

**Community Futures Development
Corporation of Central Kootenay
Financial Statements
For the Year Ended March 31, 2024**

Contact Information

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**Community Futures Development Corporation of Central
Kootenay
Financial Statements
For the Year Ended March 31, 2024**

Contents

Independent Auditor's Report	1 - 2
Financial Statements	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 19
Schedules	20 - 21

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 of the statement of financial position as at March 31, 2024, 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, 2024, 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.

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 23, 2024

Community Futures Development Corporation of Central Kootenay Statement of Financial Position

March 31	General and Projects Fund	Investment Fund	2024 Total	2023 Total
Assets				
Current				
Cash (Note 2)	\$ 1,067,054	\$ 1,819,628	\$ 2,886,682	\$ 2,881,866
Accounts receivable	259,902	-	259,902	274,363
Current portion of loans receivable (Note 3)	-	896,514	896,514	785,373
Prepaid expenses	4,125	-	4,125	10,475
	1,331,081	2,716,142	4,047,223	3,952,077
Loans receivable (Note 3)	-	6,526,702	6,526,702	7,624,312
Capital assets (Note 4)	40,794	-	40,794	48,168
Investment in West Kootenay Boundary Investment Co-op	1,000	-	1,000	1,000
Investment in Joint Venture (Note 5)	154,103	-	154,103	170,694
	\$ 1,526,978	\$ 9,242,844	\$ 10,769,822	\$ 11,796,251
Liabilities and Fund Balances				
Current				
Accounts payable and accrued liabilities (Note 6)	\$ 155,127	\$ 194,196	\$ 349,323	\$ 151,213
Unearned revenue	18,135	-	18,135	66,798
Loans payable (Note 7)	-	293,880	293,880	2,348,069
Interfund balances	(300,000)	300,000	-	-
	(126,738)	788,076	661,338	2,566,080
Fund Balances				
Invested in capital assets (Note 8)	145,400	-	145,400	169,867
Externally restricted (Note 9)	313,686	8,454,768	8,768,454	8,110,100
Internally restricted (Note 10)	132,675	-	132,675	91,691
Unrestricted	1,061,955	-	1,061,955	858,513
	1,653,716	8,454,768	10,108,484	9,230,171
	\$ 1,526,978	\$ 9,242,844	\$ 10,769,822	\$ 11,796,251

On behalf of the Board:

DocuSigned by:

 _____ Director
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Signed by:

 _____ Director
C42C8065D12B464...

The accompanying notes and schedules 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	2024				2023
	General Fund	Projects Fund	Investment Fund	Total	Total
Balance, beginning of the year	\$ 1,120,071	\$ 166,553	\$ 7,943,547	\$ 9,230,171	\$ 8,981,803
Excess (deficit) of revenues over expenses	(5,111)	227,203	656,221	878,313	248,368
Interfund revenue and expense	80,070	(80,070)	-	-	-
Interfund transfers (Note 11)	145,000	-	(145,000)	-	-
Balance, end of the year	\$ 1,340,030	\$ 313,686	\$ 8,454,768	\$ 10,108,484	\$ 9,230,171

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

Community Futures Development Corporation of Central Kootenay Statement of Operations

For the year ended March 31	2024			2023	
	General Fund	Projects Fund	Investment Fund	Total	Total
Revenue					
Pacific Economic Development Canada and other federal grants	\$ 590,934	\$ -	\$ -	\$ 590,934	\$ 417,272
Provincial grants	1,687,353	104,300	-	1,791,653	1,399,970
Local government grants	65,000	312,081	-	377,081	161,077
Columbia Basin Trust	29,800	4,000	-	33,800	77,767
Other grants and contributions	38,705	134,500	-	173,205	109,515
Fees for services	52,201	9,805	23,251	85,257	59,337
Interest on deposits	63,186	-	115,605	178,791	91,137
Interest on loans receivable	-	-	611,504	611,504	399,797
Rental revenue	88,630	-	-	88,630	83,321
	2,615,809	564,686	750,360	3,930,855	2,799,193
Expenses					
Advertising and promotion	18,572	819	-	19,391	6,475
Audit and legal fees	45,878	-	-	45,878	37,555
Amortization	7,374	-	-	7,374	14,279
Bad debt expense	-	8,820	61,773	70,593	53,648
Bank charges and interest	8,434	-	32,366	40,800	27,187
Conferences and trade shows	18,447	4,236	-	22,683	17,455
Employee travel and training	7,651	14,561	-	22,212	31,728
Insurance and dues	15,202	-	-	15,202	11,816
Loss on joint venture	87,037	-	-	87,037	88,459
Meetings and director travel	13,787	2,701	-	16,488	14,554
Office maintenance and supplies	74,734	24,534	-	99,268	75,484
Premises cost	1,277	-	-	1,277	882
Recruitment	199	77	-	276	-
Salaries, benefits, and contractors	957,078	281,265	-	1,238,343	1,243,953
Self-employment supports	1,355,356	-	-	1,355,356	883,336
Special projects	1,118	400	-	1,518	35,415
Telephone and fax	8,776	70	-	8,846	8,715
	2,620,920	337,483	94,139	3,052,542	2,550,941
Excess (deficit) of revenues over expenses	\$ (5,111)	\$ 227,203	\$ 656,221	\$ 878,313	\$ 248,252

