

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NICOLA VALLEY
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Year Ended March 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members of Community Futures Development Corporation of Nicola Valley

Report on the Financial Statements

Opinion

We have audited the financial statements of Community Futures Development Corporation of Nicola Valley (the organization), which comprise the statement of financial position as at March 31, 2022, and the statements of revenues and expenditures, 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 organization as at March 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organization in accordance with 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 ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

WK Group LLP

West Kelowna, British Columbia
June 22, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NICOLA VALLEY
Statement of Financial Position
March 31, 2022

	Non-repayable Investment (PC)		Conditionally Repayable Invest (PC)	Conditionally Repayable EDP (PC)	RRRF Investment	Community Business Fund	2022		2021	
	Operating									
ASSETS										
CURRENT										
Cash	\$ 94,265	\$ 176,426	\$ 151,186	\$ 122,211	\$ 173,442	\$ 140,202	\$ 857,732	\$ 822,544		
Short term investments	118,153	-	-	-	-	-	118,153	118,035		
Accounts receivable (Note 4)	6,630	33	-	-	-	-	6,663	5,750		
Prepaid expenses	5,243	-	-	-	-	-	5,243	2,022		
Pooled Asset Lending (Note 5)	-	200,000	50,000	50,000	-	200,000	500,000	-		
PROPERTY AND EQUIPMENT (Net) (Note 6)	224,291	376,459	201,186	172,211	173,442	340,202	1,487,791	948,351		
LOANS AND NOTES RECEIVABLE (Note 7)	63,376	-	-	-	-	-	63,376	72,241		
	-	303,244	94,404	130,292	941,300	246,676	1,715,916	2,008,186		
	\$ 287,667	\$ 679,703	\$ 295,590	\$ 302,503	\$ 1,114,742	\$ 586,878	\$ 3,267,083	\$ 3,028,778		
LIABILITIES AND NET ASSETS										
CURRENT										
Accounts payable and accrued liabilities (Note 8)	\$ 33,686	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,686	\$ 39,753		
Deferred income (Note 9)	23,795	-	-	-	-	-	23,795	-		
Interfund loans	(9,432)	21,127	(39,307)	753	13,900	12,959	-	-		
	48,049	21,127	(39,307)	753	13,900	12,959	57,481	39,753		
LOAN CONDITIONALLY REPAYABLE (Note 10)	22,864	-	-	-	1,101,000	-	1,123,864	971,000		
	70,913	21,127	(39,307)	753	1,114,900	12,959	1,181,345	1,010,753		
NET ASSETS										
Equity in property and equipment	63,376	-	-	-	-	-	63,376	72,241		
Externally restricted (Note 11)	-	658,576	334,897	301,750	(158)	573,919	1,868,984	1,799,568		
Unrestricted	153,378	-	-	-	-	-	153,378	146,216		
	216,754	658,576	334,897	301,750	(158)	573,919	2,085,738	2,018,025		
	\$ 287,667	\$ 679,703	\$ 295,590	\$ 302,503	\$ 1,114,742	\$ 586,878	\$ 3,267,083	\$ 3,028,778		

ON BEHALF OF THE BOARD

[Signature]
 Director

[Signature]
 Director

See notes to financial statements

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NICOLA VALLEY
Statement of Revenues and Expenditures
Year Ended March 31, 2022

