

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Financial Statements

Year Ended March 31, 2022

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

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Year Ended March 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Community Futures Development Corporation of Sun Country

Report on the Financial Statements

Opinion

We have audited the financial statements of Community Futures Development Corporation of Sun Country (the Corporation), which comprise the statement of financial position as at March 31, 2022, and the statements of operations and changes in fund balances, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation 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.

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 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.

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Independent Auditor's Report to the Directors of Community Futures Development Corporation of Sun Country
(continued)

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.

Kamloops, British Columbia
June 28, 2022



Tenisci Piva LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Statement of Financial Position

March 31, 2022

	Operating Fund	RRRF Operating Fund	SE Fund	Investment Funds (Schedule 2)	Capital Fund	2022 Total	2021 Total
ASSETS							
CURRENT							
Cash	\$ -	\$ -	\$ 45,934	\$ 733,057	\$ -	\$ 778,991	\$ 436,759
CFLIP investment (Note 4)	-	-	-	46,200	-	46,200	620,443
Accounts receivable (Note 5)	117,633	-	-	-	-	117,633	80,487
Interest receivable (Note 6)	-	-	-	10,465	-	10,465	8,880
	117,633	-	45,934	789,722	-	953,289	1,146,569
LOANS RECEIVABLE, NET (Note 7)	-	-	-	3,651,895	-	3,651,895	2,651,384
TANGIBLE CAPITAL ASSETS (Note 8)	-	-	-	-	17,526	17,526	22,524
	\$ 117,633	\$ -	\$ 45,934	\$ 4,441,617	\$ 17,526	\$ 4,622,710	\$ 3,820,477
LIABILITIES AND NET ASSETS							
CURRENT							
Bank indebtedness	\$ 924	\$ -	\$ -	\$ -	\$ -	\$ 924	\$ -
Accounts payable and accruals (Note 9)	29,596	-	-	-	-	29,596	58,507
Unused project funds (Schedule 1)	97,668	-	-	-	-	97,668	131,871
Callable debt (Note 10)	-	-	-	1,415,640	-	1,415,640	1,110,000
Current portion of investment loans payable (Note 11)	-	-	-	73,360	-	73,360	-
	128,188	-	-	1,489,000	-	1,617,188	1,300,378
INVESTMENT LOANS PAYABLE (Note 11)	-	-	-	352,802	-	352,802	-
GOVERNMENT ASSISTANCE (Note 12)	-	-	-	400,000	-	400,000	400,000
	128,188	-	-	2,241,802	-	2,369,990	1,700,378
FUND BALANCES							
Government contributions (Note 13)	-	-	-	964,052	-	964,052	964,052
Fund balances (deficiencies)	(10,555)	-	45,934	1,235,763	17,526	1,288,668	1,156,047
	(10,555)	-	45,934	2,199,815	17,526	2,252,720	2,120,099
	\$ 117,633	\$ -	\$ 45,934	\$ 4,441,617	\$ 17,526	\$ 4,622,710	\$ 3,820,477

See notes to financial statements

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY
Statement of Changes in Fund Balances
Year Ended March 31, 2022

	Operating Fund	RRRF Operating Fund	SE Fund	Investment Funds	Capital Fund	2022 Total	2021 Total
FUND BALANCES (DEFICIENCIES) - BEGINNING OF YEAR	\$ (19,945)	\$ -	\$ 45,934	\$ 1,107,534	\$ 22,524	\$ 1,156,047	\$ 974,904
Excess (deficiency) of revenues over expenses	13,331	-	-	128,229	(8,939)	132,621	181,143
Tangible capital asset purchases from operating fund	(3,941)	-	-	-	3,941	-	-
FUND BALANCES (DEFICIENCIES) - END OF YEAR	\$ (10,555)	\$ -	\$ 45,934	\$ 1,235,763	\$ 17,526	\$ 1,288,668	\$ 1,156,047

Approved on Behalf of the Board of Directors

Michelle Hawkins Director

Karma Kubbernus Director

See notes to financial statements

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Statement of Operations
Year Ended March 31, 2022

