

Community Futures Development
Corporation of the Shuswap
Non-Consolidated Financial Statements
For the Year Ended March 31, 2021

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Independent Auditor's Report

To the Directors of
Community Futures Development Corporation of the Shuswap

Opinion

We have audited the non-consolidated financial statements of Community Futures Development Corporation of the Shuswap (the Corporation), which comprise the non-consolidated statement of financial position as at March 31, 2021, and the non-consolidated statements of changes in net assets, financial activities and cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2021, and its results of operations and its 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 non-consolidated 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 Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated 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 Non-Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated 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 non-consolidated 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 non-consolidated 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 non-consolidated 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 non-consolidated financial statements, including the disclosures, and whether the non-consolidated 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 16, 2021

Community Futures Development Corporation of the Shuswap
Non-Consolidated Statement of Financial Position

March 31	2021	2020
Assets		
Current		
Cash - restricted (Note 2)	\$ 2,112,347	\$ 1,865,780
Cash - unrestricted (Note 2)	220,124	298,426
Accounts receivable	159,563	919
Short-term investments (Note 3)	528,896	485,457
Prepaid expenses	5,212	4,924
Current portion of loans receivable (Note 4)	482,716	431,439
	3,508,858	3,086,945
Loans receivable (Note 4)	2,511,234	2,070,464
Equipment and leasehold improvements (Note 5)	21,448	19,945
Investment in subsidiary (Note 6)	197,194	189,432
	\$ 6,238,734	\$ 5,366,786

Liabilities, Project Reserve and Surplus

Current		
Accounts payable and accrued liabilities (Note 7)	\$ 60,156	\$ 53,377
Deferred revenue (Note 8)	199,062	179,158
Contributions repayable (Note 9)	400,000	398,114
	659,218	630,649
Contributions repayable (Note 9)	686,371	-
Net Assets		
Invested in capital assets	21,448	19,945
Restricted	4,548,830	4,455,034
Unrestricted	322,867	261,158
	4,893,145	4,736,137
	\$ 6,238,734	\$ 5,366,786

Approved on behalf of the Board:

	Director
	Director

Community Futures Development Corporation of the Shuswap
Non-Consolidated Statement of Changes in Net Assets

For the year ended March 31

	Invested in Capital Assets	Unrestricted	Restricted	2021	2020
Balance, beginning of year	\$ 19,945	\$ 261,158	\$ 4,455,034	\$ 4,736,137	\$ 4,605,970
Excess (deficiency) of revenues over expenses	(7,754)	560	164,202	157,008	130,167
Investment in capital assets	9,257	(9,257)	-	-	-
Transfer to (from) unrestricted fund	-	70,406	(70,406)	-	-
Balance, end of year	\$ 21,448	\$ 322,867	\$ 4,548,830	\$ 4,893,145	\$ 4,736,137

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

Community Futures Development Corporation of the Shuswap
Non-Consolidated Statement of Financial Activities

For the year ended March 31	2021	2020
Revenues		
Government funding	\$ 292,966	\$ 292,966
Interest earned - loans	163,102	158,459
Interest earned - deposits	33,251	84,033
Project revenue	515,606	200,026
Other revenue	37,556	10,851
Loan administration revenue	70,294	19,079
	<u>1,112,775</u>	<u>765,414</u>
Expenses		
Administration and projects expenses (Schedule)	942,906	551,902
Bad debts	50,121	53,360
Unrealized (gain) loss on investments	(32,025)	24,858
Loss on disposal of equipment	641	-
	<u>961,643</u>	<u>630,120</u>
Excess of revenues over expenses from operations	151,132	135,294
Income in wholly-owned subsidiary (Note 15)	7,762	2,971
	158,894	138,265
Change in repayable portion of contributions Youth Entrepreneur Investment Fund (Note 9)	<u>(1,886)</u>	<u>(8,098)</u>
Excess of revenues over expenses	157,008	130,167
Surplus, beginning of year	<u>4,736,137</u>	<u>4,605,970</u>
Surplus, end of year	<u>\$ 4,893,145</u>	<u>\$ 4,736,137</u>

