

Catalyze Lead Partner



From Our Chair

To our volunteers, partners, past and present staff and directors who have helped make ACCFutures an economic and community pillar for Akwesasne, Cornwall, and SDG Counties: THANK YOU. Your commitment is greatly appreciated and will not be forgotten. I would also like to extend a special thank you to our current Board of Directors for providing the necessary forethought and insight to help make the right decisions for ACCFutures. Your contribution extends beyond expectation.

In my first year as Chair, I watched many of our staff and directors grow and take on new and exciting opportunities—some took on new opportunities within ACCFutures, while others embarked on new journeys outside the organization. Simultaneously, many local businesses I've also watched as many new businesses began their journey or elevated their business with our help. It is an exciting time for all! I look forward to seeing what comes next.

Board of Directors

Lila Romanko, *Chair*
Sean HelmKay, *Vice-Chair*
Louis Savard, *Secretary/Treasurer*
Patricia Remillard
Garrett VanderBurg
Jason Lazore
Stephanie Nesbitt
Kerry Gibson

Governance and Recruitment Committee

Louis Savard, *Committee Chair*
Lila Romanko
Stephanie Nesbitt

Investment Committee

Sean HelmKay, *Committee Chair*
Lila Romanko
Patricia Remillard
Garrett Vanderburg

Special thanks to past Board Members

Tim Mills
Zachary Dorland
Christina Morgan



From Our Executive Director

When I took over the reins from my predecessor, Lesley Thompson, in 2022, I quickly understood how she set the stage for ACCFutures to succeed in enhancing the economic development of our region. I continue to see endless opportunities to strategically connect companies and organizations to the benefit of the collective and the community.

Successful economic development in Akwesasne, Cornwall, and the SDG Counties extends beyond the financing, collaborative SME support, strategic community planning, and economic development solutions ACCFutures provides. It hinges on a strong and resilient web of relationships; this is what ACCFutures aim to weave.

I am confident that our team, with the steadfast support of our board, our clients, and our community, will reach its major strategic goals and continue to build a strong and healthy economic region.

The ACC Futures Team

Greg Pietersma, *Executive Director*

Louise Pilon, *Office Administrator*

Angela Vinet, *Manager of Business Development*

Shannon Tierney, *Executive Assistant*

William Lafrance, *Project Officer*

Lexie Jasiewicz, *Project Officer*

With the support of the Government of Canada
through the Federal Economic Development
Agency for Southern Ontario.

Canada

The ACCFutures Framework

Created in 1987, ACCFutures is a not-for-profit, independent organization, governed by a Board of Directors composed of volunteers from the community representing a cross-section of the makeup of the community. ACCFutures core programming is around the delivery of the Community Futures Program.

The Community Futures Program (CFP) supports economic development in primarily rural areas across Canada through a network of 267 Community Futures Organizations (CFOs). Through the CFP, ACCFutures provides direct support to local communities via four pillars: business financing, business support services, community economic development, and strategic planning.

The CFP is part of the ministerial portfolio of Innovation, Science and Economic Development Canada (ISED). It is administered by four Regional Development Agencies (RDAs). The RDA which ACCFutures reports to is named the Federal Economic Development Agency for Southern Ontario (FedDev).

Mission

ACCFutures delivers financing, collaborative SME support, strategic community planning & economic development solutions to Akwesasne, Cornwall & the SDG Counties.

Vision

ACCFutures is a catalyst, leader, and partner, working toward a sustainable, diversified and growing economy that builds on the assets of Akwesasne, Cornwall & the SDG Counties.

Values

Integrity, Collaboration, Client focus, Community focus, and Teamwork



Strategic Goals

Across the four pillars in which the ACCFutures operates, the Board has further defined overarching strategic goals within each:

1.

Strategic Planning

- a) ACCFutures plans are 100% aligned & integrated with all key stakeholder plans
- b) ACCFutures is a key & trusted partner either leading or collaborating in regional strategic community planning work
- c) ACCFutures Board & staff reputation & credibility is strong everywhere in the region

2.

Community Economic Development

- a) ACCFutures is 100% aware &/or involved in the regions' highest priority economic development projects

3.

Business Support Services

- a) Business information is relevant, timely, helpful and accurate
- b) Key Stakeholders are fully aware of ACCFutures goals & programming and refer clients frequently
- c) ACCFutures is recognized in the community as a reputable and helpful organization and is frequently visited by business owners wanting to start, grow or transition a business.

