

**COMMUNITY FUTURES DEVELOPMENT CORPORATION  
OF THE PACIFIC NORTHWEST**

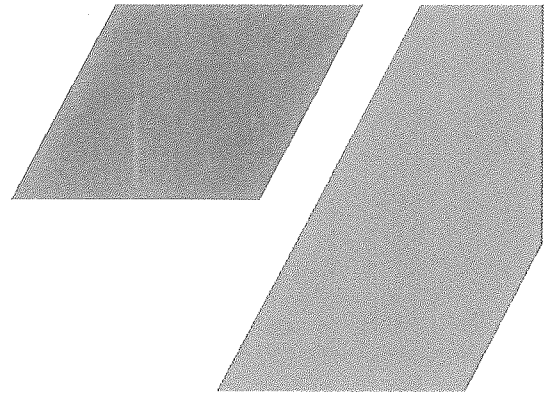
**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**MARCH 31, 2022**

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE  
PACIFIC NORTHWEST  
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MARCH 31, 2022**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Community Futures Development Corporation of the Pacific Northwest

### *Opinion*

We have audited the financial statements of Community Futures Development Corporation of the Pacific Northwest (the "Corporation"), which comprise the statement of financial position as at March 31, 2022, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2022, 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 (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 Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 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

See accompanying notes to these financial statements

## INDEPENDENT AUDITOR'S REPORT, continued

intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

- ♦ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ♦ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- ♦ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

See accompanying notes to these financial statements

## INDEPENDENT AUDITOR'S REPORT, continued

- ♦ 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.

Prince George, B.C.  
June 29, 2022

*DMC Chartered Professional  
Accountants Inc.*

See accompanying notes to these financial statements

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE  
PACIFIC NORTHWEST  
STATEMENT OF OPERATIONS  
YEAR ENDED MARCH 31, 2022**

	General operating fund (Schedule 1)	Tangible capital asset fund	Externally restricted fund (Schedule 2)	2022	2021
<b>REVENUE</b>					
Western Economic Diversification Contributions	\$ 320,955	\$ -	\$ -	\$ 320,955	\$ 320,955
Other contributions	244,828	-	755	245,583	194,909
Investment Income	108,112	-	22,734	130,846	109,320
Regional Relief and Recovery Fund	-	-	-	-	77,791
Rent	18,080	-	-	18,080	26,100
Loan administration fees	26,028	-	-	26,028	9,333
Project fees	8,504	-	-	8,504	5,126
Bank Interest	11	-	-	11	20
	<u>726,518</u>	<u>-</u>	<u>23,489</u>	<u>750,007</u>	<u>743,554</u>
<b>EXPENDITURES</b>					
Advertising and promotion	95,800	-	334	96,134	48,473
Amortization	850	1,542	-	2,392	2,284
Bad debts (recovery) (Note 14)	13,348	-	13,959	27,307	12,257
Consulting fees	90,066	-	-	90,066	99,286
IT Support	12,439	-	-	12,439	18,354
Insurance	4,275	-	-	4,275	3,886
Interest and bank charges	614	-	59	673	464
Interest on long-term debt	24,586	-	-	24,586	11,306
Licenses and dues	2,237	-	-	2,237	2,002
Loan administration	4,557	-	15	4,572	3,370
Meetings	3,752	-	-	3,752	2,490
Office	7,483	-	-	7,483	23,928
Professional fees	12,938	-	-	12,938	16,994
Rent	57,278	-	-	57,278	53,428
Telephone and utilities	15,263	-	-	15,263	13,450
Training and development	3,221	-	-	3,221	11,436
Travel and accommodation	20,524	-	-	20,524	6,848
Wages and benefits	318,736	-	-	318,736	355,124
	<u>687,967</u>	<u>1,542</u>	<u>14,367</u>	<u>703,876</u>	<u>685,380</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS</b>					
	<u>38,551</u>	<u>(1,542)</u>	<u>9,122</u>	<u>46,131</u>	<u>58,174</u>

See accompanying notes to these financial statements

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE  
PACIFIC NORTHWEST  
STATEMENT OF OPERATIONS  
YEAR ENDED MARCH 31, 2022**

	General operating fund (Schedule 1)	Tangible capital asset fund	Externally restricted fund (Schedule 2)	2022	2021
<b>OTHER ITEMS</b>					
Loan Forgiveness Revenue (Note 4)	-	-	(50,000)	(50,000)	(10,000)
Debt forgiveness (Note 4)	-	-	50,000	50,000	10,000
Loss on disposal of capital assets	-	-	-	-	6,927
Transfer of assets purchased to statement of financial position	-	-	-	-	(8,226)
	-	-	-	-	(1,299)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 38,551</b>	<b>\$ (1,542)</b>	<b>\$ 9,122</b>	<b>\$ 46,131</b>	<b>\$ 59,473</b>