The accompanying notes and schedules 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	2024	2023
Cash flows from operating activities		
Cash received from governments and other sources	\$ 3,139,794	\$ 2,224,687
Cash paid to suppliers	(2,877,177)	(2,572,493)
Interest received	611,505	399,521
Interest paid	(8,490)	(7,819)
Principal repayments on loans receivable	356,587	1,519,890
New loans disbursed	(981,689)	(1,553,448)
	240,530	10,338
Cash flows from investing activities		
Purchase of capital assets	-	(1,685)
Contribution to joint venture	(72,000)	(72,000)
Interest on deposits	178,791	91,137
	106,791	17,452
Cash flows from financing activities		
Repayment of long-term debt	(310,195)	(59,579)
Interest paid on long-term debt	(32,310)	(19,368)
	(342,505)	(78,947)
Net increase (decrease) in cash	4,816	(51,157)
Cash, beginning of the year	2,881,866	2,933,023
Cash, end of the year	\$ 2,886,682	\$ 2,881,866
Represented by:		
Cash - General and Project Funds	1,067,053	699,935
Cash - Investment Funds	1,819,629	2,181,931
	\$ 2,886,682	\$ 2,881,866

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

Community Futures Development Corporation of Central Kootenay

Notes to Financial Statements

March 31, 2024

1 . Significant Accounting Policies

Nature and Purpose of Organization	<p>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.</p> <p>The Corporation is exempt from corporate income taxes under the Income Tax Act as a not-for-profit organization.</p>
Basis of Accounting	<p>The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.</p>

Community Futures Development Corporation of Central Kootenay

Notes to Financial Statements

March 31, 2024

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.

Community Futures Development Corporation of Central Kootenay

Notes to Financial Statements

March 31, 2024

1. Significant Accounting Policies (continued)

v) Repayable Disabled Entrepreneurs Investment Fund

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 in 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, 2024

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, 2024

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.
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.
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, 2024

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, 2024 was 6.95% (2023 - 6.70%). At March 31, 2024, the Corporation had not drawn upon these lines of credit.

3. Loans Receivable

Loans receivable in the investment fund are as follows:

	2024	2023
Primary Program	\$ 5,275,460	\$ 4,635,900
Community Business Program	1,169,173	1,064,719
Repayable Youth Investment Program	290,836	165,297
Repayable Investment Program	654,864	398,053
Repayable SE Micro Loan Program	3,197	4,030
Repayable Disabled Loan Program	5,409	-
Repayable CFLIP	-	314,142
RRRF	285,544	2,027,038
	7,684,483	8,609,179
Allowance for impaired loans	(261,267)	(199,494)
	7,423,216	8,409,685
Current portion	896,514	785,373
	\$ 6,526,702	\$ 7,624,312

Included in loans receivable in the investment fund are 14 loans over \$150,000 totaling \$3,189,589.

The loans receivable are due in monthly payments including interest at rates varying from 5.00% to 11.70% (2023 - 5.00% to 11.45%) 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.

These financial statements contain sixteen loans are administered by the Corporation under loan participation agreements. Under these agreements, 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. Six additional participation agreements exist where the Corporation provides funds administered by other community futures offices. These are not recorded in the financial statements.

Community Futures Development Corporation of Central Kootenay Notes to Financial Statements

March 31, 2024

4. Capital Assets

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Building improvements	\$ 103,892	\$ 63,098	\$ 103,892	\$ 58,942
Computer hardware	193,433	193,433	193,433	190,215
Office equipment	222,083	222,083	222,083	222,083
	\$ 519,408	\$ 478,614	\$ 519,408	\$ 471,240
Net book value		\$ 40,794		\$ 48,168

5. 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.

Below is the summarized financial information for the 40% interest. The impact of the 3 month timing difference between the joint venture year-end and the Corporations year-end has not been recorded as the impact is not significant.

