Kootenay Statement of Cash Flows

For the year ended March 31	2023	2022
Cash flows from operating activities		
Cash received from governments and other sources	\$ 2,224,687	\$ 2,393,153
Cash paid to suppliers	(2,572,493)	(2,777,725)
Interest received	399,521	397,557
Interest paid	(7,819)	(8,908)
Principal repayments on loans receivable	1,519,890	1,586,518
New loans disbursed	(1,553,448)	(1,659,947)
	10,338	(69,352)
Cash flows from investing activities		
Purchase of capital assets	(1,685)	(14,166)
Contribution to joint venture	(72,000)	(72,000)
Interest on deposits	91,137	-
	17,452	(86,166)
Cash flows from financing activities		
Repayment of long-term debt	(59,579)	(8,114)
Proceeds from long-term debt	-	355,000
Interest paid on long-term debt	(19,368)	(11,181)
	(78,947)	335,705
Net (decrease) increase in cash	(51,157)	180,187
Cash, beginning of the year	2,933,023	2,752,836
Cash, end of the year	\$ 2,881,866	\$ 2,933,023
Represented by:		
Cash - General and Project Funds	699,935	919,283
Cash - Investment Funds	2,181,931	2,013,740
	\$ 2,881,866	\$ 2,933,023

The accompanying notes are an integral part of these financial statements.

Community Futures Development Corporation of Central Kootenay

Notes to Financial Statements

March 31, 2023

1 . Significant Accounting Policies

Nature and Purpose of Organization	Community Futures Development Corporation of Central Kootenay was incorporated August 24, 1995 without share capital under Part 2 of the Canada Corporations Act for the purpose of providing loans, advice to regional businesses and assistance to individuals to become self-employed or start their own business in the Central Kootenay and surrounding areas.
	The Corporation is exempt from corporate income taxes under the Income Tax Act as a not-for-profit organization.
Basis of Accounting	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Community Futures Development Corporation of Central Kootenay

Notes to Financial Statements

March 31, 2023

1. Significant Accounting Policies (continued)

Fund Accounting

The Corporation follows the restricted fund method of accounting for contributions.

The General Fund accounts for the Corporation's operating costs and general revenues. This fund includes the operating and business centres, as well as the self-employment programs, program delivery and administrative activities. The General Fund reports unrestricted and operating grants.

The Projects Fund reports only externally restricted resources that are to be used for specified projects and programs purposes.

The Investment Fund consists of seven programs provided under the authority of either the Federal or Provincial funding contracts. The funds are used to provide financial assistance in the form of loans to individuals and small businesses in the community according to the following guidelines:

i) Primary Program

Provides loans, normally not exceeding \$150,000, to businesses located in the community that will assist in the creation or maintenance of long-term employment and enhance economic growth in the Central Kootenay community.

ii) Repayable Youth Investment Program

Provides loans, normally not to exceed \$25,000, to businesses owned and operating by persons less than thirty years of age.

iii) Repayable Investment Program

Provides loans, normally not exceeding \$150,000, to small businesses in the community.

iv) Community Business Loans Program

Provides loans, up to a maximum of \$150,000 to businesses in a rural community outside of the Capital Regional District and the Greater Vancouver Regional District in British Columbia and that are in the forest sector, aquaculture, manufacturing, tourism or another prescribed sector of the economy. The fund was created by a \$579,944 contribution from the former Forest Renewal B.C. with a matching contribution from the Corporation.

v) Repayable Disabled Entrepreneurs Investment Fund

Community Futures Development Corporation of Central Kootenay

Notes to Financial Statements

March 31, 2023

1. Significant Accounting Policies (continued)

Provides loans, normally not exceeding \$150,000, to disabled entrepreneurs.

vi) Repayable Micro Loan Fund

Provides loans, not exceeding \$5,000, to small businesses in the community.

vii) CFLIP Investment Fund

Provides loans, with no specified limit, to businesses in the Central Kootenay. The fund is financed by a line of credit, with a maximum of \$1.5 million. The line of credit is administered by Community Futures Development Association of B.C. as part of the Community Futures Lending and Investment Pool (CFLIP) of BC program.