Community Futures Development Corporation of the Shuswap
Non-Consolidated Statement of Cash Flows

For the year ended March 31	2021	2020
Cash flows from operating activities		
Cash received from governments and other sources	\$ 762,648	\$ 587,680
Cash paid to suppliers and employees	(961,126)	(548,245)
Interest received	199,045	234,678
Decrease (increase) in long-term loans receivable	186,095	(406,951)
	<u>186,662</u>	<u>(132,838)</u>
Cash flows from investing activities		
Purchase of equipment and leasehold improvements	9,256	-
Proceeds on disposal of temporary investments	-	400,000
Purchase of temporary investments	-	(500,000)
Reinvestment of interest in temporary investments	(27,653)	(10,315)
	<u>(18,397)</u>	<u>(110,315)</u>
Increase (decrease) in cash during the year	168,265	(243,153)
Cash, beginning of year	<u>2,164,206</u>	<u>2,407,359</u>
Cash, end of year	<u>\$ 2,332,471</u>	<u>\$ 2,164,206</u>
Represented by:		
Cash - restricted (investment funds)	\$ 2,112,347	\$ 1,865,780
Cash - unrestricted (administration)	220,124	298,426
	<u>\$ 2,332,471</u>	<u>\$ 2,164,206</u>

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

Community Futures Development Corporation of the Shuswap
Notes to Non-Consolidated Financial Statements

March 31, 2021

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Business Community Futures Development Corporation of the Shuswap (Corporation) was incorporated March 31, 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 Shuswap and surrounding areas. The corporation is a not-for-profit organization and is not subject to income tax.

Basis of Accounting The non-consolidated financial statements have been prepared by management using Canadian accounting standards for not-for-profit organizations.

Fund Accounting The Corporation records accounting transactions using the fund accounting method generally in use for not-for-profit organizations. A fund is determined for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Each fund is presented in a separate statement following the notes to the financial statements.

The Community Futures Loan Fund, Forest Community Business Loan Fund, Youth Entrepreneur Investment Fund and Disabled Entrepreneur Loan Fund each present the assets and liabilities, revenues and expenses related to their respective loan activities. They are externally restricted for assisting small businesses and entrepreneurs in the form of loans, loan guarantees or equity participation.

The Community Futures Loan Fund and the Forest Community Business Loan Fund are non-repayable funds representing the year over year growth of initial dollars that were invested by the Government of Canada for the purposes of providing financial assistance to individuals or companies planning to start, grow or purchase a business in the Shuswap Region. The Forest Community Business Loan Fund is specifically restricted for businesses operating in the Forest Sector.

The Youth Entrepreneur Investment Fund and Disabled Entrepreneur Loan Fund are restricted to businesses owned and operated by youth and disabled entrepreneurs respectively. They are funds that are conditionally repayable to the Western Economic Diversification (Note 9).

The Regional Relief and Recovery Fund (RRRF) is a conditionally repayable contribution from Western Economic Diversification to be provided to businesses with up to \$60,000 each to finance qualifying expenses during COVID (Note 9). As the Corporation records financial liabilities at fair value, the balance has been recorded net of the forgivable portion of the loans receivable expected to reduce this balance owing.

The Administration and Projects Fund records the amounts related to program delivery and administration. It includes the operating costs and general revenues. This fund reports unrestricted resources and restricted operating grants.

Continued...

Community Futures Development Corporation of the Shuswap
Notes to Non-Consolidated Financial Statements

March 31, 2021

1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Revenue Recognition The Corporation follows the deferral method of accounting for contributions. Unrestricted donation and grant revenue is recognized as revenue of the Administration and Projects Fund when contributions are received or can be reasonably estimated and ultimate collection is assured. Restricted contributions are recognized as revenue of the appropriate fund when received or when contributions are reasonably estimated and collection assured. Restricted funding that is not associated with a restricted fund is recognized in the Administration and Projects Fund in accordance with the deferred method. Revenue received specifically for the purchase of capital assets is deferred and amortized on the same basis as the related capital assets.