See accompanying notes to these financial statements

**Community Futures Development Corporation of the Pacific Northwest**  
**Statement of Changes In Net Assets**  
**For the year ended March 31, 2022**

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	General operations fund	Tangible capital asset fund	Externally restricted fund	2022	2021
<b>Balance, beginning of year</b>	\$ 1,180,493	\$ 4,656	\$ 749,757	\$ 1,934,906	\$ 1,875,433
Excess of revenues over expenditures	38,551	(1,542)	9,122	46,131	59,473
<b>Balance, ending of year</b>	\$ 1,219,044	\$ 3,114	\$ 758,879	\$ 1,981,037	\$ 1,934,906

See accompanying notes to these financial statements



**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE  
PACIFIC NORTHWEST  
STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2022**

	General operating fund	Tangible capital asset fund	Externally restricted fund (Schedule 3)	2022	2021
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash	\$ 113,312	\$ -	\$ -	\$ 113,312	\$ 267,519
Restricted cash (Note 3)	922,929	-	478,939	1,401,868	1,244,863
Government remittances	2,652	-	-	2,652	3,205
Accounts receivable	5,394	-	-	5,394	37,391
Prepaid expenses	5,519	-	-	5,519	3,043
Current portion of loans receivable (Note 4)	243,956	-	157,697	401,653	349,880
	1,293,762	-	636,636	1,930,398	1,905,901
<b>LOANS RECEIVABLE (Note 4)</b>					
	1,641,254	-	1,531,899	3,173,153	2,638,465
<b>INVESTMENTS (Note 5)</b>					
	301,432	-	-	301,432	-
<b>INTER-FUND RECEIVABLE</b>					
	-	-	190,353	190,353	86,723
<b>INTANGIBLE CAPITAL ASSETS (Note 6)</b>					
	2,550	-	-	2,550	3,400
<b>TANGIBLE CAPITAL ASSETS (Note 7)</b>					
	-	3,114	-	3,114	4,656
	1,945,236	3,114	1,722,252	3,670,602	2,733,244
	\$ 3,238,998	\$ 3,114	\$ 2,358,888	\$ 5,601,000	\$ 4,639,145

See accompanying notes to these financial statements

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE  
PACIFIC NORTHWEST  
STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2022**

	General operating fund	Tangible capital asset fund	Externally restricted fund (Schedule 3)	2022	2021
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Bank indebtedness (Note 8)	\$ 1,147,693	\$ -	\$ -	\$ 1,147,693	\$ 265,543
Accounts payable and accrued liabilities	38,060	-	-	38,060	60,075
Government remittances	6,544	-	-	6,544	18,740
Deferred revenue (Note 9)	486,173	-	95,105	581,278	614,228
Current portion of long term debt (Note 10)	23,701	-	-	23,701	142,402
Callable portion of long- term debt (Note 10)	-	-	-	-	205,508
	<u>1,702,171</u>	<u>-</u>	<u>95,105</u>	<u>1,797,276</u>	<u>1,306,496</u>
<b>LONG-TERM DEBT</b>					
(Note 10)	191,634	-	1,358,996	1,550,630	1,230,000
<b>LOANS PAYABLE (Note 11)</b>	-	-	81,704	81,704	81,020
<b>INTER-FUND PAYABLE</b>	<u>126,149</u>	<u>-</u>	<u>64,204</u>	<u>190,353</u>	<u>86,723</u>
	<u>317,783</u>	<u>-</u>	<u>1,504,904</u>	<u>1,822,687</u>	<u>1,397,743</u>
<b>COMMITMENT (Note 13)</b>					
<b>NET ASSETS</b>					
	<u>1,219,044</u>	<u>3,114</u>	<u>758,879</u>	<u>1,981,037</u>	<u>1,934,906</u>
	<u>\$ 3,238,998</u>	<u>\$ 3,114</u>	<u>\$ 2,358,888</u>	<u>\$ 5,601,000</u>	<u>\$ 4,639,145</u>

Approved on behalf of the board of directors

 Director  
 Director

See accompanying notes to these financial statements

**Community Futures Development Corporation of the Pacific Northwest**  
**Statement of Cash Flows**  
**For the year ended March 31, 2022**