Revenue Recognition

Restricted contributions are recognized as revenue of the appropriate restricted fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. However, if no appropriate restricted fund is presented, then the restricted contribution is recognized as revenue of the General Fund in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue on loans is accrued on a daily basis using the effective interest rates. Rental income is recognized on a monthly basis. Fee-for-service revenue is recognized upon delivery of the service to the customer.

Community Futures Development Corporation of Central Kootenay

Notes to Financial Statements

March 31, 2023

1. Significant Accounting Policies (continued)

Financial Instruments Financial Instruments are recorded at fair value at initial recognition.

In subsequent periods, financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

Tangible Capital Assets Purchased tangible capital assets are stated at cost less accumulated amortization. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the tangible capital asset are capitalized.

Amortization based on the estimated useful life of the asset is calculated as follows:

	Method	Rate
Building improvements	Straight-line	25 years
Building within joint venture	Straight-line	25 years
Computer hardware	Straight-line	3 years
Office equipment	Straight-line	5 years

When a tangible capital asset no longer contributes to an Corporation's ability to provide goods and services, or the future economic benefits or service potential of the tangible capital asset is less than its carrying value, the excess of its net carrying amount over its fair value or replacement cost is recognized as an expense in the statement of operations.

When a tangible capital asset is disposed of, the difference between the net proceeds on disposition and the net carrying amount is recognized in the statement of operations.

Community Futures Development Corporation of Central Kootenay

Notes to Financial Statements

March 31, 2023

1. Significant Accounting Policies (continued)

Loans Receivable	All interest income on loans receivable is recorded on an accrual basis. The Corporation ceases to accrue interest on doubtful loans. The loss provision is determined by management after the review of its loan portfolio, security thereto, and payments received. The methodology and assumptions used for estimating future cash flows are reviewed regularly by management to reduce the differences between loss estimates and actual loss experience.
RRRF Loan Program	The Community Futures Regional Relief and Recovery Fund ("RRRF") is an emergency relief program to be administered by the Lender and the Borrower in association with the Government of Canada ("GOC") in the context of the COVID-19 pandemic. Eligible borrowers will have access to interest-free, partially forgivable loans to help cover operating costs during a period when their revenues have been temporarily reduced. Loans advanced under the RRRF program are not recognized on the statement of net assets of the Corporation as they are funded by the GOC and all of the resulting cash flows and associated risks and rewards, including any exposure of payment defaults and principal forgiveness are assumed by the GOC. The Corporation collects an administration fee which is intended to reimburse the costs of administering the loans.
Investment in Joint Venture	The Corporation uses the equity method to account for its investment in the Gray Building.
Impairment of Long-Lived Assets	The Corporation assesses long-lived assets for impairment when events or changes in circumstances indicate that their carrying value may not be recoverable. An impairment loss is recognized on a long-lived asset when its carrying value exceeds the total undiscounted cash flows expected from its use and eventual disposal. The amount of the impairment loss is equal to the excess of the asset's carrying value over its fair value. No impairment loss was recognized by the Corporation in the current year.

Community Futures Development Corporation of Central Kootenay

Notes to Financial Statements

March 31, 2023

1. Significant Accounting Policies (continued)

Measurement Uncertainty The preparation of financial statements in accordance 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. Actual results could differ from those reported. Significant items requiring the use of estimates include the loan loss provision, the useful lives of tangible capital assets and impairment of long-lived assets.

Community Futures Development Corporation of Central Kootenay Notes to Financial Statements

March 31, 2023

2. Cash

The Corporation has available to it three lines of credit totaling \$250,000. The lines of credit bear interest at the prime rate plus 1%. The prime rate at March 31, 2023 was 6.70%. At March 31, 2023, the Corporation had not drawn upon these lines of credit.