Interest income on loans is recorded on the accrual method using the effective interest rates.

Loan negotiation fees and income recorded on prepayment and renegotiation of fixed-term loans are recognized when received.

Equipment and Leasehold Improvements residual asset

Equipment and leasehold improvements are stated at cost less accumulated amortization. When a capital asset no longer has any long-term service potential to the Corporation, it is written down to its value, if any. Amortization based on the estimated useful life of the is calculated as follows:

Computer hardware	- 30% declining balance basis
Computer software	- 100% declining balance basis
Equipment and furniture	- 20% declining balance basis
Leasehold improvements	- 20% declining balance basis

A full year of amortization is taken in the year of acquisition.

Allowance for Impaired Loans

The Corporation maintains an allowance for impaired loans in the amount management considers adequate to absorb losses in its loan portfolio.

The allowance is determined on a loan by loan basis. This allowance is the amount required to reduce the carrying value of each loan to its estimated realizable amount.

Investment in Subsidiary

Investment in subsidiary is accounted for under the equity method.

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Community Futures Development Corporation of the Shuswap Notes to Non-Consolidated Financial Statements

March 31, 2021

1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Financial Instruments Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains and losses reported in operations, other than financial instruments related to endowment funds. In addition, all bonds and guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in operations, other than financial instruments related to endowment funds. Changes in fair value of financial instruments related to the endowment fund are recorded directly in net assets. All other financial instruments are reported at cost or amortized cost less impairment, if applicable.

Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs, on the acquisition, sale or issue of financial instruments, are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Use of Estimates 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 at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Significant estimates include valuation of loans receivable, amortization of equipment and leasehold improvements, and completion of accounts payable. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Cash

Cash balances are held in multiple accounts with one Credit Union and bear interest from 0.05% to 0.95% (2020 - 0.15% to 0.95%) calculated daily and paid monthly.

Restricted cash of \$ 2,112,347 (2020 - \$ 1,865,780) represents amounts to be used to provide loans in the future under various loan funds.

3. Short-term Investments

Investments are deposited with Community Futures Lending and Investment Pool of British Columbia according to the Cash Pooling Agreement. The investment is recorded at fair value which was \$ 528,896 as at March 31, 2021. The carrying amount of the investment at year end was \$ 521,729.

Community Futures Development Corporation of the Shuswap
Notes to Non-Consolidated Financial Statements

March 31, 2021

4. Loans Receivable

	2021	2020
Community Futures Loan Fund	\$ 2,211,642	\$ 2,288,847
Forest Community Business Loan Fund	187,194	110,889
Youth Entrepreneur Investment Fund	51,633	78,301
Disabled Entrepreneur Loan Fund	15,482	174,009
Regional Relief and Recovery Fund	939,535	-
Write-down to fair value - forgivable portion of RRRF	(255,436)	-
	3,150,050	2,652,046
Accrued interest	16,748	19,459
	3,166,798	2,671,505
Allowance for impaired loans	(172,848)	(169,602)
	2,993,950	2,501,903
Current portion	482,716	431,439
	2,511,234	2,070,464
The activity, in the allowance for impaired loans, is as follows:		
Balance, beginning of year	169,602	136,160
Current year provision	50,121	53,360
	219,723	189,520
Loans written off	(46,875)	(19,918)
Balance, end of year	\$ 172,848	\$ 169,602

Client loans can either have a variable rate or a fixed rate of interest with terms of up to five years and are repayable in monthly blended payments of principal and interest.

Included in the Community Futures Investment Loan Fund are 2 loans over \$ 150,000 totaling \$569,309.

With the exception of certain loans in the Youth Entrepreneur Investment Fund, variable rate loans are based on an increment to the prime rate, ranging from prime plus 2.00% to prime plus 7.00% (2020 - prime plus 2.00% to prime plus 7.00%). The applicable rate is determined by the client's credit worthiness and security. The Corporation uses the Central 1 Credit Union's prime which, at March 31, 2021, was 2.45% (2020 - 2.45%). Certain loans in the Youth Entrepreneur Investment Fund are charged an upfront fee in lieu of interest.