	General operations fund	Tangible capital asset fund	Externally restricted fund	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>Cash received from</b>					
WED contributions	\$ 320,955	\$ -	\$ -	\$ 320,955	\$ 320,955
Other contributions and income	296,836	-	421	297,257	492,311
Restricted contributions					
Investment income	108,112	-	22,734	130,846	109,321
Investment loan repayments	549,286	-	476,844	1,026,130	781,318
<b>Cash paid for</b>					
Loans granted	(1,269,836)	-	(371,731)	(1,641,567)	(1,958,213)
Materials and services	(366,318)	-	-	(366,318)	(259,408)
Interest paid to lenders	(25,255)	-	-	(25,255)	(11,306)
Salaries and benefits	(318,736)	-	-	(318,736)	(342,574)
	(704,956)	-	128,268	(576,688)	(867,596)
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>					
Purchase of investments	(301,432)	-	-	(301,432)	-
Purchase of tangible capital assets	-	-	-	-	(3,975)
Purchase of intangible capital assets	-	-	-	-	(4,250)
	(301,432)	-	-	(301,432)	(8,225)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Repayment of long-term debt	(410,487)	-	(738)	(411,225)	(254,525)
Proceeds of long-term debt	230,000	-	180,000	410,000	1,240,000
Advances from short-term financing	882,143	-	-	882,143	164,050
Inter-fund transfers	208,149	-	(208,149)	-	-
	909,805	-	(28,887)	880,918	1,149,525
<b>Increase (decrease) in cash</b>	(96,583)	-	99,381	2,798	273,704
<b>Cash, beginning of year</b>	1,242,952	-	269,430	1,512,382	1,238,678
<b>Cash, end of year</b>	\$ 1,146,875	\$ -	\$ 368,307	\$ 1,515,180	\$ 1,512,382
<b>Cash consists of:</b>					
Cash	\$ 113,312	\$ -	\$ -	\$ 113,312	\$ 267,519
Restricted cash	\$ 922,929	\$ -	\$ 478,941	\$ 1,401,870	\$ 1,244,863

See accompanying notes to these financial statements

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE  
PACIFIC NORTHWEST  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2022**

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**1. DESCRIPTION OF OPERATIONS**

Community Futures Development Corporation of the Pacific Northwest is a regionally based organization whose purpose is to contribute to a diversified and sustainable economy for the Pacific Northwest Region through entrepreneurial development and participation in regional economic planning. The Corporation provides loans and financial services to entrepreneurs and small businesses, where through their best efforts have had difficulty accessing traditional sources of financing. The Corporation is incorporated under the Canada Corporations Act as a non-profit organization and as such is exempt from income tax under the Canadian Income Tax Act.

**2. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

**(a) Fund accounting**

The Corporation follows the restricted method of accounting for contributions and reports its revenue and expenditures on the accrual accounting basis. The Corporation uses funds accounting procedures which result in a self balancing set of accounts for each fund established by legal, contractual or voluntary actions. The Corporation maintains the following funds:

- (i) General operating fund - reports the Corporation's operating costs and general revenues. This fund reports unrestricted resources and restricted operating grants.
- (ii) Tangible capital asset fund - reports the assets, liabilities, revenue and expenses related to the Corporation's tangible capital assets.
- (iii) Externally restricted fund - Reports the revenue and expenditures for repayable and non repayable lending programs including WED General, Forest Community Business Loan (FCBL), Regional Relief & Recovery (RRRF) and Lax Kw'alaams.

**(b) Accounting 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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE  
PACIFIC NORTHWEST  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2022**

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**2. SIGNIFICANT ACCOUNTING POLICIES, continued**

**(c) Financial instruments**

**(i) Measurement of financial instruments**

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

The Corporation subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in (excess) deficiency of revenue over expenditures in the period incurred.

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

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, loans payable and long-term debt.

**(ii) Impairment**

For financial assets measured at cost or amortized cost, the Corporation determines whether there are indications of possible impairment. When there is an indication of impairment, and the Corporation determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in (excess) deficiency of revenue over expenditures. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be 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) deficiency of revenue over expenditures.

**(iii) Transaction costs**

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in (excess) deficiency of revenue over expenditures in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE  
PACIFIC NORTHWEST  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2022**

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**2. SIGNIFICANT ACCOUNTING POLICIES, continued**

**(d) 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 amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

**(e) Allocated expenses**

Expenses that contribute directly to the output of more than one function of program attributed on a reasonable and consistent basis to each function or program to which they apply. The basis of allocation used is determined by budgets prepared by management and approved by the Corporation's funding authorities.