	Operating Fund	RRRF Operating Fund	SE Fund	Investment Funds (Schedule 3)	Capital Fund	2022 Total	2021 Total
REVENUES							
Federal Government (PacifiCan) contributions	\$ 299,299	\$ -	\$ -	\$ -	\$ -	\$ 299,299	\$ 365,299
Other contract revenue (Note 14)	305,860	-	-	-	-	305,860	176,887
Administrative billings (Note 15)	3,631	-	-	-	-	3,631	5,465
Loan processing fees	9,399	-	-	-	-	9,399	12,542
Interest from investments and deposits	593	-	-	-	-	593	829
Investment Funds (Schedule 3)	-	-	-	150,055	-	150,055	95,996
	618,782	-	-	150,055	-	768,837	657,018
EXPENSES							
Advertising	13,176	-	-	-	-	13,176	46,455
Amortization	-	-	-	-	8,939	8,939	7,482
Bank charges and interest	5	-	-	-	-	5	-
Conferences and seminars	6,613	-	-	-	-	6,613	8,767
Insurance	4,668	-	-	-	-	4,668	4,044
Licence, dues and fees	2,040	-	-	-	-	2,040	1,824
Office	23,623	-	-	-	-	23,623	24,133
Professional development	8,739	-	-	-	-	8,739	23,939
Professional fees	26,190	-	-	-	-	26,190	24,509
Rent	14,771	-	-	-	-	14,771	14,760
Repairs and maintenance	3,380	-	-	-	-	3,380	5,945
Subcontract	291,029	-	-	-	-	291,029	115,772
Telephone and utilities	11,069	-	-	-	-	11,069	11,848
Travel	1,079	-	-	-	-	1,079	1,160
Wages and benefits	199,069	-	-	-	-	199,069	250,258
Investment Funds (Schedule 3)	-	-	-	17,338	-	17,338	(16,612)
	605,451	-	-	17,338	8,939	631,728	524,284
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER INCOME (EXPENSES)	13,331	-	-	132,717	(8,939)	137,109	132,734
OTHER INCOME (EXPENSES)							
Unrealized change in market value of CFLIP (Schedule 3) (Note 4)	-	-	-	(4,488)	-	(4,488)	51,001
Loss on disposal of investments (Schedule 3)	-	-	-	-	-	-	(2,592)
	-	-	-	(4,488)	-	(4,488)	48,409
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 13,331	\$ -	\$ -	\$ 128,229	\$ (8,939)	\$ 132,621	\$ 181,143

See notes to financial statements

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY
Statement of Cash Flows
Year Ended March 31, 2022

	Operating Fund	RRRF Operating Fund	SE Fund	Investment Funds	Capital Fund	2022 Total	2021 Total
OPERATING ACTIVITIES							
Excess (deficiency) of revenues over expenses	\$ 13,331	\$ -	\$ -	\$ 128,229	\$ (8,939)	\$ 132,621	\$ 181,143
Item not affecting cash:							
Amortization	-	-	-	-	8,939	8,939	7,482
	13,331	-	-	128,229	-	141,560	188,625
Change in non-cash working capital:							
Accounts receivable	(37,146)	-	-	-	-	(37,146)	(77,749)
Accounts payable and accruals	(28,911)	-	-	-	-	(28,911)	(910)
Unused project funds	(34,203)	-	-	-	-	(34,203)	106,929
	(100,260)	-	-	-	-	(100,260)	28,270
Cash flow from operating activities	(86,929)	-	-	128,229	-	41,300	216,895
INVESTING ACTIVITIES							
Decrease in CFLIP investment	-	-	-	574,241	-	574,241	185,717
Increase in interest receivable	-	-	-	(1,595)	-	(1,595)	(4,983)
Increase in loans receivable	-	-	-	(1,000,511)	-	(1,000,511)	(1,694,533)
Purchase of tangible capital assets	(3,941)	-	-	-	-	(3,941)	(20,939)
Cash flow from (used by) investing activities	(3,941)	-	-	(427,865)	-	(431,806)	(1,534,738)
FINANCING ACTIVITIES							
Proceeds from callable debt financing	-	-	-	55,650	-	55,650	1,110,000
Proceeds from line of credit	-	-	-	250,000	-	250,000	-
Proceeds from syndicated investment loans payable	-	-	-	426,164	-	426,164	-
Cash flow from financing activities	-	-	-	731,814	-	731,814	1,110,000
INCREASE (DECREASE) IN CASH	(90,870)	-	-	432,178	-	341,308	(207,843)
CASH - BEGINNING OF YEAR	89,946	-	45,934	300,879	-	436,759	644,602
CASH (DEFICIENCY) - END OF YEAR	\$ (924)	\$ -	\$ 45,934	\$ 733,057	\$ -	\$ 778,067	\$ 436,759
CASH CONSISTS OF:							
Cash	\$ -	\$ -	\$ 45,934	\$ 733,057	\$ -	\$ 778,991	\$ 436,759
Bank indebtedness	(924)	-	-	-	-	(924)	-
	\$ (924)	\$ -	\$ 45,934	\$ 733,057	\$ -	\$ 778,067	\$ 436,759

See notes to financial statements

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Notes to Financial Statements

Year Ended March 31, 2022

1. GENERAL

Community Futures Development Corporation of Sun Country (the "Corporation") is a community based Corporation that provides loans and financial services to small businesses that are otherwise unable to obtain financing. In addition, the Corporation delivers various programs for Federal and Provincial agencies. The Corporation serves communities in the Sun Country catchment area.

The Corporation was incorporated under the Canada Corporations Act on March 31, 1995. As a not-for-profit corporation, the Corporation is exempt from the payment of income tax.

A significant portion of the Corporation's revenue is derived from Federal Government contributions, primarily from Pacific Economic Development Canada ("PacifiCan"), formerly Western Economic Diversification ("WD"), to deliver various economic development programs. The contributions received from PacifiCan account for 48.37% (2021 - 65.11%) of total Operating Fund revenues in the current year. The contract with PacifiCan has been renewed as of April 1, 2021 and expires on March 31, 2026.