The average interest rate offered on fixed rate loans, being advanced as at March 31, 2021, is 7.75%. (2020 - 6.38%). The rate offered to a client is determined based on the term of the loan, type of security offered and the client's credit worthiness.

Community Futures Development Corporation of the Shuswap
Notes to Non-Consolidated Financial Statements

March 31, 2021

4. Loans Receivable (Continued)

RRRF Loans:

The RRRF loans were provided to businesses with up to \$60,000 each to financing qualifying expenses during COVID. The loans are non-interest bearing with no scheduled payments until December 31, 2022. If the balance of the loan has been repaid by that date, 25% of the first \$40,000 and 50% of amounts above \$40,000 and up to \$60,000 will be forgiven. If the full amount of the loan payments have not been made by December 31, 2022, the full outstanding balance of the loan will be converted to a 5% interest bearing loan to be repaid in monthly installments over a three year period ending December 31, 2025.

As the Corporation records financial assets at fair value at inception, the loans receivable are presented net of the forgivable portion totaling \$255,436.

Their loans were financed via the conditionally repayable loan from Community Futures British Columbia (Note 9).

5. Equipment and Leasehold Improvements

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer hardware	\$ 24,688	\$ 14,879	\$ 21,182	\$ 15,061
Computer software	23,128	23,128	24,916	24,916
Equipment and furniture	33,175	30,002	39,708	36,467
Leasehold improvements	39,428	30,962	39,428	28,845
	<u>\$ 120,419</u>	<u>\$ 98,971</u>	<u>\$ 125,234</u>	<u>\$ 105,289</u>
Net book value		<u>\$ 21,448</u>		<u>\$ 19,945</u>

6. Investment in Subsidiary

	2021	2020
Future Shuswap Holdings Ltd. - 100% of shares issued	\$ 1	\$ 1
Advances to Future Shuswap Holdings Ltd.	95,736	95,736
Accumulated share of income (Note 15)	101,457	93,695
	<u>\$ 197,194</u>	<u>\$ 189,432</u>

7. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities is \$ 5,938 (2020 - \$ 5,609) in government remittances.

Community Futures Development Corporation of the Shuswap
Notes to Non-Consolidated Financial Statements

March 31, 2021

8. Deferred Revenues

Deferred revenues consist of funds specifically received for capital assets and operations. Funds received for capital assets are taken into income on the same basis as the amortization of the related capital assets. Funds received for operations are for Western Economic Diversification ("WD") or projects but are not yet earned. The balance is comprised as follows:

	2020		2021	
	Opening balance	Contributions received	Revenue Recognized	Ending Balance
BC Rural Dividend Funded Project - Indigenous Tourism Strategy Implementation	\$ 56,502	\$ 99,940	\$ (74,948)	\$ 81,494
BC Rural Dividend Funded Project - Secwepemc Labour Market Project	62,306	-	(54,762)	7,544
COVID Relief	-	71,296	(57,239)	14,057
Secwepemc Labour Market Project	-	158,974	(63,006)	95,968
Tsuts'weye Project - WD	35,936	286,953	(322,889)	-
Western Economic Diversification	24,414	-	(24,414)	-
	<u>\$ 179,158</u>	<u>\$ 617,163</u>	<u>\$ (597,258)</u>	<u>\$ 199,063</u>

The current portion of deferred revenue is \$ 199,063 (2020 - \$ 179,158).

Community Futures Development Corporation of the Shuswap Notes to Non-Consolidated Financial Statements

March 31, 2021

9. Contributions Repayable

- a) The Government of Canada, Western Economic Diversification, has made contributions totaling \$ 200,000 to the Youth Entrepreneur Investment Fund. The repayable loan has been adjusted to \$ 200,000 (2020 - \$ 198,114) by the amount of interest revenue earned, net of any bad debts expensed.
- b) The Government of Canada, Western Economic Diversification, has made contributions totaling \$ 200,000 to the Disabled Entrepreneur Loan Fund. The repayable loan has been adjusted to \$200,000 (2020 - \$ 200,000) by the amount of interest revenue earned, net of any bad debts expensed.