**(f) Investments**

Investments are recorded at cost, earnings from investments are recognized only to the extent received or receivable.

**(g) Capital assets**

Tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value on the date of contribution. The Corporation provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Office equipment	5 years
Leasehold improvements	5 years
Computer equipment	2 years
Computer software	2 years

**(h) Intangible assets**

Intangible assets are recorded at cost. The corporation provides for amortization using the straight-line method at rates designed to amortize the cost of the intangible asset over its estimated useful life. The annual amortization rate for the website is 5 years.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE  
PACIFIC NORTHWEST  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2022**

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**2. SIGNIFICANT ACCOUNTING POLICIES, continued**

**(i) Revenue recognition**

Revenue is recognized based on the classification of the revenue:

- (i) Government grants are recognized over the term of the grant
- (ii) Interest and loan administration fees are recognized as earned
- (iii) Other income is recognized when earned
- (iv) Rent revenue is recognized on a monthly basis as stipulated in the rental agreements
- (v) Regional Relief and Recovery Fund (RRRF) loan forgiveness is recognized as the Corporation's loans receivable are collected in accordance with the agreement with Community Futures Development Corporation of B.C. and forgiveness has been granted.

**3. RESTRICTED CASH**

Amounts included in restricted cash are held in separate, interest bearing bank accounts established for the following specific programs:

	2022	2021
<b>General operating fund</b>		
Northwest Growth Project fund	\$ 398,859	\$ 602,648
Northwest Growth Savings	188,178	181,272
Community Loan Fund	122,420	96,500
	<u>709,457</u>	<u>880,420</u>
<b>Externally restricted fund</b>		
WED General	94,164	137,304
Forest Community Business Loan (FCBL) fund -		
WED Matching fund 50%	213,477	95,013
Forest Community Business Loan fund - 50%	22,742	9,258
RRRF	162,140	10,000
N'Galum Aam Wahl	89,261	93,017
Fish for Community fund	14,635	19,851
Redsign Rupert	95,992	-
	<u>692,411</u>	<u>364,443</u>
	<u>\$ 1,401,868</u>	<u>\$ 1,244,863</u>

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE  
PACIFIC NORTHWEST  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2022**

**4. LOANS RECEIVABLE**

An allowance for losses on investment loans is made based on expected loan default rates, potential loss ratios, and a review of loan portfolios as determined by management, which includes both the board of directors and management staff.

	Opening balance	New loans granted	Repayments	Provision for Credit (Loss) Recovery	2022
<b>General operating fund</b>					
Community loan fund	\$ 564,956	\$ 845,490	\$ (292,121)	\$ -	\$ 1,118,325
Fisheries Legacy (Fish II)	426,280	5,000	(123,393)	(13,348)	294,539
Forest Community Business Loan Matching Fund	198,087	69,347	(122,355)	-	145,079
Syndicated loans	-	350,000	(15,669)	-	334,331
	1,189,323	1,269,837	(553,538)	(13,348)	1,892,274
<b>Externally restricted fund</b>					
WED General	359,449	257,283	(202,979)	-	413,753
Forest Community Business loan fund	198,087	69,347	(122,355)	-	145,079
Regional Relief and Recovery Fund	1,220,000	40,000	(146,500)	-	1,113,500
N'Galum Aam Wahl	7,669	5,100	(4,522)	-	8,247
Fish for Community	13,817	5,000	(2,755)	(14,109)	1,953
	1,799,022	376,730	(479,111)	(14,109)	1,682,532
	2,288,585	1,646,567	(1,032,649)	(27,457)	3,574,806
Less current portion	(349,880)	-	-	-	(401,653)
	\$ 2,638,465	\$ 1,646,567	\$ (1,032,649)	\$ (27,457)	\$ 3,173,153



**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE  
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**4. LOANS RECEIVABLE, continued**

Outstanding loans to entrepreneurs are interest bearing at various fixed rates, with monthly blended principal and interest repayments amortized up to 60 months. 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 buildings.

Amounts written off, net of recoveries, are deducted from the allowance for credit losses. During the year, a net loss of \$27,307 (2021 - \$12,257) was written off and deducted from the allowance for credit losses. Further details are available in Note 13.

Included in the repayments under the RRRF fund of \$146,500 is forgiveness of debt of \$50,000 in accordance with the Community Futures Development Corporation of B.C.'s loan agreement. As part of this agreement, the corresponding loan from Community Futures Development Corporation of B.C. to the Corporation has also been reduced by \$50,000 recognized as loan forgiveness revenue.