2. COVID-19 PANDEMIC

The COVID-19 global outbreak was declared a pandemic by the World Health Organization in March 2020. The negative impact of COVID-19 in Canada and on the global economy has been significant. The global pandemic has disrupted economic activities and supply chains resulting in governments worldwide, and in Canada and its provinces, enacting emergency measures to combat the spread of the virus and protect the economy. These measures, which include social distancing, the implementation of travel bans and closures of non-essential businesses, have caused material disruption to businesses globally and in British Columbia resulting in an economic slowdown.

The accompanying financial statements have been prepared on the going concern assumption that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of operations. These financial statements have been prepared upon conditions existing as at March 31, 2021 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at that date.

As the Corporation services sectors which have been categorized as essential services throughout the pandemic there has not been a significant impact on the Corporation's operations. However, given the majority of the Corporation's funding is from PacifiCan and an agreement is in place, there is no reason to believe this funding is not going to continue into the foreseeable future.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

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

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COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Notes to Financial Statements

Year Ended March 31, 2022

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

(b) Fund accounting

Community Futures Development Corporation of Sun Country follows the restricted fund method of accounting for contributions. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Current funds in use are as follows:

Operating Fund

To account for all financial resources, program delivery and administration expenses. This includes all loan expenses related to the ongoing management and administration of the loan fund such as staff salaries, credit reports, audit and legal fees related to the approval and monitoring of a loan.

Regional Relief and Recovery Operating Fund ("RRRF")

To account for the Corporation's financial resources, program delivery and administrative activities, related to the RRRF.

SE Fund

To account for subcontract services performed for the Self Employment Program on behalf of an external provider.

Loan Funds

To account for loan funds received (Regular Investment, Youth, Forest Community Business Program, Disabled Entrepreneur, and Regional Relief and Recovery Fund). The loan funds consist of contributions from PacifiCan or related entities for helping new and existing enterprises through promoting economic development in the community by providing assistance to small businesses in the form of loans in accordance with the requirements of the agreement with PacifiCan. This fund also includes contributions to the Conditionally Repayable Investment Funds.

Capital Fund

To account for all tangible capital assets of the Corporation.

Programs are as follows:

Youth Program

To account for monies loaned from the Government of Canada for youth investments.

Forest Community Business Program ("FCBP")

To account for contribution monies received from the Province of British Columbia for investments in the forest, aquiculture, manufacturing or tourism sector.

Disabled Entrepreneur Program

To account for monies loaned from the Government of Canada for small businesses operated by persons with disabilities.

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COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Notes to Financial Statements

Year Ended March 31, 2022

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

Self Employment ("SE") Program

This program is to provide advice and temporary financial support to qualifying individuals who wish to develop a business and be self-employed.

Regional Relief and Recovery Fund ("RRRF")

To account for monies loaned from Community Futures Development Corporation of British Columbia for small and medium sized businesses that have been negatively impacted as a result of COVID-19.

(c) Cash

The Corporation's policy is to disclose bank balances under cash, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn.

(d) CFLIP investment

The Community Futures Lending and Investment Pool of British Columbia ("CFLIP") investment is a pooled investment that earns an investment income and is recorded at market value.

(e) Loans receivable

The loans receivable represent the outstanding principal at year end and are stated at net realizable value.

The Corporation has accounted for credit risk, as defined in *(Note 16)*, by establishing allowances for impaired loans and netting the allowances against the carrying value of certain impaired loans. The establishment of the allowances for impaired loans relies on 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 impaired loans.

Therefore, loans are considered impaired as soon as collection of the full principal and interest on the loan becomes doubtful. The allowance for losses on loans is determined on the basis of historical allowance requirements and specific loans which, in management's opinion, may not be fully collectible. Amounts considered uncollectible are written off through operating expenses and written down to the fair market value of any security held in the appropriate loan fund in the applicable period.

Loans are secured by one, or a combination, of debentures, personal guarantees, promissory notes, general security agreements, mortgages and other charges on property.

The allowance for loan impairment is provided for through specific identification. Management has evaluated all loans in arrears with any risk of loss. Specific loans are written off when they are identified by management as uncollectible.

(f) Tangible capital assets

Tangible capital assets are recorded at cost and are amortized over their estimated useful lives. Amortization is calculated on a straight-line basis over the following years:

Computer equipment	3 years
Furniture, fixtures and equipment	5 years

Leasehold improvements are amortized on a straight-line basis over the term of the lease.

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COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Notes to Financial Statements

Year Ended March 31, 2022

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

(g) Use of estimates

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.

Examples of significant estimates include:

- providing for amortization of tangible capital assets;
- the estimated useful lives of tangible capital assets;
- the allowance for loan impairment;
- the recoverability of tangible capital assets; and
- the recoverability of loans.

(h) Revenue recognition

Community Futures Development Corporation of Sun Country 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.

The annual PacifiCan contributions are recognized as revenue in the year specified in the agreement with PacifiCan.

Interest on loans to clients is recognized as revenue of the applicable Loan Investment Fund when received or receivable. Interest is not accrued on loans which have been classified as impaired.