Under the agreement with the Government of Canada, these investment funds are conditionally repayable in the event that any of the following conditions occur: 1) the funds are not administered according to the terms and conditions specified in the agreement; 2) the funds are not providing a satisfactory level of benefits in terms of employment creation, the development of community-owned or controlled businesses, and strengthening of the western Canadian economy; 3) in the opinion of the Minister, the funds are no longer necessary or relevant to the development of the western Canadian economy; 4) the agreement is terminated per the termination specifications in the agreement; 5) an event of default occurs as described in the agreement; or 6) the Minister does not approve terms and conditions to extend the project beyond March 31, 2021.

Upon notice by the Minister, the Corporation agrees to immediately: 1) repay the lessor of i) the uncommitted cash balance of the Conditionally Repayable Investment Fund, or ii) the total amount paid by Western Diversification to the Corporation for the establishment and maintenance of the Conditionally Repayable Investment Fund; 2) take steps to assign all of its interest in all debts owing to it, to the Minister; 3) liquidate all debts owing to it via sale to a third party satisfactory to the Minister and to remit the proceeds of liquidation to the Minister.

Based on condition (4) above, the investment funds have been classified as current. However, as at March 31, 2021, the Minister has approved terms and conditions to extend the project until March 31, 2022. It is management's position that none of the other conditions existed as at the year ended March 31, 2021.

Community Futures Development Corporation of the Shuswap
Notes to Non-Consolidated Financial Statements

March 31, 2021

9. Contributions Repayable (Continued)

- c) The Corporation received \$941,807 in funding from Community Futures British Columbia to provide RRRF loans. To the extent that this amount has not been used to fund loans at the end of the application period (currently June 2021), any unused funds are to be returned to Community Futures British Columbia. At March 31, 2021, the unused balance on hand was \$2,272.

As of March 31, 2021, \$939,535 has been used to fund RRRF loans. The balance due to Community Futures British Columbia is non-interest bearing with no payments due until after December 31, 2022. Any loan payments received to that date will be remitted in a lump sum payment to Community Futures British Columbia. After that time, the remaining loan continues to be non-interest bearing and will be repayable in monthly installments over a three year period ending December 31, 2025. The balance to be repaid will be reduced to the extent that the loans receivable are forgiven (Note 4) and by any loans that are not collectible and costs associated with attempts to collect loans in arrears.

As the Corporation records financial liabilities at fair value, the balance has been recorded net of the forgivable portion of the loans receivable expected to reduce this balance owing.

Community Futures Development Corporation of the Shuswap
Notes to Non-Consolidated Financial Statements

March 31, 2021

10. Administration Costs

The Administration and Projects Fund charges the other funds administration fees as follows:

	<u>2021</u>	<u>2020</u>
Forest Community Business Loan Fund	\$ 8,064	\$ 10,569

11. Commitments

The Corporation has a lease commitment with Future Shuswap Holdings Ltd., a party under common control, for the lease of office space. Minimum annual payments are \$ 18,000 (not including triple net charges), expiring March 2022 (see Note 14).

12. Contingent Liability

The Corporation has guaranteed the long-term debt of Future Shuswap Holdings Ltd., in the event of default, in the amount of \$ 238,000. Future Shuswap Holdings Ltd. loan matures February 2023. The amount of the loan at March 31, 2021 is \$ 108,457 (2020 - \$ 123,242).

13. Economic Dependence

The Corporation received 73% (2020 - 64%) of its operating revenue from the federal and provincial governments and is economically dependent upon them for its continuation.

14. Related Party Transactions

The following table summarizes the corporation's related party transactions for the year:

	<u>2021</u>	<u>2020</u>
Rental expense - Future Shuswap Holdings Ltd.	\$ 35,400	\$ 32,460

These transactions are measured at the exchange value, (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value.