3. Capital Assets

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Building				
improvements	\$ 103,892	\$ 58,942	\$ 103,892	\$ 54,787
Computer hardware	193,433	190,215	191,748	182,304
Office equipment	222,083	222,083	222,083	219,870
	\$ 519,408	\$ 471,240	\$ 517,723	\$ 456,961
Net book value		\$ 48,168		\$ 60,762

Building and land held by the Corporation are not shown above because they are included in the investment in joint venture (Note 8).

Community Futures Development Corporation of Central Kootenay Notes to Financial Statements

March 31, 2023

4. Loans Receivable

Loans receivable in the investment fund are as follows:

	2023	2022
Primary Program	\$ 4,633,400	\$ 4,505,504
Community Business Program	1,064,719	1,079,424
Repayable Youth Investment Program	165,297	188,326
Repayable Investment Program	398,053	484,409
Repayable SE Micro Loan Program	4,030	4,983
Repayable Disabled Loan Program	-	1,095
Repayable CFLIP	314,142	345,884
	6,579,641	6,609,625
Allowance for impaired loans	(199,494)	(231,265)
	6,380,147	6,378,360
Current portion	785,373	1,323,803
	\$ 5,594,774	\$ 5,054,557

Included in loans receivable in the investment fund are 14 loans over \$150,000 totaling \$3,057,849.

The loans receivable are due in monthly payments including interest at rates varying from 5.00% to 11.45% (2022 - 5.45% to 8.95%) and are secured by one, or a combination of debentures, personal guarantees, promissory notes, mortgages and other charges on property. A significant portion of the loans are to individuals or corporations involved in or starting a small business, and as such, the Corporation is exposed to all the risks associated with that segment of the industry.

5. RRRF Loan Program

In association with the Government of Canada (GOC), loans advanced under the RRRF program are not recognized on the statement of net assets of the Corporation as they are funded by the GOC and all of the resulting cash flows and associated risk and rewards including any exposure of payment defaults and principal forgiveness are assumed by the GOC. These distributed loan funds administered by the Corporation have not been included in the statement of financial position.

	2023	2022
RRRF loans receivable	\$ 2,027,038	\$ 2,285,996
RRRF loans payable	(2,027,038)	(2,285,996)
	\$ -	\$ -

Community Futures Development Corporation of Central Kootenay

Notes to Financial Statements

March 31, 2023

6. Participation Loans

Fifteen loans are administered by the Corporation under a loan participation agreement. Under the agreement, the Corporation administers the funds provided by Community Futures of other districts, holds the security, and receives all payments on account of the loan as trustee for the partners.

Under six additional participation agreements, the Corporation participated in loans that are being administered by another Community Futures office. The Corporation contributed a portion of the lending capital and will be receiving its portion of interest and capital as payments from the client are being collected by that Community Futures office. Full administration of the loan, including holding the security, is under the responsibility of that Community Futures office.

These financial statements disclose only the portion of participation loans advanced by Community Futures Development Corporation of Central Kootenay.

7. Impact Investment Fund

The Impact Investment Fund Participation Agreement was entered into by Columbia Basin Trust Commercial Finance Corp (CBT) and Community Futures Development Corporation of Central Kootenay in October 2015. Lending activities began in 2016-2017. During this fiscal year, no new loans were approved under the Agreement, with a total of eight loans administered under the agreement by the Corporation.

The Fund supports businesses in the Columbia Basin with investment capital where financial return is not the primary focus and consideration is given to social, environmental, economic, and community development benefits.

Under the Agreement, the Corporation receives and reviews applications following its normal lending practices. Once deemed eligible for consideration under the Fund, the application is sent to CBT's adjudication committee.