Investment interest earned on the CFLIP investment is recognized as revenue when earned.

Other revenue including administrative billings and fees, other contract revenue, write-offs recovered and loan processing fees are recognized when received.

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COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Notes to Financial Statements

Year Ended March 31, 2022

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

(i) Financial instruments policy

Measurement of financial instruments

The Corporation initially measures its financial assets and liabilities at fair value. 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.

Financial assets measured at fair value include the CFLIP investment.

Financial assets measured at amortized cost include cash, accounts receivable, interest receivable and loans receivable.

Financial liabilities measured at amortized cost include the accounts payable and accruals, unused project funds, callable debt, investment loans payable and Government assistance.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenues over expenses.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Notes to Financial Statements

Year Ended March 31, 2022

4. CFLIP INVESTMENT

	2022	2021
Regular Investment Loan Fund		
Opening investment balance	\$ 271,241	\$ 485,638
Cash withdrawal	(250,000)	(250,000)
CFLIP unrealized change in market value	(1,911)	29,856
Accrued investment income	4,017	8,339
Loss on disposal of investment	-	(2,592)
	<u>23,347</u>	<u>271,241</u>
Youth Fund		
Opening investment balance	190,474	174,830
Cash withdrawal	(180,000)	-
CFLIP unrealized change in market value	(1,406)	11,534
Accrued investment income	3,397	4,110
	<u>12,465</u>	<u>190,474</u>
Forest Community Business Program Loan Fund		
Opening investment balance	158,728	145,691
Cash withdrawal	(150,000)	-
CFLIP unrealized change in market value	(1,171)	9,611
Accrued investment income	2,831	3,426
	<u>10,388</u>	<u>158,728</u>
	<u>\$ 46,200</u>	<u>\$ 620,443</u>

The Community Futures Lending and Investment Pool of British Columbia ("CFLIP") was formed by Community Futures British Columbia to promote access to investment loan funds for members who do not have sufficient levels of cash on hand to meet local demands and for other members who have investment fund surpluses. The loans are non-interest bearing, have no set repayment terms, and have no collateral. The fund invests the monies and any investment income earned will accrue to the Corporation. If the Corporation wishes to withdrawal their proportionate share, the Corporation must give Community Futures British Columbia 14-days notice.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Notes to Financial Statements

Year Ended March 31, 2022

5. ACCOUNTS RECEIVABLE

	2022	2021
Operating Fund		
Northern Development Initiative Trust - Business Liaison	\$ 106,895	\$ 54,596
General	469	16,131
Business Ambassador	-	6,601
Aboriginal Skills Employment and Training Strategy ("ASETS")	2,475	-
G.S.T. rebate	7,794	3,159
	<u>\$ 117,633</u>	<u>\$ 80,487</u>

6. INTEREST RECEIVABLE

	2022	2021
Regular Investment Fund		
Loan interest receivable	\$ 10,401	\$ 8,760
Less: allowances for loan impairment	-	-
	<u>10,401</u>	<u>8,760</u>
Youth Loan Fund		
Loan interest receivable	54	62
Less: allowances for loan impairment	-	-
	<u>54</u>	<u>62</u>
Disabled Loan Fund		
Loan interest receivable	10	58
Less: allowances for loan impairment	-	-
	<u>10</u>	<u>58</u>
	<u>\$ 10,465</u>	<u>\$ 8,880</u>

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Notes to Financial Statements

Year Ended March 31, 2022

7. LOANS RECEIVABLE, NET

	<u>2022</u>	<u>2021</u>
Regular Investment Loan Fund		
Loans receivable	\$ 2,520,246	\$ 1,567,998
Less: allowance for loan impairment	<u>-</u>	<u>(59,657)</u>
	<u>\$ 2,520,246</u>	<u>\$ 1,508,341</u>
Youth Loan Fund		
Loans receivable	\$ 17,460	\$ 30,601
Less: allowance for loan impairment	<u>-</u>	<u>-</u>
	<u>\$ 17,460</u>	<u>\$ 30,601</u>
Disabled Entrepreneur Loan Fund		
Loans receivable	\$ 12,015	\$ 15,150
Less: allowance for loan impairment	<u>-</u>	<u>-</u>
	<u>\$ 12,015</u>	<u>\$ 15,150</u>
Regional Relief and Recovery Fund (RRRF)		
Loans receivable	\$ 1,102,174	\$ 1,097,292
Less: allowance for loan impairment	<u>-</u>	<u>-</u>
	<u>\$ 1,102,174</u>	<u>\$ 1,097,292</u>
Total		
Loans receivable	\$ 3,651,895	\$ 2,711,041
Less: allowance for loan impairment	<u>-</u>	<u>(59,657)</u>
	<u>\$ 3,651,895</u>	<u>\$ 2,651,384</u>

Allowance for Loan Impairment

During the year, there were the following changes in the allowance for loan impairment that reduced the balance of the loans receivable:

Regular Investment Loan Fund		
Beginning balance	\$ 59,657	\$ 85,608
New provisions during the year	-	29,489
Reversals during the year	-	(50,000)
Recovered during the year	(100)	(1,440)
Actual write-offs during the year	<u>(59,557)</u>	<u>(4,000)</u>
Ending balance	<u>\$ -</u>	<u>\$ 59,657</u>

