

**Community Futures Development Corporation of Central
Kootenay
Financial Statements
For the Year Ended March 31, 2025**

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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 of the statement of financial position as at March 31, 2025, 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, 2025, 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
June 26, 2025

Community Futures Development Corporation of Central Kootenay Statement of Financial Position

March 31	General and Projects Fund	Investment Fund	2025 Total	2024 Total
Assets				
Current				
Cash (Note 2)	\$ 1,349,896	\$ 1,719,335	\$ 3,069,231	\$ 2,886,682
Accounts receivable	203,732	-	203,732	259,902
Current portion of loans receivable (Note 3)	-	902,978	902,978	896,514
Prepaid expenses	66,708	-	66,708	4,125
	1,620,336	2,622,313	4,242,649	4,047,223
Loans receivable (Note 3)	-	6,633,415	6,633,415	6,526,702
Capital assets (Note 4)	36,638	-	36,638	40,794
Investment in West Kootenay Boundary Investment Co-op	5,080	-	5,080	1,000
Investment in Joint Venture (Note 5)	259,251	-	259,251	154,103
	\$ 1,921,305	\$ 9,255,728	\$ 11,177,033	\$ 10,769,822
Liabilities and Fund Balances				
Current				
Accounts payable and accrued liabilities (Note 6)	\$ 268,042	\$ -	\$ 268,042	\$ 349,323
Unearned revenue	6,984	-	6,984	18,135
Loans payable (Note 7)	-	48,584	48,584	293,880
Interfund balances	(300,000)	300,000	-	-
	(24,974)	348,584	323,610	661,338
Fund Balances				
Invested in capital assets (Note 8)	256,631	-	256,631	145,400
Externally restricted (Note 9)	417,667	8,907,144	9,324,811	8,768,454
Internally restricted (Note 10)	85,300	-	85,300	132,675
Unrestricted	1,186,681	-	1,186,681	1,061,955
	1,946,279	8,907,144	10,853,423	10,108,484
	\$ 1,921,305	\$ 9,255,728	\$ 11,177,033	\$ 10,769,822

On behalf of the Board:

DocuSigned by:

 _____ Director
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Signed by:

 _____ Director
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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	2025			2024	
	General Fund	Projects Fund	Investment Fund	Total	Total
Balance, beginning of the year	\$ 1,340,030	\$ 313,686	\$ 8,454,768	\$ 10,108,484	\$ 9,230,171
Excess (deficit) of revenues over expenses	(192,384)	224,947	712,376	744,939	878,313
Interfund revenue (expense)	172,355	(172,355)	-	-	-
Interfund transfers (Note 11)	208,611	51,389	(260,000)	-	-
Balance, end of the year	\$ 1,528,612	\$ 417,667	\$ 8,907,144	\$ 10,853,423	\$ 10,108,484

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	2025			2024	
	General Fund	Projects Fund	Investment Fund	Total	Total
Revenue					
Pacific Economic Development Canada and other federal grants	\$ 397,563	\$ 169,739	\$ -	\$ 567,302	\$ 590,934
Provincial grants	864,785	100,000	-	964,785	1,791,653
Local government grants	-	449,325	-	449,325	377,081
Columbia Basin Trust	9,855	15,300	-	25,155	33,800
Other grants and contributions	722	186,575	-	187,297	173,205
Fees for services	69,486	-	1,356	70,842	85,257
Interest on deposits	62,880	-	81,372	144,252	178,791
Interest on loans receivable	-	-	668,269	668,269	611,504
Rental	86,081	-	-	86,081	88,630
	1,491,372	920,939	750,997	3,163,308	3,930,855
Expenses					
Advertising and promotion	16,273	18,064	-	34,337	19,391
Audit and legal fees	40,585	-	-	40,585	45,878
Amortization	4,156	-	-	4,156	7,374
Bad debts	-	525	25,683	26,208	70,593
Bank charges and interest	9,199	-	12,938	22,137	40,800
Insurance and dues	9,654	-	-	9,654	15,202
Loss on joint venture (Note 5)	121,267	-	-	121,267	87,037
Office maintenance and supplies	75,993	9,878	-	85,871	100,544
Salaries, benefits, and contractors	699,440	643,901	-	1,343,341	1,238,620
Self-employment supports	656,254	-	-	656,254	1,355,356
Special projects	1,583	6,500	-	8,083	1,518
Telephone and fax	8,759	439	-	9,198	8,846
Travel, conferences, training and meetings	40,593	16,685	-	57,278	-
	1,683,756	695,992	38,621	2,418,369	2,991,159
Excess (deficit) of revenues over expenses	\$ (192,384)	\$ 224,947	\$ 712,376	\$ 744,939	\$ 939,696