**5. INVESTMENTS**

Investments consist of Fish II surplus funds that were deposited with the Community Futures Lending & Investment Pool of BC. Investments are recorded at cost, plus any received or receivable earnings, the rate of return varies depending on how the loan portfolio performs.

**6. INTANGIBLE ASSETS**

	Cost	Accumulated Amortization	2022 Net Book Value	2021 Net Book Value
Website	\$ 4,250	\$ 850	\$ 3,400	\$ -

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE  
PACIFIC NORTHWEST  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2022**

**7. TANGIBLE CAPITAL ASSETS**

	Cost	Accumulated Amortization	2022 Net Book Value	2021 Net Book Value
Office equipment	\$ 3,930	\$ 1,429	\$ 2,501	\$ 3,287
Leasehold improvements	62,880	62,880	-	-
Computer equipment	3,523	2,910	613	1,369
Computer software	321	321	-	-
	<u>\$ 70,654</u>	<u>\$ 67,540</u>	<u>\$ 3,114</u>	<u>\$ 4,656</u>

**8. BANK INDEBTEDNESS**

The Corporation has a line of credit available up to \$1,400,000 with an interest rate of prime, it is secured by a Demand Promissory Note, a General Security Agreement giving the lender first specific fixed charge on the Corporation's loan accounts receivable and a Certificate of Borrowing Resolution, all signed by the Corporation. At the year end date, \$1,147,693 (2021- \$265,543) of the line of credit was in use.

**9. DEFERRED REVENUE**

	Opening balance	Deferred	Used	Closing balance
WED	\$ -	\$ 26,746	\$ -	\$ 26,746
Northwest Growth projects	30,991	-	-	30,991
Rural Dividend Fund (Rupert Redesign)	95,105	-	-	95,105
Rupert Redesign 2.0	108	-	(108)	-
Rupert Redesign 3.0	1,120	-	(226)	894
2030 Community Plan	20,876	-	-	20,876
BC Labour Market Study	2,825	-	-	2,825
Rural Resident Attraction Project	175,000	-	-	175,000
Recruitment Brand Development	276,459	-	(93,211)	183,248
Export Navigator 3.0, 4.0 and 5.0	11,742	100,000	(104,290)	7,452
Client repayment	-	2,500	-	2,500
RRRF	-	35,640	-	35,640
	<u>\$ 614,227</u>	<u>\$ 164,886</u>	<u>\$ (197,835)</u>	<u>\$ 581,278</u>

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE  
PACIFIC NORTHWEST  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2022**

**10. LONG-TERM DEBT**

	2022	2021
Regional Relief and Recovery Fund bearing interest at 0% per annum. The loan does not required payment until the loan matures on December 31, 2025.	\$ 1,240,000	\$ 1,230,000
Loan participation and administration agreement cosigned with Haida Gwaii Community Futures Development Corporation and Community Futures Development Corporation Peace Liard bearing interest at 5.95% per annum, repayable in monthly payments of \$2,548 including interest, due on demand. The Loan is secured by a promissory note and personal guarantee's from the borrower. The loan matures on June 30, 2031.	215,335	-
Loan participation and administration agreement cosigned with Community Futures East Kootenay and Community Futures Development Corporation Peace Liard bearing interest at 8.00% per annum, repayable in monthly payments of \$480 including interest, due on demand. The Loan is secured by a promissory note and personal guarantee's from the borrower. The loan matures on December 31, 2039.	99,783	-
Loan participation and administration agreement cosigned with Community Futures South Fraser bearing interest at 9.75% annum, repayable in monthly payments of \$420 including interest, due on demand. The Loan is secured by a promissory note and personal vehicles. The loan matures on December 31, 2026.	19,213	-
Loan repaid during the year.	-	153,814
Loan repaid during the year.	-	194,096
	1,574,331	1,372,402
Less current portion	23,701	142,402
Less callable portion	-	205,508
Due beyond one year	\$ 1,550,630	\$ 1,230,000

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE  
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**11. LOANS PAYABLE**

	2022
Lax Kw'alaams Fish For Community	\$ 29,223
Lax Kw'alaams Fish For Community - interest 50%	1,974
Lax Kw'alaams Entrepreneurial Loan fund	50,000
Lax Kw'alaams Entrepreneurial Loan fund - interest 50%	508
	<u>\$ 81,705</u>

Loans payable are restricted for the purposes of lending to eligible enterprises in accordance with the agreements set by Lax Kw'alaams. The loans are forgivable and 50% of interest earned on the funds are to be retained to ensure future growth.