4.

Business Financing

- a) ACCFutures lending activities have measurable impact on regional economic development
- b) ACCFutures is capable to meet all requests for financing from qualified applicants directly or through strategic funding partnerships
- c) Loan losses at an acceptable level ranging from 5-8% of portfolio balance
- d) 85-95% of funds are invested 5-15% are available to lend at any given time
- e) Bankable Clients graduate to other mainstream lenders to free up cash to lend

Investment Fund Activity — Lending

The purpose of the Investment Fund is to provide repayable financial assistance in the form of loans to small and medium-sized businesses and social enterprises. Typically, available to those experiencing difficulty in securing traditional bank financing, eligibility for ACCFutures borrowing is confined to activity relating to the creation, development, stabilization, expansion, or restructuring of business operations.

Subject to a structured examination of information and documentation requested of a client, the ACCFutures will favour funding applications that:

- Promotes the creation and/or retention of jobs and opportunities
- Demonstrates that the ACCFutures involvement will lead to economic benefits or net gain within the community
- Attracts capital investment to the community;
- Affords the prospect of involving multiple funding partners (granting and lending) towards effective leveraging and optimization
- Reveals a reasonable expectation of profitability and debt servicing capacity.

Lending Activity

April 1, 2021 to March 31, 2022

14

Completed
applications
received

8

Loans
disbursed

\$833,750

Value of disbursements

\$1,884,443

Dollars Leveraged

59

Jobs created/
maintained

0

New businesses
started

8

Businesses
maintained/expanded

75

Total active
loans

\$8,569,255

Total dollar value of portfolio

Business Counselling

336

Businesses
assisted

Making Gains

Our tagline “Your Potential Is Our Business” pays no lip service. We see opportunities that others don’t. Entrepreneurs and local organizations that support economic development recognize our unique understanding and passion for our region—and our track record for empowering local SMEs. Here are but a few stories of the real relationships we fostered with our clients to help them succeed.



Happy Popcorn Co.

An anchor business in downtown Cornwall, this sweet company popped into existence in late 2019 after Kirstin Davey and Bill Hallman wanted to create a fun and inclusive workplace for their son and others who live with disabilities. Their offerings—freshly popped gourmet popcorn, classic and artisanal candy, and other unique treats—appealed to sweet teeth near and far and the company grew quickly. The team at ACCFutures was able to work with them to first access the Regional Relief and Recovery Fund and then land a \$50,000 investment Loan. This allowed them to move into and renovate a larger retail space, purchase new equipment, increase product volume, and allow shipping for online sales.

“Today, we’re poppin’ like crazy. We have 10 folks on payroll, and several co-op students. More than 70% of them are either neurodivergent or have a physical or medical disability,” says Davey.

Photo: Samantha Hawkins Photography



Canobi Ag Tech

Based in Maxville, Canobi Ag Tech is on the path to becoming a leading provider of data-driven farm automation and Agriculture Resource Management (AGRM) for indoor and greenhouse farming. **“Small businesses don’t always know who to turn to take advantage of funding opportunities. We found ACCFutures via Launch Lab, and they introduced us to the Southeastern Ontario Angel Network (SOAN) for funding. That opened the door to a great source of investment,”** says CEO Robin Vincent.

At the pitch event, Canobi landed significant investments. Since then, the company also received a loan, created new jobs, and



A partner and regional innovation lab that supports growth companies in Eastern Ontario.

garnered increased interest from other angels and new clients. They recently signed ACCFutures' client, Fieldless Farms, and are actively working with local indoor farming brokerage Cultivatd.

Photo: The Chesterville Record



Fortier Stark Industrial (FSI)

Founded by Curtis Stark and Joe Fortier in 2016, FSI delivers specialized seamless welding services for the dairy, food, and beverage industry in Eastern Ontario. Though the company has been based out of their Metcalfe office, the pair had visions of expanding and setting up headquarters in Winchester, a location central to their marketplace. Their plan was to build a 6,000 square-foot facility in North Dundas for their head office, plus enough space to build and house large tanks and piping. This would allow them to expand further into local, national, and international markets. With help from ACCFutures and partner Business Development Bank of Canada (BDC), FSI was able to unlock an Eastern Ontario Development Fund grant (\$225,000 over three years) plus an additional \$110,000 loan. Thanks to these funds, the company broke ground on their new facility earlier this year; this expansion will grow their business, increase production capacity, create new jobs, and boost total revenues, including sales into new markets.