At the end of the year, the amounts due from a related party are as follows:

Advances - Future Shuswap Holdings Ltd.	<u>\$ 95,736</u>	<u>\$ 95,736</u>
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Community Futures Development Corporation of the Shuswap
Notes to Non-Consolidated Financial Statements

March 31, 2021

15. Controlled Organization Not Consolidated

Community Futures Development Corporation of the Shuswap controls Future Shuswap Holdings Ltd., a wholly-owned subsidiary. Future Shuswap Holdings Ltd. was incorporated October 11, 2005 to acquire a building in Salmon Arm, BC which, in turn, is rented to Community Futures Development Corporation of the Shuswap to carry out its operations. The Corporation is a not-for-profit organization and is not subject to income tax.

Future Shuswap Holdings Ltd. has been accounted for under the equity method in the financial statements of Community Futures Development Corporation of the Shuswap. Unaudited financial statements of Future Shuswap Holdings Ltd. are available on request. Financial summaries of this unconsolidated entity as at March 31, 2021, and for the year then ended, are as follows:

	2021	2020
	(Unaudited)	(Unaudited)
Financial Position		
Current assets	\$ 7,886	\$ 8,534
Property, building and equipment	299,826	306,549
	\$ 307,712	\$ 315,083
Current liabilities	\$ 17,401	\$ 16,309
Long-term liabilities	188,853	205,078
Net assets	101,458	93,696
	\$ 307,712	\$ 315,083
	2021	2020
	(Unaudited)	(Unaudited)
Operations		
Revenues	\$ 35,400	\$ 32,460
Expenses	27,638	29,489
	\$ 7,762	\$ 2,971
Cash Flows		
Operating activities	\$ 13,701	\$ 10,039
Net decrease in long-term debt	(14,785)	(13,445)
	(1,084)	(3,406)
Decrease in cash, during the year		
Cash, beginning of year	4,304	7,710
	\$ 3,220	\$ 4,304
Cash, end of year		

Community Futures Development Corporation of the Shuswap
Notes to Non-Consolidated Financial Statements

March 31, 2021

16. Financial Instrument Risk

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.

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 arising from its loans receivables.

Liquidity Risk

Liquidity risk is the risk that the Corporation encounters 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. Liquidity risk arises from accounts payable, accrued liabilities and contributions repayable.

There is an increase in the credit risk exposure to the Corporation over prior year due to the economic recession resulting from the COVID-19 global pandemic as borrowers may not be able to make scheduled payments on their loans to the Corporation.

17. Uncertainty Due to COVID-19

During and subsequent to year-end, the impact of COVID-19 in Canada and on the global economy is still ongoing. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances and the duration of business disruption, the related financial impact cannot be reasonably estimated at this time. The Corporation has seen significant challenges for the clients that they serve. The Corporation's ability to service obligations as they come due is dependent on the continued ability to generate earnings and cash flows from interest and grants.

As at March 31, 2021, the loan portfolio was reviewed in detail to determine the potential impairment from the economic consequences of the COVID-19 pandemic, with those loans considered being impaired being allowed for as doubtful. As the economic slowdown continues, the effect of the COVID-19 pandemic on individual loans will continue to be monitored and any provision for impairment will be recorded as individual loans are considered impaired.

Community Futures Development Corporation of the Shuswap
Community Futures Loan Fund
Statement of Financial Position

March 31	2021	2020
Assets		
Current		
Cash - restricted (Note 2)	\$ 1,369,642	\$ 1,246,490
Short-term investment (Note 3)	<u>528,896</u>	<u>485,457</u>
	1,898,538	1,731,947
Loans receivable	<u>2,054,260</u>	<u>2,135,995</u>
	<u>\$ 3,952,798</u>	<u>\$ 3,867,942</u>
Liabilities and Surplus		
Restricted surplus	<u>\$ 3,952,798</u>	<u>\$ 3,867,942</u>

Community Futures Development Corporation of the Shuswap
Community Futures Loan Fund
Statement of Financial Activities