When a loan is approved, it is fully administered by the Corporation. The level of participation from CBT and from the Corporation does not follow any particular ration and security held, if any, secures the Corporation's portion first. CBT transfers funds to the Corporation only when the Corporation is ready to disburse to the client. In the event of default, the Corporation is not liable for any receivable amount on the CBT portion of the loan. CBT will assume the loss following normal effort to collect.

Community Futures Development Corporation of Central Kootenay

Notes to Financial Statements

March 31, 2023

8. Investment in Joint Venture

The Corporation uses the equity method to account for its individual 40% beneficial interest in the ownership of the Gray Building in Nelson, B.C. The Gray Building is operated under a joint venture agreement with two private parties who own the remaining 60% of the building. The building is registered to a numbered company with the beneficial interest transferred to the Corporation through a bare trust agreement. For purposes of applying the equity method of accounting, the unaudited financial statements of the joint venture for the year ended December 31, 2022, have been used. No adjustments have been made for the effects of any transactions between that date and March 31, 2023.

Summarized financial information for the 40% interest is as follows:

	December 31, 2022	December 31, 2021
Current assets	\$ 53,450	\$ 54,868
Land	61,872	61,872
Building	427,327	427,327
Accounts payable	(4,455)	(4,670)
Total equity per joint venture	538,194	539,397
Accumulated amortization of building	(367,500)	(350,407)
Total investment in joint venture	<u>\$ 170,694</u>	<u>\$ 188,990</u>

Under the agreement, the Corporation has exclusive use of the 2nd floor of the building.

During the year, the Corporation made a contribution to the joint venture of \$72,000. The corporation's net equity expense from the joint venture of \$71,365, excluding amortization, is included in the loss on joint venture. Amortization expense is not recorded in the joint venture, and is separately recorded by the Corporation. Amortization expense of \$17,093 is recorded to the loss on joint venture.

9. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$22,021 (2022 - \$19,063).

Community Futures Development Corporation of Central Kootenay
Notes to Financial Statements

March 31, 2023

10. Loans Payable

	<u>2023</u>	<u>2022</u>
Community Futures Lending and Investment Pool - line of credit repayable to Community Futures of British Columbia at a monthly interest rate equal to the prime rate of 6.70%. This line of credit has a maximum borrowing amount of \$1,500,000 and is secured by a General Security Agreement from the Corporation	\$ 303,800	\$ 355,000
Loan from the Southern Interior Development Initiative Trust to form part of a loan to a specific client. Repayment consists of the proportionate share of the principal plus the proportionate amount of interest collected from the client.	<u>14,731</u>	<u>23,110</u>
	<u>\$ 318,531</u>	<u>\$ 378,110</u>

Community Futures Development Corporation of Central Kootenay Notes to Financial Statements

March 31, 2023

11. External Restrictions on Net Assets

Projects Fund

Externally restricted balances in the Projects Fund represent the unexpended portion of funds received for specified projects and programs as follows:

	2023	2022
Basin Business Advisors Program - CBT	\$ -	\$ (512)
Cannabis Business Transition Initiative - Province of BC	9,207	14,744
Cannabis Economic Development Council - RDCK	-	11,948
Community Futures Pan West Cyber Security Initiative	(35)	-
Export Navigator - Small Business BC	8,846	14,389
Greater Nelson Workforce Housing Study - RDCK Areas E&F & City of Nelson	17,425	-
Kootenay Business Transition and Investment Attraction - Province of BC	19,517	18,977
Nelson & Area Economic Development Partnership - City of Nelson & RDCK Areas E&F	39,322	20,356
Rural and Northern Immigration Pilot - Rural Opportunities Fund & ETSI-BC	(8,187)	32,000
Slocan Valley Economic Development - RDCK, CBT, Province of BC & ETSI-BC	458	22,281
Tech Grant - CBT	-	(436)
West Kootenay Recruitment Agency - Province of BC	80,000	-
	\$ 166,553	\$ 133,747