SOAN

A partner and consortium of accredited investors who help early-stage companies and future-proof local economies.

Building Bridges

Our reconciliation-focused consultancy, ACCPathways, was built as a bridge between First Nations, municipalities, businesses, and organizations.



Its establishment was inspired by the work of the late Christopher Thompson, who tirelessly championed economic prosperity for all by nurturing relationships between Akwesasne and non-First Nation communities including Cornwall and SDG.



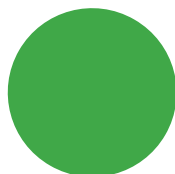
To honour Christopher's deep-rooted legacy and to renew its commitment to the journey of reconciliation, ACCFutures commissioned a special showcase piece from Akwesasne's Fire Loom Creations. Kelly Back, Christopher's sister, and husband Tyson, created the 18-inch piece with traditional beadwork and leather fringe. The centre features a turtle to represent Chris' clan and the ACCFutures logo; these are flanked by the two-row wampum, symbolizing two vessel travelling side by side in cooperation and a common interest.

"It was a huge honour to make this piece. Chris was so instrumental in bringing people together. He would be so happy to see the continued relationship between our communities," said Kelly.

ACCFutures, through ACCPathways, is unwavering in its commitment to carry out Christopher's vision establishing and enhancing business connections between Akwesasne, Cornwall, and SDG Counties. We also continue to support the historic Port Lands project, a jointly-owned parcel of land and waterlot jointly-owner by Akwesasne First Nation and the Municipality of Cornwall.



A partner and bank that specifically supports SMEs money and advice, no matter the industry or stage of growth.





Nurturing Growth

ACCFutures proudly supports the growth of local SMEs but propelling people is also at the core of what we do. Join us in cheering on three former staff members who have used our organization as a springboard for professional advancement.



Corine Francis
former Junior Project Officer

In 2020, Corine joined us through our partners at Akwesasne Career and Employment Support Services. She is now Executive Assistant to Grand Chief Abram Benedict at the Mohawk Council of Akwesasne.



Simon McLinden
former Project Manager

Simon joined our team in 2017 and proved to be invaluable in driving the development of ACCPathways. He continues to consult on this important project but also now focuses on his role as Client Relations Manager, Ontario region, for the Canoe Procurement Group of Canada.



Lesley Thompson
former Executive Director

Our unflagging leader for more than six years, Lesley fearlessly led the organization to become the important economic driver it is today. She joined Food Cycle Science in early 2022 and quickly ascended to Director, Government Relations and Partnership Programs.

Cornwall & The Counties Community Futures Development Corporation
Financial Statements
March 31, 2022

Cornwall & The Counties Community Futures Development Corporation

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For the year ended March 31, 2022

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Independent Auditor's Report

To the To the Board of Directors of Cornwall & The Counties Community Futures Development Corporation:

Opinion

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

effectiveness of the Organization's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Cornwall, Ontario

Chartered Professional Accountants

Licensed Public Accountants

Cornwall & The Counties Community Futures Development Corporation

Statement of Financial Position

As at March 31, 2022

	<i>Feddev Fund</i>	<i>Investment Fund</i>	<i>Project Fund</i>	<i>General Fund</i>	2022	2021
Assets						
Current						
Cash	-	-	-	93,765	93,765	18,641
Restricted cash	-	2,589,949	-	-	2,589,949	1,311,394
Accounts receivable	-	-	-	167,591	167,591	245,929
Prepaid expenses	-	-	-	2,933	2,933	854
Interest receivable	-	12,247	-	-	12,247	12,247
Due from other funds	-	102,500	-	(102,500)	-	-
	-	2,704,696	-	161,789	2,866,485	1,589,065
Capital assets (Note 3)	-	-	-	943	943	1,414
Long-term investments (Note 4)	-	4,326,770	-	-	4,326,770	5,029,239
Investment in CVCF Trust #1 (Note 5)	-	2,098,781	-	-	2,098,781	1,979,396
	-	9,130,247	-	162,732	9,292,979	8,599,114
Liabilities						
Current						
Accounts payable and accruals	-	4,427	-	17,541	21,968	22,164
Deferred contributions (Note 5)	-	-	-	102,955	102,955	216,009
	-	4,427	-	120,496	124,923	238,173
Fund balances						
Reserve	-	-	-	7,000	7,000	7,000
Unrestricted	-	-	-	35,236	35,236	134,114
Restricted	-	9,125,820	-	-	9,125,820	8,219,827
	-	9,125,820	-	42,236	9,168,056	8,360,941
	-	9,130,247	-	162,732	9,292,979	8,599,114