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COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Notes to Financial Statements

Year Ended March 31, 2022

7. LOANS RECEIVABLE, NET *(continued)*

2022	2021
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Loans receivable from all funds except for RRRF are due in monthly payments including interest and principal. Some loans start as interest-only payments for a few months. Loans bear interest at rates established by contract varying from 4.45% to 10.00%. The minimum interest rate that can be charged is generally the bank prime rate plus 2.00%. The scheduled maturities range from a period of less than one year to a maximum of five years. Security is taken on these loans as appropriate to the situation and includes personal guarantees, general security agreements covering business assets and mortgages on land and building. The Corporation's revenue may be significantly impacted by the varying interest rates available.

During the year, there were no loan balances over \$150,000.

Included in the loans receivable are amounts related to partnership loans with various other Community Futures Development Corporations in the amount of \$1,325,703 (2021 - \$867,682).

The allowance for loan impairment as a percentage of total loans is 0.00% (2021 - 2.20%).

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 of the risks associated with that segment of the industry.

According to management, the COVID-19 pandemic has affected the loans receivable. Most of the businesses that were not considered essential services had to close their operations which caused a considerable loss in revenue. The allowance for loan impairment has factored in the impact of the COVID-19 pandemic.

Regional Relief and Recovery Fund ("RRRF")

The secondary RRRF loans are unsecured and non-interest bearing with no requirement of principal repayment until December 31, 2023. Effective January 1, 2024, the outstanding loans will bear interest at no more than 5.00% per annum, until repaid in full, on or before December 31, 2025. The maximum loan available is \$60,000 and on the first \$40,000 portion of the loan, provided that at least 75% of the loan principal is repaid on or before December 31, 2023, the remaining balance, to a maximum of 25%, will be forgiven. On any portion of the loan between \$40,000 and \$60,000, provided that at least 50% of the additional loan funds are repaid on or before December 31, 2023, the remaining 50% will be forgiven.

If the RRRF loan borrowers subsequently default on their loan repayments to the Corporation, inclusive of principal and accrued interest, the Corporation is not required to repay Community Futures British Columbia any unrepaid amounts, as defined in the agreement.

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 of the risks associated with that segment of the industry.

During the year, one loan of \$15,000 and one loan of \$20,431 have been repaid. The dollar value of the forgiven portions of the loans during the year was \$8,858. The forgiven portions will be written off when the principal balance of the loan is repaid to Community Futures British Columbia. As at March 31, 2022, there have been no principal amounts repaid to Community Futures British Columbia.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Notes to Financial Statements

Year Ended March 31, 2022

8. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Computer equipment	\$ 54,936	\$ 46,316	\$ 8,620	\$ 10,529
Furniture, fixtures and equipment	32,030	23,124	8,906	11,995
Leasehold improvements	11,119	11,119	-	-
	<u>\$ 98,085</u>	<u>\$ 80,559</u>	<u>\$ 17,526</u>	<u>\$ 22,524</u>

9. ACCOUNTS PAYABLE AND ACCRUALS

	2022	2021
Operating Fund		
General	\$ 1,924	\$ 4,661
Auditing accrual	19,000	17,000
Funds held on behalf of external entities:		
2010 Legacies Now Society -		
Literacy Now Communities Program	7,169	35,343
McAbee Fossil Beds Heritage Site	1,503	1,503
	<u>\$ 29,596</u>	<u>\$ 58,507</u>

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Notes to Financial Statements

Year Ended March 31, 2022

10. CALLABLE DEBT

	2022	2021
Community Futures Development Association of British Columbia, conditionally repayable loan, bearing interest at 0.00% per annum. The loan matures on December 31, 2025 at which time any remaining loan principal must be repaid. The loan is callable on demand. The purpose of the loan is described below	\$ 1,130,000	\$ 1,110,000
Community Futures Development Association of British Columbia, conditionally repayable loan, bearing interest at 0.00% per annum. The loan matures on December 31, 2025 at which time any unused loan principal must be repaid. The loan is callable on demand. The purpose of the loan is described below	35,640	-
Community Futures Development Association of British Columbia, line of credit loan, bearing interest at prime plus 0.00% per annum. The loan matures on August 30, 2026 and is secured by a demand promissory note signed by the borrower and a general security agreement on loans receivable. The maximum total credit to be advanced is \$500,000. The loan is callable on demand	250,000	-
	<u>\$ 1,415,640</u>	<u>\$ 1,110,000</u>

In the March 31, 2021 fiscal year-end, the Corporation received a conditionally repayable loan in the amount of \$1,110,000 from Community Futures Development Association of British Columbia, to administer as secondary loans, through the Regional Relief and Recovery Fund ("RRRF"). In the fiscal 2022 year-end, the Corporation received an additional amount of \$20,000 from Community Futures Development Association of British Columbia bringing the loan balance to \$1,130,000.