**12. EXTERNALLY RESTRICTED FUND BALANCES**

The Corporation has been operating under a contribution agreement with the Department of Western Economic Diversification that covers the period April 1, 2021 to March 31, 2026. Under the terms and conditions of the agreement as set out by the Department of Western Economic Diversification, the Conditionally Repayable Loan Funds are repayable if any of the following conditions occur:

- (i) The Conditionally Repayable Investment Fund is not administered according to the terms and conditions specified in this Agreement; or
- (ii) Based on reviews and evaluations of the operations and the Conditionally Repayable Investment Fund of the Corporation, the Conditionally Repayable Investment Fund is 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; or
- (iii) In the opinion of the Minister, the Conditionally Repayable Investment Fund is no longer necessary or relevant to the development of the western Canadian economy; or
- (iv) The Agreement is terminated as described in Section 7 of the Agreement; or
- (v) An event of default occurs, as described in Section 7 of the Agreement; or
- (vi) The Minister does not approve terms and conditions to extend the project beyond the completion date or the Corporation does not agree to extend the project beyond the completion date.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE  
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**12. EXTERNALLY RESTRICTED FUND BALANCES, continued**

Externally imposed restrictions on net assets are as follows:

	2022	2021
<b>GENERAL RESTRICTED LOAN INVESTMENT FUNDS:</b>		
Loan Investment Funds restricted to loans and equity investments to entrepreneurs		
General	\$ 651,594	\$ 839,024
	-	-
Forest Community Business Loan fund 50% (Schedule 3)	218,600	207,345
	<u>\$ 870,194</u>	<u>\$ 1,046,369</u>

The conditionally repayable loan funds consist of the following:

	2022	2021
<b>CONDITIONALLY REPAYABLE CONTRIBUTIONS:</b>		
WED General	<u>\$ 385,000</u>	<u>\$ 385,000</u>

**13. COMMITMENTS**

The Corporation leases its premises under a three year term term that commenced September 1, 2019. The base lease rate for the first year is \$32,500, increasing to \$33,313, and \$34,125 in each consecutive year. In addition to the base rent, an additional rent of 30% of the annual property tax, water, sewer, and garbage collection costs is charged.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE  
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MARCH 31, 2022**

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**14. BAD DEBTS**

The bad debt expense includes the current year's allowance for loan principal deemed uncollectible, less collection or recovery of principal on loans written off in prior years.

	2022	2021
<b>General operating fund</b>		
Community Loan	\$ -	\$ 7,044
Fisheries Legacy (Fish II)	24,364	5,213
Fish for Community Fund	3,093	-
	<u>\$ 27,457</u>	<u>\$ 12,257</u>

**15. FINANCIAL INSTRUMENTS**

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

**(a) Credit risk**

Credit risk is the risk that on 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 in accounts receivable and loans receivable. The Corporation provides credit to its clients in the normal course of its operations. In order to reduce its credit risk, the Corporation limits the amount of credit extended to clients, performs credit checks on all loan applicants and ensures adequate security is provided. An allowance for credit loss is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

**(b) Interest rate risk**

The Corporation is exposed to interest rate risk. Interest rate risk is the risk that the Corporation has interest rate exposure on its financial instruments, which are variable based on the maturity of each instrument. This exposure may have an effect on its earnings in future periods. To minimize interest rate risk, the Corporation manages exposure through its normal operating and financing activities. In addition, all restricted cash funds are invested in fixed interest bearing savings accounts.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE  
PACIFIC NORTHWEST  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2022**

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**16. COMPARATIVE FIGURES**

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE PACIFIC NORTHWEST**  
**SCHEDULE 1 - GENERAL OPERATING FUND STATEMENT OF OPERATIONS**  
**MARCH 31, 2022**