For the year ended March 31	2021	2020
Revenues		
Interest - loans	\$ 142,742	\$ 136,330
Interest - deposits	22,757	57,751
Interest recovered - Forest Community Business Loan Fund	8,064	10,569
	<u>173,563</u>	<u>204,650</u>
Expenses		
Bad debts	50,326	36,596
Unrealized loss on investments	(32,025)	24,858
	<u>18,301</u>	<u>61,454</u>
Excess of revenues over expenses	155,262	143,196
Transfer to the Administration Fund	(70,406)	(16,324)
	84,856	126,872
Surplus, beginning of year	<u>3,867,942</u>	<u>3,741,070</u>
Surplus, end of year	<u>\$ 3,952,798</u>	<u>\$ 3,867,942</u>

Community Futures Development Corporation of the Shuswap
Forest Community Business Loan Fund
Statement of Financial Position

March 31	2021	2020
Assets		
Current		
Cash - restricted (Note 2)	\$ 384,430	\$ 461,387
Loans receivable	<u>188,172</u>	<u>111,215</u>
	<u>\$ 572,602</u>	<u>\$ 572,602</u>
Liabilities and Surplus		
Restricted surplus	\$ 572,602	\$ 572,602

Community Futures Development Corporation of the Shuswap
Forest Community Business Loan Fund
Statement of Financial Activities

For the year ended March 31	2021	2020
Revenues		
Interest - loans	\$ 12,239	\$ 7,368
Interest - deposits	3,889	13,770
	<u>16,128</u>	<u>21,138</u>
Expenses		
Administration (Note 10)	8,064	10,569
Interest recovery paid to Community Futures Loan Fund	8,064	10,569
	<u>16,128</u>	<u>21,138</u>
Excess of revenues over expenses	-	-
Surplus, beginning of year	<u>572,602</u>	<u>572,602</u>
Surplus, end of year	<u>\$ 572,602</u>	<u>\$ 572,602</u>

Community Futures Development Corporation of the Shuswap
Youth Entrepreneur Investment Fund
Statement of Financial Position

March 31	2021	2020
Assets		
Current		
Cash - restricted (Note 2)	\$ 150,511	\$ 119,522
Loans receivable	<u>51,897</u>	<u>78,592</u>
	<u>\$ 202,408</u>	<u>\$ 198,114</u>
Liabilities and Surplus		
Contributions repayable (Note 9(a))	\$ 200,000	\$ 198,114
Restricted surplus	<u>2,408</u>	<u>-</u>
	<u>\$ 202,408</u>	<u>\$ 198,114</u>

Community Futures Development Corporation of the Shuswap
 Youth Entrepreneur Investment Fund
 Statement of Financial Activities

For the year ended March 31	2021	2020
Revenues		
Interest - loans	\$ 2,927	\$ 5,366
Interest - deposits	1,367	2,732
	<u>4,294</u>	<u>8,098</u>
Excess of revenues over expenses	4,294	8,098
Surplus, beginning of year	-	-
Increase of repayable portion of contributions (Note 9(a))	<u>(1,886)</u>	<u>(8,098)</u>
Surplus, end of year	<u>\$ 2,408</u>	<u>\$ -</u>

Community Futures Development Corporation of the Shuswap
Disabled Entrepreneur Loan Fund
Statement of Financial Position

March 31	2021	2020
Assets		
Current		
Cash - restricted (Note 2)	\$ 205,499	\$ 38,388
Loans receivable	<u>15,523</u>	<u>176,102</u>
	<u>\$ 221,022</u>	<u>\$ 214,490</u>
Liabilities and Surplus		
Contributions repayable (Note 9(b))	\$ 200,000	\$ 200,000
Restricted surplus	<u>21,022</u>	<u>14,490</u>
	<u>\$ 221,022</u>	<u>\$ 214,490</u>

Community Futures Development Corporation of the Shuswap
 Disabled Entrepreneur Loan Fund
 Statement of Financial Activities

For the year ended March 31	2021	2020
Revenues		
Interest - loans	\$ 5,194	\$ 9,395
Interest - deposits	1,132	2,116
	6,326	11,511
Expenses		
Bad debt (recovery)	(206)	16,764
Excess (deficiency) of revenues over expenses	6,532	(5,253)
Surplus, beginning of year	14,490	19,743
Surplus, end of year	\$ 21,022	\$ 14,490