	Operating	Non-repayable Invest (FC)	Conditionally Repayable Invest (FC)	Conditionally Repayable EDP (FC)	RRRF Investment	Community Business Fund	2022	2021
REVENUES								
Core Operating Funds	\$ 298,314	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 298,314	\$ 367,114
Grants and contributions	75,854	-	-	-	-	-	75,854	-
Interest income	1,408	28,032	14,585	10,260	-	17,283	71,568	72,448
Other income	9,150	-	30	-	-	100	9,280	22,229
Recoveries	-	-	-	-	-	-	-	200
	<u>384,726</u>	<u>28,032</u>	<u>14,615</u>	<u>10,260</u>	<u>-</u>	<u>17,383</u>	<u>455,016</u>	<u>461,991</u>
EXPENSES								
Wages and benefits	201,186	-	-	-	-	-	201,186	225,903
Projects	80,271	-	-	-	-	-	80,271	4,788
Rental	25,945	-	-	-	-	-	25,945	26,993
Office and sundry	22,308	549	-	-	-	-	22,857	30,106
Professional fees	10,950	1,738	-	-	-	-	12,688	11,600
Advertising and promotion	11,526	-	-	-	-	-	11,526	7,011
Amortization	8,867	-	-	-	-	-	8,867	9,144
Consulting fees	6,667	-	-	-	-	-	6,667	-
Telephone	6,333	-	-	-	-	-	6,333	5,751
Insurance	4,021	-	-	-	-	-	4,021	3,605
Training	2,408	-	-	-	-	-	2,408	369
Interest and bank charges	1,458	458	79	38	73	14	2,120	2,356
Travel	1,596	-	-	-	-	-	1,596	479
Meetings	1,582	-	-	-	-	-	1,582	1,943
Repairs and maintenance	1,312	-	-	-	-	-	1,312	816
Training	-	-	-	-	-	-	-	1,648
Loan impairment provision	-	118	(18,445)	23,474	-	(7,223)	(2,076)	41,658
	<u>386,430</u>	<u>2,863</u>	<u>(18,366)</u>	<u>23,512</u>	<u>73</u>	<u>(7,209)</u>	<u>387,303</u>	<u>374,170</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (1,704)	\$ 25,169	\$ 32,981	\$ (13,252)	\$ (73)	\$ 24,592	\$ 67,713	\$ 87,821

See notes to financial statements

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NICOLA VALLEY
Statement of Changes in Net Assets
Year Ended March 31, 2022

	Operating	Non-repayable Invest (PC)	Conditionally Repayable Invest (PC)	PConditionally Repayable EDP (PC)	RRRF Investment	Community Business Fund	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 218,458	\$ 633,407	\$ 301,916	\$ 315,002	\$ (85)	\$ 549,327	\$ 2,018,025	\$ 1,930,204
Excess of revenues over expenses	(1,704)	25,169	32,981	(13,252)	(73)	24,592	67,713	87,821
NET ASSETS - END OF YEAR	<u>\$ 216,754</u>	<u>\$ 658,576</u>	<u>\$ 334,897</u>	<u>\$ 301,750</u>	<u>\$ (158)</u>	<u>\$ 573,919</u>	<u>\$ 2,085,738</u>	<u>\$ 2,018,025</u>

See notes to financial statements

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NICOLA VALLEY
Statement of Cash Flows
Year Ended March 31, 2022

	Operating	Non-repayable Invest (PC)	Conditionally Repayable Invest (PC)	Conditionally Repayable EDP (PC)	RRRF Investment	Community Business Fund	2022	2021
OPERATING ACTIVITIES								
Excess (deficiency) of revenues over expenses	\$ (1,704)	\$ 25,169	\$ 32,981	\$ (13,252)	\$ (73)	\$ 24,592	\$ 67,713	\$ 87,821
Items not affecting cash:								
Amortization of property and equipment	8,867	-	-	-	-	-	8,867	9,144
Loan impairment provision	-	118	(18,445)	23,474	-	(7,223)	(2,076)	41,658
	7,163	25,287	14,536	10,222	(73)	17,369	74,504	138,623
Changes in non-cash working capital:								
Accounts receivable	(880)	(33)	-	-	-	-	(913)	(184)
Accounts payable and accrued liabilities	(6,068)	-	-	-	-	-	(6,068)	14,947
Deferred income	23,795	-	-	-	-	-	23,795	(23,795)
Prepaid expenses	(3,221)	-	-	-	-	-	(3,221)	754
Interfund loans	(402)	41,296	(39,667)	233	187	(1,647)	-	-
	13,224	41,263	(39,667)	233	187	(1,647)	13,593	(8,278)
Cash flow from (used by) operating activities	20,387	66,550	(25,131)	10,455	114	15,722	88,097	130,345
INVESTING ACTIVITIES								
Pooled Asset Lending	-	(200,000)	(50,000)	(50,000)	-	(200,000)	(500,000)	-
Purchase of property and equipment	-	-	-	-	-	-	-	(50,946)
Loans and notes receivable	-	185,949	187,687	19,472	(117,404)	18,641	294,345	(723,606)
Cash flow from (used by) investing activities	-	(14,051)	137,687	(30,528)	(117,404)	(181,359)	(205,655)	(774,552)
FINANCING ACTIVITY								
Proceeds (repayment) of loans	22,864	-	-	-	130,000	-	152,864	971,000
Cash flow from financing activity	22,864	-	-	-	130,000	-	152,864	971,000
INCREASE (DECREASE) IN CASH FLOW								
Cash - beginning of year	43,251	52,499	112,556	(20,073)	12,710	(165,637)	35,306	326,793
	169,167	123,927	38,630	142,284	160,732	305,839	940,579	613,786
CASH - END OF YEAR	\$ 212,418	\$ 176,426	\$ 151,186	\$ 122,211	\$ 173,442	\$ 140,202	\$ 975,885	\$ 940,579
CASH CONSISTS OF:								
Cash	\$ 94,265	\$ 176,426	\$ 151,186	\$ 122,211	\$ 173,442	\$ 140,202	\$ 857,732	\$ 822,544
Short term investments	118,153	-	-	-	-	-	118,153	118,035
	\$ 212,418	\$ 176,426	\$ 151,186	\$ 122,211	\$ 173,442	\$ 140,202	\$ 975,885	\$ 940,579