	WED General	Export Navigator	Fish II	2022	2021
<b>REVENUE</b>					
WED	\$ 320,955	\$ -	\$ -	\$ 320,955	\$ 320,955
Other contributions	140,536	104,292	-	244,828	189,810
Rent	18,080	-	-	18,080	26,100
Project fees	8,504	-	-	8,504	5,126
Loan admin fees	26,028	-	-	26,028	9,333
Investment Income	93,304	-	14,808	108,112	73,171
Bank Interest	3	-	8	11	20
	<b>607,410</b>	<b>104,292</b>	<b>14,816</b>	<b>726,518</b>	<b>624,515</b>
<b>EXPENDITURES</b>					
Amortization	850	-	-	850	850
Advertising and promotion	95,665	135	-	95,800	36,212
Bad debts (recovery)	-	-	13,348	13,348	12,257
Consulting fees	1,006	89,060	-	90,066	89,286
IT Support	12,439	-	-	12,439	10,617
Insurance	4,275	-	-	4,275	3,886
Interest and bank charges	612	2	-	614	407
Interest on long-term debt	24,586	-	-	24,586	11,306
Licenses and dues	1,363	875	-	2,238	2,002
Loan administration	4,557	-	-	4,557	2,345
Meetings	2,482	1,270	-	3,752	2,490
Office	7,483	-	-	7,483	6,880
Professional fees	12,938	-	-	12,938	16,994
Rent	57,278	-	-	57,278	53,376
Telephone and utilities	15,263	-	-	15,263	13,203
Training and development	3,132	89	-	3,221	5,427
Travel and accommodation	7,663	12,861	-	20,524	5,119
Wages and benefits	318,736	-	-	318,736	328,382
	<b>570,328</b>	<b>104,292</b>	<b>13,348</b>	<b>687,968</b>	<b>601,039</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ 37,082</b>	<b>\$ -</b>	<b>\$ 1,468</b>	<b>\$ 38,550</b>	<b>\$ 23,476</b>

See accompanying notes to these financial statements  
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**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE PACIFIC NORTHWEST**  
**SCHEDULE 2 - EXTERNALLY RESTRICTED FUND STATEMENT OF OPERATIONS**  
**MARCH 31, 2022**

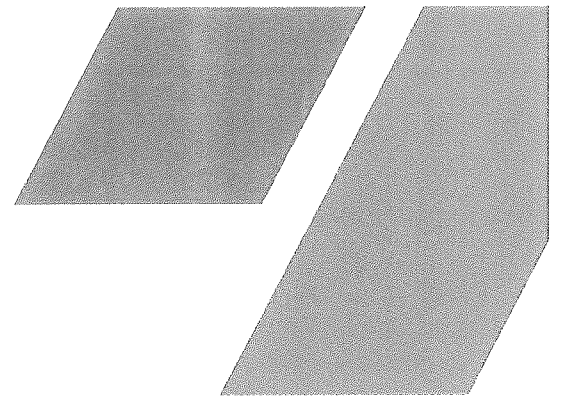
	WED General	FCBL	RRRF	Lax Kw'alaams	Rupert Redesign	Fish for Community	2022	2021
<b>REVENUE</b>								
Investment Income	\$ 11,180	\$ 10,892	\$ -	\$ 152	\$ -	\$ 510	\$ 22,734	\$ 36,149
Other revenue	-	421	-	-	334	-	755	5,099
RRRF	-	-	-	-	-	-	-	77,791
	11,180	11,313	-	152	334	510	23,489	119,039
<b>EXPENDITURES</b>								
Advertising and promotion	-	-	-	-	334	-	334	12,261
Bad debts (recovery)	-	-	-	-	-	13,959	13,959	-
Consulting fees	-	-	-	-	-	-	-	10,000
IT Support	-	-	-	-	-	-	-	7,737
Interest and bank charges	-	59	-	-	-	-	59	57
Loan administration	15	-	-	-	-	-	15	1,025
Office	-	-	-	-	-	-	-	17,049
Rent	-	-	-	-	-	-	-	52
Telephone and utilities	-	-	-	-	-	-	-	247
Training and development	-	-	-	-	-	-	-	6,009
Travel and accommodation	-	-	-	-	-	-	-	1,729
Wages and benefits	-	-	-	-	-	-	-	26,742
	15	59	-	-	334	13,959	14,367	82,908
	11,165	11,254	-	152	-	(13,449)	9,122	36,131
<b>OTHER ITEMS</b>								
Transfer of capital assets	-	-	-	-	-	-	-	(8,226)
Loan Forgiveness Revenue	-	-	(50,000)	-	-	-	(50,000)	(10,000)
Debt forgiveness	-	-	50,000	-	-	-	50,000	10,000
	-	-	-	-	-	-	-	(8,226)
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	\$ 11,165	\$ 11,254	\$ -	\$ 152	\$ -	\$ (13,449)	\$ 9,122	\$ 44,357

See accompanying notes to these financial statements

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE PACIFIC NORTHWEST  
SCHEDULE 3 - EXTERNALLY RESTRICTED FUND STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2022**