Approved on behalf of the Board

Director

Director

The accompanying notes are an integral part of these financial statements

Cornwall & The Counties Community Futures Development Corporation

Statement of Operations

For the year ended March 31, 2022

	<i>Feddev Fund</i>	<i>Investment Fund</i>	<i>Project Fund</i>	<i>General Fund</i>	<i>2022</i>	<i>2021</i>
Revenue						
Investment income	-	305,506	-	-	305,506	243,361
Program funding	-	200,000	102,684	-	302,684	652,211
FedDev Ontario - contributions	302,013	-	-	-	302,013	301,993
Other income	-	118,324	-	119,281	237,605	186,160
RRRF funding	30,000	-	-	-	30,000	2,040,795
	332,013	623,830	102,684	119,281	1,177,808	3,424,520
Expenses						
Salaries and benefits	202,255	-	-	110,958	313,213	335,320
Port Lands project	-	-	102,684	-	102,684	116,101
Advertising	15,031	-	-	51,804	66,835	9,776
Provision for forgivable loans	-	53,750	-	-	53,750	454,104
Rent	11,611	-	-	19,779	31,390	28,508
Consulting	30,712	-	-	-	30,712	35,164
Official Language	20,000	-	-	-	20,000	20,000
Professional fees	15,540	-	-	1,017	16,556	11,927
Communication	10,612	-	-	4,626	15,238	13,821
Meetings - directors and others	351	-	-	9,998	10,349	2,892
Computer	10,000	-	-	-	10,000	-
Office supplies	2,479	-	-	6,917	9,397	6,353
Loan management expenses	-	-	-	8,108	8,108	11,117
Insurance	4,221	-	-	1,883	6,104	5,075
Repairs and maintenance	1,631	-	-	3,891	5,521	15,727
Director's travel	-	-	-	2,826	2,826	901
RRRF projects	2,537	-	-	-	2,537	388,874
Equipment rental	2,506	-	-	-	2,506	2,776
Bank charges and interest	955	1,506	-	-	2,462	2,771
Membership fees	1,572	-	-	-	1,572	1,496
Travel	-	-	-	1,181	1,181	706
Amortization	-	-	-	471	471	471
Community based project/Digital Services	-	-	-	-	-	2,517
IRD Grant	-	-	-	-	-	32,500
EODP/RIIEO	-	-	-	-	-	200,000
RED Grant (recovery)	-	-	-	(5,300)	(5,300)	250,994
(Gain) loss on long-term investment	-	(119,385)	-	-	(119,385)	84,896
Training and education	-	-	-	-	-	266
Provision for (recovery of) doubtful loans (Note 4)	-	(218,034)	-	-	(218,034)	446,119
	332,013	(282,163)	102,684	218,159	370,693	2,481,172
Excess (deficiency) of revenue over expenses	-	905,993	-	(98,878)	807,115	943,348

The accompanying notes are an integral part of these financial statements

Cornwall & The Counties Community Futures Development Corporation

Statement of Changes in Net Assets

For the year ended March 31, 2022

	<i>Feddev Fund</i>	<i>Investment Fund</i>	<i>Project Fund</i>	<i>General Fund</i>	2022	2021
Fund balances, beginning of year	-	8,219,827	-	141,114	8,360,941	7,417,593
Excess (deficiency) of revenue over expenses	-	905,993	-	(98,878)	807,115	943,348
Fund balances, end of year	-	9,125,820	-	42,236	9,168,056	8,360,941