See notes to financial statements

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NICOLA VALLEY

Notes to Financial Statements

Year Ended March 31, 2022

1. PURPOSE OF THE ORGANIZATION

Community Futures Development Corporation of Nicola Valley (the "corporation") is incorporated under the Canada Corporations Act and is registered as an extraprovincial society under the Society Act. As a not-for-profit organization, the corporation is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

All operations of the corporation are related to the enhancement of community and economic development of the Nicola Valley

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Short term investments

Short-term investments are investments in GIC's and highly liquid investments with an original maturity date of one year or less.

Loans receivable and allowance for loan impairment

Loans receivable records interest income on an accrual basis.

An allowance for doubtful loans is determined in the following manner:

Loans in Default - If there is a significant doubt as to the ultimate collection of principal, a specific provision is established at a level sufficient to provide for the estimated impairment of the loan principal.

Loans not in Default - Specific provisions for potential problem accounts has been established.

The establishment of the allowance for doubtful loans relies on the judgment of management, on historical precedent and expectations as to the future collections. It is reasonably possible that changes in future conditions could require a material change in the recognized amount of the allowance for doubtful loans.

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COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NICOLA VALLEY

Notes to Financial Statements

Year Ended March 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization. The cost of property and equipment purchased is recorded as an increase to the property and equipment accounts and net assets and is amortized over its estimated useful life and charged to net assets invested in property and equipment on a straight-line basis at the following rates and methods:

Office furniture and equipment	10% straight-line method
Leasehold improvements	10% straight-line method

The organization regularly reviews its property and equipment to eliminate obsolete items. Government grants are deferred and recognized as revenue based on the amortization rates of the related assets.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Revenue recognition

Community Futures Development Corporation of Nicola Valley follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

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

Revenue earned on term loans is accrued on a daily basis and is recognized as revenue of the appropriate Investment Fund. Unrestricted investment income earned on the Investment Funds is recognized as revenue of the Operating Fund.

(continues)

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NICOLA VALLEY

Notes to Financial Statements

Year Ended March 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fund accounting

Community Futures Development Corporation of Nicola Valley follows the restricted fund method of accounting for contributions.

The Operating Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and operating grants.

The Investment Fund reports the assets, liabilities, revenues and expenses related to loan and investment activities of the organization.

Non-repayable Investment Fund (PC) reports loans and investment activities from non-repayable contributions to the Corporation's Investment Fund according to the terms of the agreement with Pacific Economic Development Canada ("PC or PacifiCan").

Conditionally Repayable Investment Fund (PC) reports loans and investment activities from contributions to the Corporation's Investment Fund that are conditionally repayable according to the terms of the agreement with Pacific Economic Development Canada.

Conditionally Repayable EDP Fund (PC) reports loans and investment activities from contributions to the Corporation's Entrepreneurs with Disability Program Investment Fund that are conditionally repayable according to the terms of the agreement with Pacific Economic Development Canada.

Regional Relief and Recovery Fund Investment Loan Fund (RRRF) reports loans and investment activities to provide loans to small and medium-sized enterprises (SMEs) in Western Canada specifically to recover from the adverse impacts of the COVID-19 pandemic.