	December 31, 2023	December 31, 2022
Current assets	\$ 54,379	\$ 53,450
Land	61,872	61,872
Building	427,327	427,327
Accounts payable	(4,882)	(4,455)
	538,696	538,194
Total equity per joint venture	(384,593)	(367,500)
Accumulated amortization of building		
Total investment in joint venture	\$ 154,103	\$ 170,694

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 loss picked up from the joint venture for the year is \$87,037.

Community Futures Development Corporation of Central Kootenay Notes to Financial Statements

March 31, 2024

6. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$23,900 (2023 - \$22,021).

7. Loans Payable

	2024	2023
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 6.95%. 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
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.	8,336	14,731
Conditionally repayable non interest-bearing RRRF loan from CFBC (Note 12)	285,544	2,029,538
	\$ 293,880	\$ 2,348,069

8. Net Assets Invested in Capital Assets

The investment in capital assets is represented by the following:

	2024	2023
Net book value of tangible capital assets	\$ 40,794	\$ 48,168
Net book value of proportionate share of tangible capital assets in the joint venture	104,606	121,699
	\$ 145,400	\$ 169,867

Community Futures Development Corporation of Central Kootenay

Notes to Financial Statements

March 31, 2024

9. 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:

	2024	2023
Castlegar Economic Development	\$ 24,375	\$ -
Cannabis Business Transition Initiative - Province of BC	9,207	9,207
Cannabis Economic Development Council - RDCK	7,024	-
Community Futures Pan West Cyber Security Initiative	-	(35)
Climate Resilient Kootenay Business - RDCK, CBT, & ETSI-BC	24,697	-
Export Navigator - Small Business BC	1,918	8,846
Greater Nelson Workforce Housing Study - RDCK Areas E&F & City of Nelson	7,834	17,425
Kootenay Business Transition and Investment Attraction - Province of BC	34,877	19,517
Nelson & Area Economic Development Partnership - City of Nelson & RDCK Areas E&F	40,044	39,322
Rural Ride Hailing - ETSI-BC	25,000	-
Rural and Northern Immigration Pilot - Rural Opportunities Fund & ETSI-BC	-	(8,187)
Slocan Valley Economic Development - RDCK, CBT, Province of BC & ETSI-BC	16,874	458
Start-Up Business Advisor - ETSI-BC	34,266	-
SVED-SAEDCB - Village of Slocan	48,173	-
West Kootenay Recruitment Agency - Province of BC	30,397	80,000
Winlaw Placemaking	9,000	-
	\$ 313,686	\$ 166,553

Community Futures Development Corporation of Central Kootenay

Notes to Financial Statements

March 31, 2024

9. External Restrictions on Net Assets (continued)

Investment Funds

Externally restricted balances in the Investment Funds are as follows:

	2024	2023
Primary Fund		
Principal contribution	\$ 1,483,000	\$ 1,483,000
Retained surplus	3,794,716	3,458,088
	<u>5,277,716</u>	<u>4,941,088</u>
Community Business Fund		
Principal contribution	1,159,888	1,159,888
Retained surplus	752,379	656,271
	<u>1,912,267</u>	<u>1,816,159</u>
Repayable Youth Fund		
Principal contribution	200,000	200,000
Retained surplus	244,006	226,372
	<u>444,006</u>	<u>426,372</u>
Repayable Investment Fund		
Principal contribution	300,000	300,000
Retained surplus	490,817	447,456
	<u>790,817</u>	<u>747,456</u>
Repayable Disabled Fund		
Principal contribution	200,000	200,000
Retained deficit	(193,446)	(200,788)
	<u>6,554</u>	<u>(788)</u>
Micro Loan Fund		
Retained surplus	<u>9,673</u>	<u>7,682</u>
CFLIP Investment Fund		
Retained surplus	<u>214</u>	<u>4,029</u>
RRRF Fund		
Retained surplus	<u>13,521</u>	<u>1,549</u>
	<u>\$ 8,454,768</u>	<u>\$ 7,943,547</u>

Community Futures Development Corporation of Central Kootenay

Notes to Financial Statements

March 31, 2024

9. External Restrictions on Net Assets (continued)

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;
 - 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.
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10. 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.

	<u>2024</u>		<u>2023</u>
Opening internally restricted funds	\$ 91,691	\$	111,877
Addition to (use of) internally restricted funds	<u>40,984</u>		<u>(20,186)</u>
Ending balance	<u>\$ 132,675</u>	\$	<u>91,691</u>

11. Interfund 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.

Community Futures Development Corporation of Central Kootenay

Notes to Financial Statements

March 31, 2024

12. RRRF Loan Program

The RRRF loans, funded by the Government of Canada (GOC), were provided to businesses to finance qualifying expenses during COVID. The loans were non-interest bearing with no scheduled payments until January 18, 2024. If the balance of the loan was repaid by that date, 25% of the first \$40,000, and 50% of amounts above \$40,000, up to \$60,000 was forgiven. If the full amount of the loan payments were not made by January 18, 2024, the outstanding balance of the loan was converted to a 5% interest bearing loan to be repaid in monthly installments over a three year period ending December 31, 2026.