Community Futures Development Corporation of the Shuswap
Regional Relief and Recovery Fund
Statement of Financial Position

March 31	2021	2020
Assets		
Current		
Cash - restricted (Note 2)	\$ 2,272	\$ -
Loans receivable	939,535	-
Fair value adjustment for forgivable portion of loans	<u>(255,436)</u>	<u>-</u>
	<u>\$ 686,371</u>	<u>\$ -</u>
Liabilities and Surplus		
Contributions repayable (Note 9(c))	\$ 686,371	\$ -

Community Futures Development Corporation of the Shuswap
Regional Relief and Recovery Fund
Statement of Financial Activities

For the year ended March 31	2021	2020
Revenues		
RRRF operating	\$ 58,216	\$ -
Expenses		
RRRF operating	<u>58,216</u>	<u>-</u>
Excess (deficiency) of revenues over expenses	<u>\$ -</u>	<u>\$ -</u>

Community Futures Development Corporation of the Shuswap
Administration and Projects Fund
Statement of Financial Position

March 31	2021	2020
Assets		
Current		
Cash - unrestricted (Note 2)	\$ 220,124	\$ 298,426
Accounts receivable	159,563	919
Prepaid expenses	5,212	4,924
	<u>384,899</u>	<u>304,269</u>
Equipment and leasehold improvements (Note 5)	21,448	19,945
Investment in subsidiary (Note 6)	197,194	189,432
	<u>\$ 603,541</u>	<u>\$ 513,646</u>
Liabilities, Project Reserve and Surplus		
Current		
Accounts payable and accrued charges	\$ 60,163	\$ 53,385
Current portion of deferred revenue (Note 8)	199,062	179,158
	<u>259,225</u>	<u>232,543</u>
Unrestricted surplus	<u>344,316</u>	<u>281,103</u>
	<u>\$ 603,541</u>	<u>\$ 513,646</u>

Community Futures Development Corporation of the Shuswap
Administration and Projects Fund
Statement of Financial Activities

For the year ended March 31	2021	2020
Revenues		
Government funding	\$ 292,966	\$ 292,966
Administration recovery	10,239	11,964
Interest income	4,105	7,664
Other income	35,382	9,456
Project income	515,606	200,026
Loan administration revenue	70,294	19,079
	<u>928,592</u>	<u>541,155</u>
Expenses (Schedule)		
Loss on disposal of equipment	942,906	551,902
	<u>641</u>	<u>-</u>
Deficiency of revenues over expenses	(14,955)	(10,747)
Income in wholly-owned subsidiary (Note 15)	<u>7,762</u>	<u>2,971</u>
Deficiency of revenues over expenses	(7,193)	(7,776)
Transfer from Community Futures Loan Fund	<u>70,406</u>	<u>16,324</u>
	63,213	8,548
Unrestricted surplus, beginning of year	<u>281,103</u>	<u>272,555</u>
Unrestricted surplus, end of year	<u>\$ 344,316</u>	<u>\$ 281,103</u>

Community Futures Development Corporation of the Shuswap
Schedule - Administration and Projects Expenses

For the year ended March 31	2021	2020
Administration	\$ 1,198	\$ 1,395
Advertising and promotion	15,710	1,816
Amortization	7,113	6,079
Board and committee expense	-	919
Conference expense	369	4,426
Consulting fees	4,426	3,977
Insurance	5,308	5,031
Interest and bank charges	471	214
Loan administration expenses	59,898	2,275
Materials and supplies	6,371	4,743
Professional fees	16,443	16,280
Project expense	515,437	200,521
Property taxes	9,000	9,000
Rent	26,400	23,460
Staff education	31	356
Subscription and memberships	1,463	2,162
Telephone	6,096	5,685
Travel	822	3,616
Utilities and maintenance	15,287	11,208
Wages and benefits	251,063	248,739
	\$ 942,906	\$ 551,902