Community Business Fund reports loans and investment activities from contributions from the Ministry of Community and Rural Development Community Business Fund to the corporation's Investment Fund.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NICOLA VALLEY

Notes to Financial Statements

Year Ended March 31, 2022

3. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2022.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from issuing loans receivable to business owners. In order to reduce its credit risk, the organization reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful loans is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization has a significant number of customers which minimizes concentration of credit risk.

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through short-term investments and loans receivable held during the year.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other risks arising from these financial instruments.

4. ACCOUNTS RECEIVABLE

	2022	2021
Trade Receivables		
Accounts Receivable	\$ 3,260	\$ 3,298
	<u>3,260</u>	<u>3,298</u>
GST/HST Receivable		
Operating	3,370	2,452
Investment	33	-
	<u>3,403</u>	<u>2,452</u>
	<u>\$ 6,663</u>	<u>\$ 5,750</u>

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NICOLA VALLEY

Notes to Financial Statements

Year Ended March 31, 2022

5. POOLED ASSET LENDING

Community Futures Development Corporation of Nicola Valley has entered into an agreement with Community Futures Association of British Columbia ("CFBC") to participate in the Community Futures Lending and Investment Pool of British Columbia ("CFLIP"). This is a membership based provincial investment fund pooling initiative operated by CFBC to promote access to investment loan funds for members who do not have sufficient levels of investment fund cash on hand to meet their local demand for loans and for other members seeking to deposit investment fund surpluses. CFLIP pools the monies and all interest and other gain accruing are credited to the member. As per the agreement in place, the member can request the balance of monies available be repaid with at least 14 days notice. The amount to be repaid within this time frame may be reduced for monies loaned to a member.

6. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Equipment	\$ 36,680	\$ 15,358	\$ 21,322	\$ 24,660
Leasehold improvements	55,275	13,221	42,054	47,581
	<u>\$ 91,955</u>	<u>\$ 28,579</u>	<u>\$ 63,376</u>	<u>\$ 72,241</u>

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NICOLA VALLEY

Notes to Financial Statements

Year Ended March 31, 2022

7. LOANS RECEIVABLE

Outstanding loans to entrepreneurs are interest bearing at fixed rates varying from 2% to 8% over the Bank of Canada prime rate with monthly blended principal and interest repayments amortized for terms between 12 and 60 months. Security is taken on the loans as appropriate to the situation and includes personal guarantees, and/or general security agreements against business assets, land, and buildings.

Loans are advanced pursuant to agreement with PacifiCan and the Minister of Community and Rural Development. The programs are aimed to provide funding to assist entrepreneurs (with special programs for higher risk, youth, and disabled entrepreneurs and regional relief and recovery) in business ventures within a defined region of the central interior of British Columbia. All loans are secured, repayable on demand, and bear interest at varying rates per annum other than the RRRF Investment Fund.

The RRRF Investment Funds program is intended to provide funding to assist SMEs to recover from the adverse impacts of the COVID-19 pandemic. The maximum loan available is \$60,000 and is unsecured. The loans bear no interest before December 31, 2023 at which time, the balance of the loan outstanding shall become repayable and bear interest from January 1, 2024 until paid in full at a rate not exceeding 5% per annum with the loans due on December 31, 2025. On the first \$40,000 of the loan, provided 75% of the loan principal is repaid prior to December 31, 2023, the remaining balance, to a maximum of 25% of the loan principal or \$10,000 whichever is less, shall be forgiven. On the portion of the loan between \$40,000 and \$60,000, provided that 50% of the additional loan is repaid on or before December 31, 2023, the remaining 50% of the additional loan to a maximum of \$10,000 shall be forgiven.

Currently, the loans advanced includes one loan advanced in a prior year in excess of \$150,000. The value of the loan issued over \$150,000 is \$151,632.

	Less: allowance for doubtful loan		2022	2021
	Loans receivable	accounts		
Non-repayable Investment (PC)	\$ 368,867	\$ (65,623)	\$ 303,244	\$ 489,311
Conditionally Repayable Investment (PC)	113,974	(19,570)	94,404	263,646
Conditionally Repayable EDP (PC)	222,513	(92,221)	130,292	173,238
RRRF Investment	941,300	-	941,300	823,896
Community Business	272,793	(26,117)	246,676	258,095
	<u>\$ 1,919,447</u>	<u>\$ (203,531)</u>	<u>\$ 1,715,916</u>	<u>\$ 2,008,186</u>

Included in the loan impairment provision are provisions, write-offs and reversals of \$nil (2021 - \$45,112).