The accompanying notes are an integral part of these financial statements

Cornwall & The Counties Community Futures Development Corporation

Statement of Cash Flows

For the year ended March 31, 2022

	<i>Feddev Fund</i>	<i>Investment Fund</i>	<i>Project Fund</i>	<i>General Fund</i>	2022	2021
Cash from operating activities						
Surplus (deficit) for the year	-	905,993	-	(98,878)	807,115	943,348
Amortization	-	-	-	471	471	471
Provision for (recovery of) doubtful loans	-	(218,034)	-	-	(218,034)	293,938
Provision for forgivable loans	-	53,750	-	-	53,750	454,104
Gain (loss) on long-term investment	-	(119,385)	-	-	(119,385)	84,896
	-	622,324	-	(98,407)	523,917	1,776,757
Changes in working capital accounts						
Accounts receivable	-	-	-	78,338	78,338	(231,300)
Prepaid expenses	-	-	-	(2,079)	(2,079)	-
Accounts payable and accruals	-	1,978	-	(2,174)	(196)	(37,542)
Deferred contributions	-	-	-	(113,054)	(113,054)	206,037
Due to other funds	-	(212,500)	-	212,500	-	-
	-	411,802	-	75,124	486,926	1,713,952
Investing						
Advances of long-term investments	-	(983,750)	-	-	(983,750)	(3,144,138)
Repayment of long-term investments	-	1,850,503	-	-	1,850,503	1,380,915
	-	866,753	-	-	866,753	(1,763,223)
Increase (decrease) in cash	-	1,278,555	-	75,124	1,353,679	(49,271)
Cash, beginning of year	-	1,311,394	-	18,641	1,330,035	1,379,306
Cash, end of year	-	2,589,949	-	93,765	2,683,714	1,330,035
Represented by:						
Cash	-	-	-	93,765	93,765	18,641
Restricted cash	-	2,589,949	-	-	2,589,949	1,311,394
	-	2,589,949	-	93,765	2,683,714	1,330,035

The accompanying notes are an integral part of these financial statements

Cornwall & The Counties Community Futures Development Corporation

Notes to the Financial Statements

For the year ended March 31, 2022

1. Purpose of the organization

Cornwall & The Counties Community Futures Development Corporation (the "Organization") is incorporated without share capital under the laws of Ontario as a non-profit organization. The Organization is a social enterprise "passionate about community, grounded in business, and committed to advancing reconciliation" in the communities of Akwesasne, Cornwall and Stormont, Dundas & Glengarry. They service to advance the region's largest economic development priorities by way of delivering funding to small to medium-sized enterprise's as well as developing, supporting, and implementing projects which support the socio-economic success of the region. The Organization is funded through a blend of core funding, project funding, and revenue generation/ The organization is exempt from income taxes under the Income Tax Act of Canada.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Fund accounting

The Organization follows the deferral method of accounting for contributions utilizing the following funds.

The FedDev fund accounts for the corporation's FedDev program delivery funded by FedDev Ontario. This fund reports restricted operating contributions.

The Investment fund was established as outlined in the Contribution Agreement with FedDev Ontario to provide financing for new and existing enterprises in order to protect or create new jobs. The fund is restricted pursuant to the agreement.

The project fund accounts for the specific programs undertaken by the corporation. This fund reports restricted contributions.

The general fund accounts for the corporation's program delivery and administrative activities. This fund reports unrestricted resources.

Revenue recognition

Contributions from FedDev Ontario are recognized as revenue in the year of receipt except for the following:

- i) Contributions relating to capital assets are credited to deferred capital contribution and recognized as revenue on the same basis as amortization on the related asset is charged against operations.
- ii) Contributions relating to approved expenditures not yet incurred are recorded as deferred contributions.
- iii) Unexpended funds at the end of the year may be refundable to the contributor. Repayable amounts reduce contribution revenue for the year. Excess expenditures may not be reimbursed by FedDev Ontario.

Other contributions are recognized as revenue in the year of receipt except for contributions relating to approved expenditures not yet incurred that are recorded as deferred contributions.

Other income includes administrative and management fees which are recognized when the fees are earned or services are performed.

Interest and dividend revenue in the investment fund are recognized when received or receivable. The corporation accrues interest on loans and mortgages in arrears until collection becomes doubtful.

Capital assets

Capital assets are recorded at cost. Amortization is based on the estimated useful life of the asset and is provided at the following rates and methods:

Leaseholds

- greater of 5 years or length of the lease

Cornwall & The Counties Community Futures Development Corporation

Notes to the Financial Statements

For the year ended March 31, 2022

2. Significant accounting policies (Continued from previous page)

Cash and cash equivalents

Cash and cash equivalents is defined as cash on hand and cash on deposit.

Cash subject to restrictions that require its use for specified purposes is included in restricted cash.