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	2025	2024
Cash flows from operating activities		
Cash received from governments and other sources	\$ 2,395,808	\$ 3,139,794
Cash paid to suppliers	(2,393,161)	(2,877,177)
Interest received	668,269	611,505
Interest paid	(9,198)	(8,490)
Principal repayments on loans receivable	1,219,698	356,587
New loans disbursed	(1,587,765)	(981,689)
	293,651	240,530
Cash flows from investing activities		
Purchase of investments	(4,080)	-
Contribution to joint venture	(230,000)	(72,000)
Interest on deposits	144,252	178,791
	(89,828)	106,791
Cash flows from financing activities		
Repayment of long-term debt	(8,336)	(310,195)
Interest paid on long-term debt	(12,938)	(32,310)
	(21,274)	(342,505)
Net increase in cash	182,549	4,816
Cash, beginning of the year	2,886,682	2,881,866
Cash, end of the year	\$ 3,069,231	\$ 2,886,682
Represented by:		
Cash - General and Project Funds	1,349,896	1,067,053
Cash - Investment Funds	1,719,335	1,819,629
	\$ 3,069,231	\$ 2,886,682

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, 2025

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, 2025

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, 2025

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, 2025

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, 2025

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, 2025

2. Cash

The Corporation has available to it three lines of credit totalling \$250,000. The lines of credit bear interest at the prime rate plus 1%. The prime rate at March 31, 2025 was 4.95% (2024 - 6.95%). At March 31, 2025, the Corporation had not drawn upon these lines of credit.

3. Loans Receivable

Loans receivable in the investment fund are as follows:

	2025	2024
Primary Program	\$ 5,319,234	\$ 5,275,460
Community Business Program	1,408,775	1,169,173
Repayable Youth Investment Program	279,169	290,836
Repayable Investment Program	757,975	654,864
Repayable SE Micro Loan Program	929	3,197
Repayable Disabled Loan Program	-	5,409
RRRF	49,507	285,544
	7,815,589	7,684,483
Allowance for impaired loans	(279,196)	(261,267)
	7,536,393	7,423,216
Current portion	902,978	896,514
	\$ 6,633,415	\$ 6,526,702

Included in loans receivable in the investment fund are 14 loans over \$150,000 totalling \$2,930,571.

The loans receivable are due in monthly payments including interest at rates varying from 5.00% to 12.45% (2024 - 5.00% to 11.70%) 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 eighteen loans that 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. Five 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, 2025

4. Capital Assets

	2025		2024	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Building				
improvements	\$ 103,892	\$ 67,254	\$ 103,892	\$ 63,098
Computer hardware	193,433	193,433	193,433	193,433
Office equipment	222,083	222,083	222,083	222,083
	\$ 519,408	\$ 482,770	\$ 519,408	\$ 478,614
Net book value		\$ 36,638		\$ 40,794

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, 2024	December 31, 2023
Current assets	\$ 43,350	\$ 54,379
Land	61,872	61,872
Building	565,327	427,327
Accounts payable	(4,092)	(4,882)
Total equity per joint venture	666,457	538,696
Accumulated amortization of building	(407,206)	(384,593)
Total investment in joint venture	\$ 259,251	\$ 154,103

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 \$230,000. The Corporation's net loss picked up from the joint venture for the year is \$(121,267).

Community Futures Development Corporation of Central Kootenay Notes to Financial Statements

March 31, 2025

6. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$22,349 (2024 - \$23,900).