The secondary RRRF loans can be issued to a maximum of \$60,000, to third-party small and medium sized businesses that have been negatively impacted as a result of COVID-19. As described in the agreement, the repayable balance of the loan is the principal amount owing of the secondary RRRF loans as of January 1, 2024 less any amounts forgiven or written off by the Corporation.

In the March 31, 2022 fiscal year-end, the Corporation also received a conditionally repayable loan in the amount of \$35,640 from Community Futures Development Association of British Columbia designated for administration costs which must be incurred and charged to the RRRF fund for costs that include but are not limited to RRRF loans aftercare, monitoring, collections, and related administration costs deemed reasonable, incremental, and directly attributable to support RRRF loan borrowers and loan recovery. The \$35,640 must be used by December 31, 2025 or it will become repayable to Community Futures Development Association of British Columbia.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Notes to Financial Statements

Year Ended March 31, 2022

11. INVESTMENT LOANS PAYABLE

	2022	2021
Participation Loan #1		
Community Futures Development Corporation of Fraser Fort George, as described below	\$ 43,324	\$ -
Community Futures Development Corporation of Cariboo Chilcotin, as described below	43,324	-
Community Futures Development Corporation of Thompson Country, as described below	43,324	-
	<u>129,972</u>	<u>-</u>
Participation Loan #2		
Community Futures Development Corporation of Cariboo Chilcotin, as described below	148,095	-
Community Futures Development Corporation of Thompson Country, as described below	148,095	-
	<u>296,190</u>	<u>-</u>
	426,162	-
Amounts payable within one year	<u>(73,360)</u>	<u>-</u>
	<u>\$ 352,802</u>	<u>\$ -</u>

Principal repayment terms are approximately:

2023	\$ 73,360
2024	73,360
2025	73,360
2026	65,813
2027	140,269
	<u>\$ 426,162</u>

During the year, the Corporation entered into two participation loans as follows:

Participation Loan #1

- The Corporation entered into a participation loan and administration agreement with Community Futures Development Corporation of Fraser Fort George in order to advance a loan amount of \$300,000. As per the agreement, the Corporation provided a portion of the loan to be advanced in the amount of \$50,000 and administered the loan.

The Corporation has granted and assigned an undivided interest in the security held in respect of the loan proportionate to the respective shares of the participants under a promissory note and General Security Agreement over the assets of the corporations. The participants' share of the loan is repayable to the participants in blended monthly payments of \$955 bearing interest at 3.00%. The loan matures on June 1, 2026.

(continues)

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Notes to Financial Statements

Year Ended March 31, 2022

11. INVESTMENT LOANS PAYABLE *(continued)*

- The Corporation entered into a participation loan and administration agreement with Community Futures Development Corporation of Cariboo Chilcotin in order to advance a loan amount of \$300,000. As per the agreement, the Corporation provided a portion of the loan to be advanced in the amount of \$50,000 and administered the loan.

The Corporation has granted and assigned an undivided interest in the security held in respect of the loan proportionate to the respective shares of the participants under a promissory note and General Security Agreement over the assets of the corporations. The participants' share of the loan is repayable to the participants in blended monthly payments of \$955 bearing interest at 3.00%. The loan matures on June 1, 2026.

- The Corporation entered into a participation loan and administration agreement with Community Futures Development Corporation of Thompson Country in order to advance a loan amount of \$300,000. As per the agreement, the Corporation provided a portion of the loan to be advanced in the amount of \$50,000 and administered the loan.

The Corporation has granted and assigned an undivided interest in the security held in respect of the loan proportionate to the respective shares of the participants under a promissory note and General Security Agreement over the assets of the corporations. The participants' share of the loan is repayable to the participants in blended monthly payments of \$955 bearing interest at 3.00%. The loan matures on June 1, 2026.

Participation Loan #2

- The Corporation entered into a participation loan and administration agreement with Community Futures Development Corporation of Cariboo Chilcotin in order to advance a loan amount of \$450,000. As per the agreement, the Corporation provided a portion of the loan to be advanced in the amount of \$150,000 and administered the loan.

The Corporation has granted and assigned an undivided interest in the security held in respect of the loan proportionate to the respective shares of the participants under a promissory note and General Security Agreement over the assets of the corporations. The participants' share of the loan is repayable to the participants in blended monthly payments of \$1,624 bearing interest at 3.00%. The loan matures on October 1, 2023.

- The Corporation entered into a participation loan and administration agreement with Community Futures Development Corporation of Thompson Country in order to advance a loan amount of \$450,000. As per the agreement, the Corporation provided a portion of the loan to be advanced in the amount of \$150,000 and administered the loan.

The Corporation has granted and assigned an undivided interest in the security held in respect of the loan proportionate to the respective shares of the participants under a promissory note and General Security Agreement over the assets of the corporations. The participants' share of the loan is repayable to the participants in blended monthly payments of \$1,624 bearing interest at 3.00%. The loan matures on October 1, 2023.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Notes to Financial Statements

Year Ended March 31, 2022

12. GOVERNMENT ASSISTANCE

Youth Loan Fund

The Corporation received a repayable contribution in the amount of \$200,000 from the Government of Canada to administer, through the Youth Loan Fund, loans, loan guarantees and equity participation in businesses owned and operated by youths.