Long-term investments

Long-term investments are comprised of loans receivable and equity investments with set redemption values.

i) Loans receivable consists of loans made out of the Organization's investment fund and are measured at amortized cost. The Organization maintains an allowance for impaired loans as estimated by management based on their assessment of the net recoverable amount of the Organization's loans, which is determined on a loan by loan basis.

ii) Equity investments consist of non-controlling share interests in Canadian private small business corporations. The equity investments are recorded at amortized cost. Management assesses its equity investments for impairment on a periodic basis and, at least, annually.

Investment in CVCF Trust #1

The investment in CVCF Trust #1 is accounted for using the equity method. Accordingly, the investment is recorded at acquisition cost and is increased for the proportionate share of post-acquisition earnings and decreased by post-acquisition losses and distributions received.

Measurement uncertainty (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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts or revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to excess (deficiency) of revenue over expenses as appropriate in the year they become known.

Significant items subject to such estimates and assumptions include the provision for doubtful long-term investments. As the Organization's long-term investments consist of loans and equity investments in small businesses, including start-up or developing entities, the Organization's long-term investments are exposed to various risk factors which may impact their net recoverable amount. These factors include the overall business environment of the Stormont, Dundas and Glengarry area, Canadian interest rates and factors and risks specific to the relevant small businesses. Management regularly reviews and assesses the net recoverable amount of its long-term investments and other estimates and, where necessary, makes adjustments prospectively. Actual results could differ from those estimates.

Financial instruments

The Organization adopted the amendments to Section 3856 Financial Instruments effective April 1, 2021. The new standard resulted in minimal impact on the Organization.

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Organization has made such an election during the year.

The Organization subsequently measures investments in equity instruments not quoted in an active market at cost less impairment. With the exception of financial liabilities indexed to a measure of the Organization's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Cornwall & The Counties Community Futures Development Corporation

Notes to the Financial Statements

For the year ended March 31, 2022

2. Significant accounting policies *(Continued from previous page)*

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess (deficiency) of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Related party financial instruments

The Organization initially measures the following financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at fair value:

- Investments in equity instruments quoted in an active market
- Debt instruments quoted in an active market
- Debt instruments when the inputs significant to the determination of its fair value are observable (directly or indirectly)
- Derivative contracts.

All other related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received.

At initial recognition, the Organization may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value.

The Organization has not made such an election during the year, thus all such related party debt instruments are subsequently measured at amortized cost.

The Organization subsequently measures its financial instruments using the cost method less any reduction for impairment.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess (deficiency) of revenue over expenses.

Financial asset impairment

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group and there are numerous assets affected by the same factors. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenue over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess (deficiency) of revenue over expenses in the year the reversal occurs.

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Notes to the Financial Statements

For the year ended March 31, 2022

3. Capital assets

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Leasehold improvements	4,711	3,768	943	1,414

As at March 31, 2021 the cost and accumulated amortization of capital assets was \$4,711 and \$3,297 respectively.

4. Long-term investments

The loans and mortgages receivable bear interest ranging from Nil% to 10% with amortization periods from one to twenty years.

The loans and mortgages receivable balance is comprised of:

	2022	2021
Loans and mortgages receivable, principal	3,252,934	4,291,902
Equity investment, cost	375,000	160,000
COVID loans receivable, principal	184,606	355,435
IRD-COVID loans receivable, principal	130,267	82,864
RRRF loans receivable	1,554,005	1,551,767
	5,496,812	6,441,968
Less:		
Provision for doubtful loans	(714,688)	(958,625)
Provision for RRRF Loan forgiveness	(455,354)	(454,104)
	(1,170,042)	(1,412,729)
	4,326,770	5,029,239

The activity in the provision for doubtful loan account is as follows:

	2022	2021
Balance, beginning of year	958,625	664,687
Loans written off during the year	-	(150,763)
Recovery of loans written off in previous periods	(218,034)	-
Adjustment to provision for doubtful loans	(25,903)	444,701
Balance, end of year	714,688	958,625

Cornwall & The Counties Community Futures Development Corporation

Notes to the Financial Statements

For the year ended March 31, 2022

4. Long-term investments *(Continued from previous page)*

The corporation determines the provision for doubtful loans by providing specific loan losses after reviewing outstanding loans on a loan-by-loan basis plus the use of an estimated percentage based on past experience for all loans for which no specific provision has been established.