7. Loans Payable

	2025	2024
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
Conditionally repayable non interest-bearing RRRF loan from CFBC (Note 12)	48,584	285,544
	\$ 48,584	\$ 293,880

8. Net Assets Invested in Capital Assets

The investment in capital assets is represented by the following:

	2025	2024
Net book value of tangible capital assets	\$ 36,638	\$ 40,794
Net book value of proportionate share of tangible capital assets in the joint venture	219,993	104,606
	\$ 256,631	\$ 145,400

Community Futures Development Corporation of Central Kootenay

Notes to Financial Statements

March 31, 2025

9. External Restrictions on Net Assets

Projects Fund

Externally restricted fund balances in the Projects Fund represent the unexpended portion of funds received for specific projects and programs. These restrictions are intended to ensure that the funds are spent only for their designated purposes. The unexpended balances are as follows:

	2025	2024
Castlegar Economic Development	\$ -	\$ 24,375
Cannabis Business Transition Initiative - Province of BC	9,207	9,207
Cannabis Economic Development Council - RDCK	7,024	7,024
Climate Resilient Kootenay Business - RDCK, CBT, & ETSI-BC	473	24,697
DREAI	853	-
Export Navigator - Small Business BC	-	1,918
Greater Nelson Workforce Housing Study - RDCK Areas E&F & City of Nelson	11,319	7,834
Inclusive Business Startup Advisor	73,479	-
Kootenay Business Transition and Investment Attraction - Province of BC	2,678	34,877
Kootenay Regional Film Studios	44,540	-
Greater Nelson Economic Development - City of Nelson & RDCK Areas E&F	28,134	40,044
RCIP	93,162	-
Rural Ride Hailing - ETSI-BC	4,734	25,000
Slocan Valley Economic Development - RDCK, CBT, Province of BC & ETSI-BC	100,000	16,874
Start-Up Business Advisor - ETSI-BC	6,372	34,266
SVED-SAEDCB - Village of Slocan	-	48,173
West Kootenay Recruitment Agency - Province of BC	35,692	30,397
Winlaw Placemaking	-	9,000
	\$ 417,667	\$ 313,686

Community Futures Development Corporation of Central Kootenay Notes to Financial Statements

March 31, 2025

9. External Restrictions on Net Assets (continued)

Investment Funds

Externally restricted balances in the Investment Funds are as follows:

	2025	2024
Primary Fund		
Principal contribution	\$ 1,483,000	\$ 1,483,000
Retained surplus	4,030,172	3,794,716
	<u>5,513,172</u>	<u>5,277,716</u>
Community Business Fund		
Principal contribution	1,159,888	1,159,888
Retained surplus	855,869	752,379
	<u>2,015,757</u>	<u>1,912,267</u>
Repayable Youth Fund		
Principal contribution	200,000	200,000
Retained surplus	281,083	244,006
	<u>481,083</u>	<u>444,006</u>
Repayable Investment Fund		
Principal contribution	300,000	300,000
Retained surplus	561,112	490,817
	<u>861,112</u>	<u>790,817</u>
Repayable Disabled Fund		
Principal contribution	200,000	200,000
Retained deficit	(193,161)	(193,446)
	<u>6,839</u>	<u>6,554</u>
Micro Loan Fund		
Retained surplus	10,252	9,673
CFLIP Investment Fund		
Retained surplus	223	214
RRRF Fund		
Retained surplus	18,706	13,521
	<u>\$ 8,907,144</u>	<u>\$ 8,454,768</u>

Community Futures Development Corporation of Central Kootenay

Notes to Financial Statements

March 31, 2025

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.

10. Internal Restrictions on Net Assets

Internally restricted fund balances represent contributions initially allocated to specific projects that have since been completed, with surplus funds remaining. These remaining funds will be directed towards future initiatives aligned with the original purpose of the contributions. These funds are intended for their designated purposes, not as a replacement for annual capital budgeting, and any unspent amounts carry forward year to year.