The contribution is conditionally repayable. Conditionally repayable contributions made by 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.

Disabled Entrepreneur Loan Fund

The Corporation received a repayable contribution in the amount of \$200,000 from the Government of Canada to administer, through the Disabled Entrepreneur Loan Fund, loans, loan guarantees and equity participation in businesses owned and operated by disabled entrepreneurs.

The contribution is conditionally repayable. Conditionally repayable contributions made by 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.

13. GOVERNMENT CONTRIBUTIONS

Regular Investment Loan Fund

The Corporation received a \$864,052 non-repayable contribution from the Government of Canada to administer, through the Regular Investment Loan Fund, loans, loan guarantees and equity participation in order to create new small businesses and to expand, stabilize and protect existing businesses resulting in the generation and maintenance of employment. As a condition of funding, the Corporation agrees to retain its non-profit status and to continue to administer the Investment Fund in conformity with criteria outlined in the original contribution agreement. Upon dissolution of the Corporation, assets shall be disposed of in a manner acceptable to the Government of Canada.

Forest Community Business Program Loan Fund

The Corporation received a contribution in the amount of \$100,000 from Forest Community Business Program of British Columbia which was matched by \$100,000 in funding transferred from the Corporation's Loan Fund. The \$200,000 in funds are to be used by the Corporation to provide loans, business counselling and training to small and medium sized forest sector enterprises in British Columbia. As a condition of the funding, the Corporation has agreed to administer the funds in accordance with the contribution agreement. If these conditions are not met, the agreement will be terminated and the funds will be disbursed as described in the terms of the contribution agreement.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Notes to Financial Statements

Year Ended March 31, 2022

14. OTHER CONTRACT REVENUE

	2022	2021
Operating Fund		
Northern Development Initiative Trust - Business Regional Liaison	\$ 190,377	\$ 54,596
Northern Development Initiative Trust - Business Development Internship Program	-	20,773
McAbee Fossil Beds Heritage Site	9,527	32,312
Business Incubator	4,831	-
Decoda Literacy Solutions	14,338	-
Business Continuity Program	76,787	-
Shuswap Trail Alliance Contract	-	17,855
Northern Development Initiative Trust - Business Facade Improvement Program	-	4,487
Mill Closure - Business Ambassador Program	-	28,864
Digital Economy: Rapid Response + Resiliency (DER3) Program	10,000	10,000
	305,860	168,887
SE Program	-	8,000
	\$ 305,860	\$ 176,887

15. ADMINISTRATIVE BILLINGS

	2022	2021
Operating Fund		
Miscellaneous revenue	\$ 2,139	\$ 2,493
Photocopies and fax	1,492	1,379
Administration fee - Literacy Now Project	-	1,593
	\$ 3,631	\$ 5,465

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Notes to Financial Statements

Year Ended March 31, 2022

16. FINANCIAL INSTRUMENTS

The Corporation is exposed to various risks through its financial instruments. The following analysis provides information about the Corporation's risk exposure and concentration as of March 31, 2022.

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's main credit risks relate to its accounts receivable, interest receivable and loans receivable. The Corporation provides credit to its clients in the normal course of business. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The balance of the allowance for doubtful accounts as of March 31, 2022 was \$nil (2021 - \$nil).

Market risk

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Corporation is mainly exposed to market risk through the CFLIP investment.

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 on its fixed interest rate financial instruments. Given the current composition of loans receivable, these fixed-rate instruments subject the Corporation to a fair value risk.

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

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Corporation is exposed to other price risk through the CFLIP investment.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Unused Project Funds

(Schedule 1)

Year Ended March 31, 2022

	2022	2021
Operating Fund		
<u>Federal Government Contributions (PacifiCan)</u>		
Opening balance, deferred revenue	\$ -	\$ 24,942
Funding received during the year	324,241	274,357
Funding received during the year - RRRF	-	66,000
Amounts recognized during the year	<u>(299,299)</u>	<u>(365,299)</u>
Ending balance, deferred revenue	<u>24,942</u>	<u>-</u>
<u>Business Incubator</u>		
Opening balance, deferred revenue	-	-
Funding received during the year	7,000	-
Amounts recognized during the year	<u>(4,831)</u>	<u>-</u>
Ending balance, deferred revenue	<u>2,169</u>	<u>-</u>
<u>McAbee Fossil Beds Heritage Site</u>		
Opening balance, deferred revenue	32,939	-
Funding received during the year	-	65,251
Amounts recognized during the year	<u>(9,527)</u>	<u>(32,312)</u>
Ending balance, deferred revenue	<u>23,412</u>	<u>32,939</u>
<u>Shuswap Hut and Trail Alliance</u>		
Opening balance, deferred revenue	22,145	-
Funding received during the year	-	40,000
Amounts recognized during the year	<u>-</u>	<u>(17,855)</u>
Ending balance, deferred revenue	<u>22,145</u>	<u>22,145</u>
<u>The Ministry of Forests, Lands, Natural Resource Operations and Rural Development - Online Business Continuity Planning</u>		
Opening balance, deferred revenue	76,787	-
Funding received during the year	-	76,787
Amounts recognized during the year	<u>(76,787)</u>	<u>-</u>
Ending balance, deferred revenue	<u>-</u>	<u>76,787</u>
<u>Economic Trust of the Southern Interior (ETSI-BC)</u>		
<u>Rural Business and Community Recovery Program</u>		
Opening balance, deferred revenue	-	-
Funding received during the year	25,000	-
Amounts recognized during the year	<u>-</u>	<u>-</u>
Ending balance, deferred revenue	<u>25,000</u>	<u>-</u>
	<u>\$ 97,668</u>	<u>\$ 131,871</u>