The loan principal payments due to be received over the next five years are as follows:

2023	761,694
2024	885,047
2025	818,968
2026	411,380
2027	84,150
Subsequent years unspecified	1,365,531
	<hr/> 4,326,770 <hr/>

RRRF loans receivable

The organization issued loans under the Regional Relief and Recovery Fund (RRRF) which provides zero-interest, partially forgivable loans of up to \$60,000 to small businesses. These loans can be repaid at any time without penalty and if the individual loans are repaid on or before December 31, 2023 a portion of the loan will be forgiven. A provision of \$455,354 (2021 - \$454,104), which represents the maximum forgivable portion of these loans, is recorded as a reduction of the carrying value and is included as an expense on the Statement of Operations.

The equity investment represents the following investments:

300,000 preferred shares, non-voting, non-participating, redeemable at cost, no dividends.

100,000 preferred shares, non-voting, non-participating, convertible at cost into common shares.

80,466 Series A-1-2 preferred shares, voting, convertible into Class A Common Shares at a varying conversion price depending on circumstance, discretionary dividends.

60,763 Series A-2 preferred shares, voting, convertible into Class A Common Shares at a varying conversion price depending on circumstance, discretionary dividends.

110,684 preferred shares, non-voting, non-participating, redeemable at cost, annual dividends at 10% paid monthly commencing February 2020

5. Investment in Community Ventures Capital Fund Trust #1

	2022	2021
Investment in CVCF Trust #1	2,098,781	1,979,396

Investment in Community Ventures Capital Fund - Trust #1 is accounted for using the equity method. The Trust provides equity financing and loans to businesses within Eastern Ontario. Any distributions from the Trust are reinvested in the Trust.

Cornwall & The Counties Community Futures Development Corporation

Notes to the Financial Statements

For the year ended March 31, 2022

6. Deferred contributions

Deferred contributions consist of unspent contributions externally restricted for delivery of specific programs. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. The deferred contribution balances are as follows:

	2022	2021
Port Lands	11,662	10,346
Technology Innovation Project	91,293	95,663
IRD Loan	-	110,000
	102,955	216,009

7. Economic dependence

The Organization receives a significant portion of its annual operating revenue from government contributions. If these revenues were lost, the Organization would be unable to operate and would need authorization by FedDev Ontario to use the earnings of the investment fund for operating purposes.

8. Financial instruments

The Organization, is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the Organization's cash requirements.

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 Organization is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable, interest receivable and long-term investments. Accounts receivable arise primarily from contractual agreements with Federal and Provincial governments. The long-term investments, and resulting interest receivable, are comprised of long-term mortgages and loans, and equity investments.

The Organization's policy is to regularly assess the credit worthiness of its counterparties to mitigate the risk of financial loss from defaults. The Organization reviews its small business investment loan balances regularly and amounts are written down to their expected realizable value when outstanding amounts are determined not to be fully collectible. The maximum exposure to credit risk is the carrying value of accounts receivable, interest receivable and long-term investments.

The corporation has a geographical concentration of credit risk due to its operations being primarily in eastern Ontario. Accounts receivable, contributions receivable and interest receivable are non-interest bearing and are generally due in 30 to 60 days. The long-term investments are interest bearing, have varying due dates and are primarily secured.

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 Organization's interest-bearing assets comprise long-term investments. All of the long-term investments have fixed interest rates.

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Notes to the Financial Statements

For the year ended March 31, 2022

9. Significant event

In early 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

The Organization received grant funding of \$150,000 (2021 - \$1,556,418) in order to provide local businesses with partially forgivable loans. A total of \$150,000 (2021 - \$1,551,767) in loans was disbursed through this grant program of which \$41,250 (2021 - \$1,097,663) is expected to be repaid to the Organization by December 2022. In the prior year the Organization also received additional funding of \$484,377 to provide technical and professional assistance to eligible small and medium sized enterprises to adapt to the evolving business environment caused by the COVID-19 pandemic and qualified for the Canada Temporary Wage Subsidy in the amount of \$7,247 which is included in program funding. To assist in economic relief and recovery, the Organization agreed to defer payment plans and waive interest for up to six months from a significant portion of its loans receivable clients.

While the extent of the impact is unknown, we anticipate this outbreak may cause reductions in the Organization's scheduled collections of loans receivable, ability to collect its loans receivable, staff shortages/disruptions, and increased government regulations, all of which may negatively impact the Organization's business and financial condition.