During the year, there were the following changes in the allowance for doubtful loans:

	2021	Provisions	Write-Offs	Reversals	2022
Non-repayable Investment (PC)	\$ 65,505	\$ 118	\$ -	\$ -	\$ 65,623
Conditionally Repayable Investment (PC)	38,015	(18,445)	-	-	19,570
Conditionally Repayable EDP (PC)	68,747	23,474	-	-	92,221
Community Business	33,340	(7,223)	-	-	26,117
	<u>\$ 205,607</u>	<u>\$ (2,076)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 203,531</u>

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NICOLA VALLEY

Notes to Financial Statements

Year Ended March 31, 2022

8. ACCOUNTS PAYABLE

Accounts payable includes government remittances (other than income taxes), for example payroll taxes, and workers' safety insurance premiums. The following is government remittances and other accounts payable at year end:

	2022	2021
Employee deductions payable	\$ 5,554	\$ 5,951
WCB Payable	34	65
Government Remittances Payable	5,588	6,016
Accounts payable and accrued liabilities	28,098	33,737
	\$ 33,686	\$ 39,753

9. DEFERRED CONTRIBUTIONS

Deferred contributions consist of government funding received for the subsequent year.

10. LOAN CONDITIONALLY REPAYABLE

Community Futures Development Corporation of Nicola Valley entered into a loan agreement with Community Futures Association to facilitate making secondary loans to borrowers pursuant to the requirements of the Regional Relief and Recovery Fund. The loan is interest free and no principal payments are required until December 31, 2023. On December 31, 2023, any portion of the loan that has not been loaned to a secondary borrower shall be repaid within 10 business days. If the portion of the loan advanced is not repaid in full on or before December 31, 2023, the remaining balance of the loan will automatically extend starting on January 1, 2024 for an additional term maturing on December 31, 2025. The loan shall remain interest-free during the extended term but equal monthly payments will be required. The amount of secondary loans forgiven or written off as a default or loss that cannot be collected or recovered as per the agreement, and reasonable costs, charges and expenses in connection with collecting the secondary loans is deducted from the balance owing on the loan.

An operating loan has also been received to cover operating costs related to the Regional Relief and Recovery loans issued for loan aftercare, and assisting small business enterprises in response to COVID-19. The loan is interest free and no payments are required from disbursement to December 31, 2025. Eligible expenses incurred are charged to the loan and any remaining balance is repayable on the maturity of the loan.

The total advances as at March 31, 2022 are \$941,000 (2021 - \$871,000) for the initial loan, \$160,000 (2021 - \$100,000) for the expansion fund and \$35,640 for the operating loan for a total of \$1,136,000. \$12,776 expenses were applied to the operating loan in the current year for a remaining balance of \$22,864.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NICOLA VALLEY

Notes to Financial Statements

Year Ended March 31, 2022

11. EXTERNALLY RESTRICTED

The original amount of contributions included in externally restricted are as follows:

	<u>2022</u>	<u>2021</u>
<u>PacifiCan Conditionally repayable contributions</u>		
Conditionally Repayable Investment (PC)	\$ 500,000	\$ 500,000
Conditionally Repayable EDP (PC)	<u>200,000</u>	<u>200,000</u>
	700,000	700,000
Other contributions		
Non-repayable Investment (PC)	840,000	840,000
Community business	<u>100,000</u>	<u>100,000</u>
	\$ 1,640,000	\$ 1,640,000

PacifiCan Conditionally Repayable Contributions

Conditionally repayable contributions made by Pacific Economic Development Canada (PacifiCan) are non-interest bearing, unsecured and repayable upon 60 days notice in the event of default as defined in the contribution agreement. PacifiCan Conditionally repayable Contributions are subject to certain conditions as stipulated in the contribution agreement. The funds are repayable if any of the following conditions occur:

1. The Conditionally Repayable Investment Fund is not administered according to the terms and conditions specified in the Agreement; or
2. Based on reviews and evaluations of the operations and administration of the Investment Fund, the Minister determines that the fund is not providing a satisfactory level of benefits in terms of the development and growth of small business enterprises and social enterprises including employment creation and strengthening of economy in Western Canada; or
3. The Agreement is terminated in accordance with the provisions of the agreement; or
4. An event of default occurs, as described in Section 10 (Default, Termination and Dispute Resolution) of the agreement; or
5. The Minister does not approve terms and conditions to extend the project beyond the current contract end date of March 31, 2026.