The RRRF loan receivable balance, and the loan financing repayable to the GOC have been recorded separately. As at year-end, the loan receivable balance is \$285,544 (2023 - \$2,027,038), and the loan financing repayable balance is \$479,740 (2023 - \$2,223,288), the net of which is included in accounts payable and accrued liabilities.

13. 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 (2023 - three employees and two contractors) with remuneration over \$75,000 each. The total remuneration paid to these individuals for the year ended March 31, 2024 was \$455,523 (2023 - \$426,526). No honoraria were paid to members of the Board of Directors for the 2024 and 2023 years.

14. Economic Dependence

The Corporation received 60% (2023 - 65%) of its operating revenue from the Federal and Provincial governments and is economically dependent upon them for its continuation.

15. Comparative Figures

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

Community Futures Development Corporation of Central Kootenay

Notes to Financial Statements

March 31, 2024

16. 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 Schedule 1 - Investment Fund Assets, Liabilities, and Fund Balance

For the year ended March 31	Primary	Disabled	Repayable	Community Business	Micro	Youth	CFLIP	RRRF	2024	2023
Current Assets										
Cash	\$ 895,659	\$ 6,554	\$ 161,695	\$ 377,533	\$ 6,540	\$ 163,816	\$ 214	\$ 207,617	\$ 1,819,628	\$ 2,181,931
Loans Receivable	5,079,337	-	629,122	1,145,790	3,133	280,290	-	285,544	7,423,216	8,409,685
	\$ 5,974,996	\$ 6,554	\$ 790,817	\$ 1,523,323	\$ 9,673	\$ 444,106	\$ 214	\$ 493,161	\$ 9,242,844	\$ 10,591,616
Current Liabilities										
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 194,196	\$ 194,196	\$ -
Loans payable	8,336	-	-	-	-	-	-	285,544	293,880	2,348,069
Interfund balances	688,944	-	-	(388,944)	-	100	-	(100)	300,000	300,000
	697,280	-	-	(388,944)	-	100	-	479,640	788,076	2,648,069
Fund Balances										
Externally restricted	5,277,716	6,554	790,817	1,912,267	9,673	444,006	214	13,521	8,454,768	7,943,547
	\$ 5,974,996	\$ 6,554	\$ 790,817	\$ 1,523,323	\$ 9,673	\$ 444,106	\$ 214	\$ 493,161	\$ 9,242,844	\$ 10,591,616

Community Futures Development Corporation of Central Kootenay Schedule 2 - Investment Fund Revenue, Expenditures, and Fund Balance

For the year ended March 31	Primary	Disabled	Repayable	Community Business	Micro	Youth	CFLIP	RRRF	2024	2023
Revenue										
Fees for services	\$ 14,255	\$ -	\$ -	\$ 6,253	\$ -	\$ 2,743	\$ -	\$ -	\$ 23,251	\$ 14,720
Interest on deposits	58,034	428	18,626	17,233	274	13,709	392	6,909	115,605	68,104
Interest on loans receivable	412,488	314	42,673	110,800	382	16,134	23,650	5,063	611,504	399,797
	484,777	742	61,299	134,286	656	32,586	24,042	11,972	750,360	482,621
Expenditures										
Bad debt expense (recovery)	40,429	5,409	17,942	2,883	(1,336)	2,946	(6,500)	-	61,773	53,648
Interest and bank charges	15,138	-	-	289	-	-	16,939	-	32,366	19,368
	55,567	5,409	17,942	3,172	(1,336)	2,946	10,439	-	94,139	73,016
Excess (deficit) of revenue over expenses	429,210	(4,667)	43,357	131,114	1,992	29,640	13,603	11,972	656,221	409,605
Fund Balances, Beginning of Year	4,941,088	11,221	747,460	1,816,153	7,681	414,366	4,029	1,549	7,943,547	7,712,942
Transfer between funds	(92,582)	-	-	(35,000)	-	-	(17,418)	-	(145,000)	(179,000)
Fund Balances, End of Year	\$ 5,277,716	\$ 6,554	\$ 790,817	\$ 1,912,267	\$ 9,673	\$ 444,006	\$ 214	\$ 13,521	\$ 8,454,768	\$ 7,943,547