	<u>2025</u>	<u>2024</u>
Opening internally restricted funds	\$ 132,675	\$ 91,691
Addition to (use of) internally restricted funds	<u>(47,375)</u>	<u>40,984</u>
Ending balance	<u>\$ 85,300</u>	<u>\$ 132,675</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, 2025

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 instalments 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 \$49,507 (2024 - \$285,544), and the loan financing repayable balance is \$48,584 (2024 - \$479,740), 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 three contractors (2024 - three employees and two contractors) with remuneration over \$75,000 each. The total remuneration paid to these individuals for the year ended March 31, 2025 was \$554,523 (2024 - \$455,523). No honoraria were paid to members of the Board of Directors for the 2025 and 2024 years.

14. Economic Dependence

The Corporation received 48% (2024 - 60%) of its operating revenue from the Federal and Provincial governments and is economically dependent upon them for its continuation.

Community Futures Development Corporation of Central Kootenay

Notes to Financial Statements

March 31, 2025

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

For the year ended March 31	Primary	Disabled	Repayable	Community Business	Micro	Youth	CFLIP	RRRF	2025	2024
Current Assets										
Cash	\$ 1,098,369	\$ 6,839	\$ 128,331	\$ 246,213	\$ 9,342	\$ 212,235	\$ 223	\$ 17,783	\$ 1,719,335	\$ 1,819,628
Loans Receivable	5,103,747	-	732,781	1,380,600	910	268,848	-	49,507	7,536,393	7,423,216
	\$ 6,202,116	\$ 6,839	\$ 861,112	\$ 1,626,813	\$ 10,252	\$ 481,083	\$ 223	\$ 67,290	\$ 9,255,728	\$ 9,242,844
Current Liabilities										
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,584	\$ 48,584	\$ 194,196
Loans payable	-	-	-	-	-	-	-	-	-	293,880
Interfund balances	688,944	-	-	(388,944)	-	-	-	-	300,000	300,000
	688,944	-	-	(388,944)	-	-	-	48,584	348,584	788,076
Fund Balances										
Externally restricted	5,513,172	6,839	861,112	2,015,757	10,252	481,083	223	18,706	8,907,144	8,454,768
	\$ 6,202,116	\$ 6,839	\$ 861,112	\$ 1,626,813	\$ 10,252	\$ 481,083	\$ 223	\$ 67,290	\$ 9,255,728	\$ 9,242,844

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	2025	2024
Revenue										
Fees for services	\$ -	\$ -	\$ -	\$ 1,356	\$ -	\$ -	\$ -	\$ -	\$ 1,356	\$ 23,251
Interest on deposits	47,556	285	8,250	16,820	322	6,372	9	1,758	81,372	115,605
Interest on loans receivable	446,201	-	61,498	124,106	212	30,480	-	5,772	668,269	611,504
	<u>493,757</u>	<u>285</u>	<u>69,748</u>	<u>142,282</u>	<u>534</u>	<u>36,852</u>	<u>9</u>	<u>7,530</u>	<u>750,997</u>	<u>750,360</u>
Expenditures										
Bad debt expense (recovery)	19,363	-	(547)	4,792	(45)	(225)	-	2,345	25,683	61,773
Interest and bank charges	12,938	-	-	-	-	-	-	-	12,938	32,366
	<u>32,301</u>	<u>-</u>	<u>(547)</u>	<u>4,792</u>	<u>(45)</u>	<u>(225)</u>	<u>-</u>	<u>2,345</u>	<u>38,621</u>	<u>94,139</u>
Excess (deficit) of revenue over expenses	461,456	285	70,295	137,490	579	37,077	9	5,185	712,376	656,221
Fund Balances, Beginning 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
Transfer between funds	(226,000)	-	-	(34,000)	-	-	-	-	(260,000)	(145,000)
Fund Balances, End of Year	<u>\$ 5,513,172</u>	<u>\$ 6,839</u>	<u>\$ 861,112</u>	<u>\$ 2,015,757</u>	<u>\$ 10,252</u>	<u>\$ 481,083</u>	<u>\$ 223</u>	<u>\$ 18,706</u>	<u>\$ 8,907,144</u>	<u>\$ 8,454,768</u>