	WED General	FCBL	RRRF	Lax Kw'alaams	Rupert Redesign	Fish for Community	2022	2021
<b>ASSETS</b>								
<b>CURRENT ASSETS</b>								
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (8)
Restricted cash	94,164	22,742	162,140	89,259	95,999	14,635	478,939	264,635
Current portion of loans receivable	97,574	47,894	-	2,749	-	9,480	157,697	121,075
	191,738	70,636	162,140	92,008	95,999	24,115	636,636	385,702
<b>LOANS RECEIVABLE (Note 4)</b>	309,136	97,185	1,113,500	5,497	-	6,582	1,531,900	1,670,276
<b>INTER-FUND RECEIVABLE</b>	106,818	70,258	-	13,277	-	-	190,353	86,722
	607,692	238,079	1,275,640	110,782	95,999	30,697	2,358,889	2,142,700
<b>LIABILITIES</b>								
<b>CURRENT LIABILITIES</b>								
Deferred revenue	-	-	-	-	95,105	-	95,105	95,212
<b>LONG-TERM DEBT</b>	99,783	19,213	1,240,000	-	-	-	1,358,996	1,230,000
<b>LOAN PAYABLE</b>	-	-	-	50,508	-	31,197	81,705	81,020
<b>INTER-FUND PAYABLE</b>	-	266	35,640	-	894	27,404	64,204	-
<b>NET ASSETS</b>	507,909	218,600	-	60,274	-	(27,904)	758,879	736,468
	\$ 607,692	\$ 238,079	\$ 1,275,640	\$ 110,782	\$ 95,999	\$ 30,697	\$ 2,358,889	\$ 2,142,700

See accompanying notes to these financial statements



## **INDEPENDENT PRACTITIONER'S REASONABLE ASSURANCE REPORT ON COMPLIANCE**

To the Board of Directors of  
Community Futures Development Corporation of the Pacific Northwest

We have undertaken a reasonable assurance engagement of the accompanying statement of Community Futures Development Corporation of the Pacific Northwest's ("the Corporation") compliance during the period April 1, 2021 to March 31, 2022, with the requirements ("the specified requirements") established in the contribution agreement between Western Economic Development Canada and the Corporation commencing March 30, 2021 and ending on March 31, 2026 ("the agreement") dated March 25, 2021.

### *Management's Responsibility*

Management is responsible for measuring and evaluating the Corporation's compliance with the specified requirements of the agreement and for preparing the Corporation's statement of compliance. Management is also responsible for such internal control as management determines necessary to enable the Corporation's compliance with the specified requirements.

### *Our Responsibility*

Our responsibility is to express a reasonable assurance opinion on management's statement based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Canadian Standard on Assurance Engagements 3530, *Attestation Engagements to Report on Compliance*. This standard requires that we plan and perform this engagement to obtain reasonable assurance about whether management's statement is fairly stated, in all material respects.

Reasonable assurance is a high level of assurance but is not a guarantee that an engagement conducted in accordance with this standard will always detect a material instance of non-compliance with specified requirements when it exists. Instances of non-compliance can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the decisions of users of our report. A reasonable assurance compliance reporting engagement involves performing procedures to obtain evidence about management's statement of the Corporation's compliance with specified requirements. The nature, timing and extent of procedures selected depends on our professional judgment, including an assessment of the risks of material misstatement of management's statement, whether due to fraud or error, and involves obtaining evidence about management's statement.

**INDEPENDENT PRACTITIONER'S REASONABLE ASSURANCE  
REPORT ON COMPLIANCE, continued**

We believe the evidence we obtained is sufficient and appropriate to provide a basis for our opinion. Information relevant to the Corporation's compliance with the specified requirements set out in the Agreement is set out in management's statement of compliance.

*Our Independence and Quality Control*

We have complied with the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Canadian Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements*, and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

*Opinion*

In our opinion, management's statement that Community Futures Development Corporation of the Pacific Northwest complied with the specified requirements established in the agreement during the period April 1, 2021 to March 31, 2022, is fairly stated, in all material respects.

We do not provide a legal opinion on Community Futures Development Corporation of the Pacific Northwest's compliance with the specified requirements.

*Purpose of Statement*

Management's statement of compliance has been prepared to report to the Board of Directors on Community Futures Development Corporation of the Pacific Northwest's compliance with the specified requirements established in the agreement. As a result, management's statement of compliance may not be suitable for another purpose.

Prince George, B.C.  
June 29, 2022

**DMC Chartered Professional  
Accountants Inc.**