Community Business Fund (Formerly Forest Renewal BC)

The corporation received funding from the Ministry of Community and Rural Development Community Business Fund whose purpose is to loan funds to entities that will carry on business in a rural community outside the Capital Regional District and the Greater Vancouver Regional District of BC and is in the forest, aquaculture, manufacturing, tourism and other prescribed sectors of the economy. Upon termination of the agreement, the corporation must pay an amount equal to the Province's Proportion of the Fund not lent out, thereafter the loan principal and interest collected net of reasonable costs until the original principal is repaid.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NICOLA VALLEY

Notes to Financial Statements

Year Ended March 31, 2022

12. LEASE COMMITMENTS

The organization has a long term lease with respect to its premises that expires on November 30, 2024. The lease contains renewal options and includes provisions for utilities and property taxes. The contract also includes the right to terminate the lease if government funding is discontinued. Future minimum lease payments as at year end are as follows:

2023	\$	23,400
2024		23,400
2025		23,400
2026		15,600

13. ECONOMIC DEPENDENCE

The Corporation receives the majority of its operating revenue, approximately 77% (2021 - 79%), from the Federal Government and is economically dependent upon it to maintain current operations. The Federal Government has extended its funding until March 31, 2026.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NICOLA VALLEY

Schedule of Operations - PacifiCan

(Schedule 1)

Year Ended March 31, 2022

	2022	2021
REVENUE		
Core Operating Funds	\$ 298,314	\$ 367,114
EXPENSES		
Wages and benefits	197,082	224,831
Rent and utilities	25,945	26,993
Office supplies and sundry	22,308	29,672
Advertising	11,526	7,011
Professional fees	10,950	11,600
Consulting fees	6,667	-
Telecommunications	6,333	5,751
Projects	4,635	4,672
Insurance	4,021	3,605
Training	2,408	369
Travel	1,596	479
Meetings	1,582	1,943
Bank charges	1,457	2,054
Janitorial	1,312	816
	297,822	319,796
DEFICIENCY OF REVENUES OVER EXPENSES FROM OPERATIONS	\$ 492	\$ 47,318

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NICOLA VALLEY

RRRF - Operations

(Schedule 2)

Year Ended March 31, 2022

	RRRF Operating Fund	RRRF Investment Fund	2022
REVENUES			
Core Operating Funds	\$ 12,776	\$ -	\$ 12,776
EXPENSES			
Wages and benefits	11,640	-	11,640
Office and sundry	1,136	-	1,136
Interest and bank charges	-	73	73
	<u>12,776</u>	<u>73</u>	<u>12,849</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	-	(73)	(73)
Net assets, beginning of year	-	(85)	(85)
Net Assets (Deficit) - end of year	<u>\$ -</u>	<u>\$ (158)</u>	<u>\$ (158)</u>

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NICOLA VALLEY

RRRF - Financial Position

(Schedule 3)

Year Ended March 31, 2022

	RRRF Operating Fund	RRRF Investment Fund	2022	2021
Assets				
Cash	\$ 22,864	\$ 173,442	\$ 196,306	\$ 160,732
Loans and notes receivable	-	941,300	941,300	823,896
	<u>\$ 22,864</u>	<u>\$ 1,114,742</u>	<u>\$ 1,137,606</u>	<u>\$ 984,628</u>
Liabilities and Net Assets				
Interfund loans	\$ -	\$ 13,900	\$ 13,900	\$ 13,713
Conditional Loans Repayable	22,864	1,101,000	1,123,864	971,000
	<u>22,864</u>	<u>1,114,900</u>	<u>1,137,764</u>	<u>984,713</u>
Net Assets	-	(158)	(158)	(85)
	<u>\$ 22,864</u>	<u>\$ 1,114,742</u>	<u>\$ 1,137,606</u>	<u>\$ 984,628</u>