Community Futures Development Corporation of Central Kootenay

Notes to Financial Statements

March 31, 2023

11. External Restrictions on Net Assets (continued)

Investment Funds

Externally restricted balances in the Investment Funds are as follows:

	2023	2022
Primary Fund		
Principal contribution	\$ 1,483,000	\$ 1,483,000
Retained surplus	3,458,088	3,323,049
	4,941,088	4,806,049
Community Business Fund		
Principal contribution	1,159,888	1,159,888
Retained surplus	656,271	620,633
	1,816,159	1,780,521
Repayable Youth Fund		
Principal contribution	200,000	200,000
Retained surplus	226,372	205,591
	426,372	405,591
Repayable Investment Fund		
Principal contribution	300,000	300,000
Retained surplus	447,456	410,375
	747,456	710,375
Repayable Disabled Fund		
Principal contribution	200,000	200,000
Retained deficit	(200,788)	(200,000)
	(788)	-
Micro Loan Fund		
Retained surplus	7,682	8,677
CFLIP Investment Fund		
Retained surplus	4,029	1,478
RRRF Fund		
Retained surplus	1,549	251
	\$ 7,943,547	\$ 7,712,942

Investment Fund balances are externally restricted per the agreements under which they are established. They may become repayable if the following conditions occur:

- In the opinion of the Minister, the Fund is no longer necessary or relevant to the development of the Western Canadian economy;

Community Futures Development Corporation of Central Kootenay

Notes to Financial Statements

March 31, 2023

11. External Restrictions on Net Assets (continued)

- The Agreement is terminated in accordance with the provisions of the Agreement;
 - An event of default by the Corporation occurs, as described in the Agreement;
 - The Minister does not approve terms and conditions to extend the Project beyond the Completion Date;
 - The Investment Fund is not administered in accordance with the provisions of the Agreement or with the Corporation's written policies governing its administration; or
 - Following a review and evaluation by Pacifican of the results being achieved by the Corporation's operations and administration of the Investment Fund, the Minister determines that the Investment Fund is no longer providing a satisfactory level of benefits in terms of the development and growth of SMEs and Social Enterprises, including employment creation and strengthening of the economy in Western Canada.
-

12. Interfund Transfers and Internal Restrictions on Net Assets

Internally restricted funds are established and dissolved by Board motion. The amounts relate to excess contributions over expenditures on a project by project basis. The overall purpose of restricting funds is to provide for future needs of the Organization and to ensure that the spending of those funds supports the purposes for which they were established. The funds are not normally intended as a substitute for an annual provision for capital in the operating budget. Unless dissolved by Board motion, the balance in these accounts will carry forward from year to year.

	2023	2022
Opening internally restricted funds	\$ 111,877	\$ 198,364
Addition to (use of) internally restricted funds	(20,186)	(72,114)
Transfer of internally restricted to Business Centre	-	(14,373)
Ending balance	<u>\$ 91,691</u>	<u>\$ 111,877</u>

13. Net Assets Invested in Capital Assets

The investment in capital assets is represented by the following:

	2023	2022
Net book value of tangible capital assets	\$ 48,168	\$ 60,762
Net book value of proportionate share of tangible capital assets in the joint venture	121,699	138,792
	<u>\$ 169,867</u>	<u>\$ 199,554</u>

Community Futures Development Corporation of Central Kootenay

Notes to Financial Statements

March 31, 2023

14. Transfers

The transfer between the Investment Fund and General Fund represents the amount approved in the operating plan of the Contribution Agreement with the Minister of Pacifican for administrative costs of the investment program and economic development activities, and staffing and the allocation of eligible costs from the Community Business Loan Fund.

15. Financial Instruments

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations. The Corporation is exposed to credit risk arising from its loans receivable. Credit risk is minimized through diversification of the client base and limiting exposure to any one client. Collateral security and management's continuous review of client payments further minimizes credit risk.

Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Corporation will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Corporation is exposed to this risk mainly in respect of its accounts payable, accrued liabilities and loans repayable.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of loans receivable. Fixed-interest instruments subject the Corporation to a fair value risk while the floating rate instruments subject it to a cash flow risk.

Community Futures Development Corporation of Central Kootenay

Notes to Financial Statements

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16. Remuneration of Directors, Employees and Contractors

The Society Act (British Columbia) requires certain information to be reported with regards to remuneration of employees, contractors and directors.

Included in wages and benefits are three employees and two contractors (2022 - six employees and four contractors) with remuneration over \$75,000 each. The total remuneration paid to these individuals for the year ended March 31, 2023 was \$426,526 (2022 - \$882,418). No honoraria were paid to members of the Board of Directors for the 2023 and 2022 years.

17. Economic Dependence

The Corporation received 65% (2022 - 49%) of its operating revenue from the Federal and Provincial governments and is economically dependent upon them for its continuation.

18. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

Community Futures Development Corporation of Central Kootenay Schedule 1 - General and Projects Fund Revenue, Expenditures, and Fund Balance

For the year ended March 31	Operating Centre	Business Centre	Projects	Self Employment	2023	2022
Revenue						
Pacific Economic Development Canada and other federal grants	\$ 307,563	\$ -	\$ 109,709	\$ -	\$ 417,272	\$ 235,421
Provincial grants	-	-	233,335	1,166,635	1,399,970	1,108,620
Local government grants	-	-	161,077	-	161,077	133,360
Columbia Basin Trust	-	-	77,767	-	77,767	627,629
Other grants and contributions	9,643	-	99,872	-	109,515	110,107
Fees for services	28,737	15,880	-	-	44,617	32,312
Interest on deposits	11,755	10,532	-	746	23,033	3,644
Rental revenue	-	83,321	-	-	83,321	73,027
Sponsorship and participants	115	-	-	-	115	120
	357,813	109,733	681,760	1,167,381	2,316,687	2,324,240
Expenditures						
Advertising and promotion	2,339	216	2,080	1,840	6,475	33,781
Audit and legal fees	28,964	271	1,820	6,500	37,555	29,273
Bank charges and interest	5,259	63	-	2,497	7,819	8,908
Conferences and trade shows	14,285	-	3,145	25	17,455	14,936
Employee travel and training	13,121	-	18,100	507	31,728	29,537
Insurance and dues	9,088	-	35	2,693	11,816	11,930
Loss on joint venture	-	88,459	-	-	88,459	87,423
Management fees	1,184	-	-	-	1,184	35,654
Meetings and director travel	13,867	-	617	70	14,554	9,758
Office Expenses	55,896	496	2,914	14,994	74,300	100,014
Premises cost	882	-	-	-	882	11,893
Recruitment	-	-	-	-	-	1,720
Salaries, wages, and contractors	539,825	3,757	479,975	220,396	1,243,953	2,117,475
Self-Employment Supports	-	-	-	883,336	883,336	409,925
Special projects	10,839	840	21,737	1,999	35,415	114,291
Telephone and fax	6,406	321	270	1,718	8,715	12,903
	701,955	94,423	530,693	1,136,575	2,463,646	3,029,421
Excess (Deficiency) of Revenue over Expenditures						
	(344,142)	15,310	151,067	30,806	(146,959)	(705,181)
Fund Balances, Beginning of Year	245,806	822,293	133,747	67,015	1,268,861	1,800,022
Transfer from Investment fund	179,000	-	-	-	179,000	195,000
Transfer from Business Centre	43,000	(43,000)	-	-	-	-
Interfund revenue and expenses	128,805	40,810	(120,157)	(49,458)	-	-
Amortization	(8,184)	(6,094)	-	-	(14,278)	(20,979)
Transfer from operating	(1,896)	-	1,896	-	-	-
Fund Balances, End of Year	\$ 242,389	\$ 829,319	\$ 166,553	\$ 48,363	\$ 1,286,624	\$ 1,268,862