Deferred revenue in the Operating Fund are funds received from Rural Business and Community Recovery Regional Business Liaison Program, McAbee Fossil Beds Heritage Site, Economic Trust of the Southern Interior, and the Shuswap Hut and Trail

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Statement of Financial Position - Investment Funds

(Schedule 2)

Year Ended March 31, 2022

	Regular Investment Loan Fund	Youth Loan Fund	FCBP Loan Fund	Disabled Entrepreneur Loan Fund	Regional Relief and Recovery Fund (RRRF)	2022 Total	2021 Total
ASSETS							
CURRENT							
Cash	\$ 135,461	\$ 276,464	\$ 216,519	\$ 41,385	\$ 63,228	\$ 733,057	\$ 300,879
CFLIP investment (Note 4)	23,347	12,465	10,388	-	-	46,200	620,443
Interest receivable (Note 6)	10,401	54	-	10	-	10,465	8,880
	169,209	288,983	226,907	41,395	63,228	789,722	930,202
LOANS RECEIVABLE, NET (Note 7)	2,520,246	17,460	-	12,015	1,102,174	3,651,895	2,651,384
	\$ 2,689,455	\$ 306,443	\$ 226,907	\$ 53,410	\$ 1,165,402	\$ 4,441,617	\$ 3,581,586
LIABILITIES AND NET ASSETS							
CURRENT							
Callable debt (Note 10)	\$ 250,000	\$ -	\$ -	\$ -	\$ 1,165,640	\$ 1,415,640	\$ 1,110,000
Current portion of investment loans payable (Note 11)	73,360	-	-	-	-	73,360	-
	323,360	-	-	-	1,165,640	1,489,000	1,110,000
INVESTMENT LOANS PAYABLE (Note 11)	352,802	-	-	-	-	352,802	-
GOVERNMENT ASSISTANCE (Note 12)	-	200,000	-	200,000	-	400,000	400,000
	\$ 676,162	\$ 200,000	\$ -	\$ 200,000	\$ 1,165,640	\$ 2,241,802	\$ 1,510,000
FUND BALANCES							
Government contributions (Note 12)	\$ 864,052	\$ -	\$ 100,000	\$ -	\$ -	\$ 964,052	\$ 964,052
Interfund transfers (Note 12)	(100,000)	-	100,000	-	-	-	-
Fund balances	1,249,241	106,443	26,907	(146,590)	(238)	1,235,763	1,107,534
	2,013,293	106,443	226,907	(146,590)	(238)	2,199,815	2,071,586
	\$ 2,689,455	\$ 306,443	\$ 226,907	\$ 53,410	\$ 1,165,402	\$ 4,441,617	\$ 3,581,586

See notes to financial statements

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Statement of Operations - Investment Funds

(Schedule 3)

Year Ended March 31, 2022

	Regular Investment Loan Fund	Youth Loan Fund	FCBP Loan Fund	Disabled Entrepreneur Loan Fund	Regional Relief and Recovery Fund (RRRF)	2022 Total	2021 Total
REVENUES							
Interest from loans	\$ 135,282	\$ 1,615	\$ -	\$ 634	\$ -	\$ 137,531	\$ 78,461
CFLIP investment income <i>(Note 4)</i>	4,017	3,397	2,831	-	-	10,245	15,875
Interest from investments and deposits	1,055	800	277	147	-	2,279	1,660
	140,354	5,812	3,108	781	-	150,055	95,996
EXPENSES							
Reserves for loan impairment provisions and loan write-offs (recovery)	793	1,151	-	-	-	1,944	(17,038)
Bank charges	-	-	-	-	118	118	426
Interest on long-term debt	12,021	-	-	-	-	12,021	-
Interest on callable debt	3,255	-	-	-	-	3,255	-
	16,069	1,151	-	-	118	17,338	(16,612)
EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER INCOME (EXPENSES)	124,285	4,661	3,108	781	118	132,717	78,958
OTHER INCOME (EXPENSES)							
Unrealized change in market value of CFLIP <i>(Note 4)</i>	(1,911)	(1,406)	(1,171)	-	-	(4,488)	51,001
Loss on disposal of investment	-	-	-	-	-	-	(2,592)
	(1,911)	(1,406)	(1,171)	-	-	(4,488)	48,409
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 122,374	\$ 3,255	\$ 1,937	\$ 781	\$ (118)	\$ 128,229	\$ 127,367

See notes to financial statements