Community Futures Development Corporation of Central Kootenay Schedule 2 - Investment Fund Assets, Liabilities, and Fund Balance

For the year ended March 31	Primary	Disabled	Repayable	Community Business	Micro	Youth	CFLIP	RRRF	2023	2022
Current Assets										
Cash	\$ 1,164,558	\$ 11,221	\$ 357,207	\$ 382,990	\$ 5,051	\$ 256,669	\$ 187	\$ 4,048	\$ 2,181,931	\$ 2,013,740
	1,164,558	11,221	357,207	382,990	5,051	256,669	187	4,048	2,181,931	2,013,740
Loans Receivable	4,480,206	-	390,253	1,044,219	2,630	157,697	307,642	(2,500)	6,380,147	6,378,359
	\$ 5,644,764	\$ 11,221	\$ 747,460	\$ 1,427,209	\$ 7,681	\$ 414,366	\$ 307,829	\$ 1,548	\$ 8,562,078	\$ 8,392,099
Current Liabilities										
Loans payable	\$ 14,731	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 303,800	\$ -	\$ 318,531	\$ 378,110
Interfund balances	688,944	-	-	(388,944)	-	-	-	-	300,000	301,047
Fund Balances										
Externally restricted	4,941,088	(788)	747,456	1,816,159	7,682	426,372	4,029	1,549	7,943,547	7,712,942
	\$ 5,644,763	\$ (788)	\$ 747,456	\$ 1,427,215	\$ 7,682	\$ 426,372	\$ 307,829	\$ 1,549	\$ 8,562,078	\$ 8,392,099

Community Futures Development Corporation of Central Kootenay Schedule 3 - Investment Fund Revenue, Expenditures, and Fund Balance

For the year ended March 31	Primary	Disabled	Repayable	Community Business	Micro	Youth	CFLIP	RRRF	2023	2022
Revenue										
Fees for services	\$ 5,688	\$ -	\$ -	\$ 6,290	\$ -	\$ 2,742	\$ -	\$ -	\$ 14,720	\$ 12,348
Interest on deposits	38,952	306	9,275	11,150	191	6,557	375	1,298	68,104	2,601
Interest on loans receivable	260,278	74	30,606	71,698	214	11,308	25,619	-	399,797	394,957
	<u>304,918</u>	<u>380</u>	<u>39,881</u>	<u>89,138</u>	<u>405</u>	<u>20,607</u>	<u>25,994</u>	<u>1,298</u>	<u>482,621</u>	<u>409,906</u>
Expenditures										
Bad Debt Expense (Recovery)	21,454	1,168	2,800	20,500	1,400	(174)	6,500	-	53,648	24,536
Interest and Bank Charges	2,425	-	-	-	-	-	16,943	-	19,368	11,181
	<u>23,879</u>	<u>1,168</u>	<u>2,800</u>	<u>20,500</u>	<u>1,400</u>	<u>(174)</u>	<u>23,443</u>	<u>-</u>	<u>73,016</u>	<u>35,717</u>
Excess of Revenue over Expenditures	281,039	(788)	37,081	68,638	(995)	20,781	2,551	1,298	409,605	374,189
Fund Balances, Beginning of Year	4,806,049	-	710,375	1,780,521	8,677	405,591	1,478	251	7,712,942	7,533,753
Transfer between funds	(146,000)	-	-	(33,000)	-	-	-	-	(179,000)	(195,000)
Fund Balances, End of Year	<u>\$ 4,941,088</u>	<u>\$ (788)</u>	<u>\$ 747,456</u>	<u>\$ 1,816,159</u>	<u>\$ 7,682</u>	<u>\$ 426,372</u>	<u>\$ 4,029</u>	<u>\$ 1,549</u>	<u>\$ 7,943,547</u>	<u>\$ 7,712,942</u>