

Identifying and Igniting Opportunity



From Our Chair

As the newly appointed Chair of ACCFutures, it is with great pleasure and pride that I present this annual report.

To start, I want to express deep gratitude to our departing board members who completed their full term as directors. Their time, dedication, and leadership have been instrumental in shaping ACCFutures.

When I stepped into this role in April 2023, I was filled with an overwhelming sense of excitement and responsibility. It was—and is—an honour to take up the baton from people who played such a pivotal role in showing us the way onward and upward. I look forward to filling our days with activities that support our vision: Identifying and igniting opportunities for entrepreneurs and their communities.

In closing, we hope this report will give you insight into ACCFuture's accomplishments from the past year—and shine a light on our strategic plans for 2023/24. Thank you for the support as we continue our work with passion and pride.

A handwritten signature in black ink that reads "Shannon Lebrun". The signature is fluid and cursive, with the first name being more prominent.

Board of Directors

Shannon Lebrun, *Chair*
Garrett VanderBurg, *Vice-Chair*
Kerry Gibson, *Secretary-Treasurer*
Jason Lazore
Wade Dorland
Lyle Warden
Nanda Wubs Huizenga
Jason Riley
Marc Lafleur

Past Directors

Patricia Remillard
2015 – March 2023
Sean Helmkey
2016 – March 2023
Lila Romanko, *Chair*
2018 – November 2022
Louis Savard, *Secretary/Treasurer*
2020 – February 2023
Stephanie Nesbitt
2020 – November 2022



From Our Executive Director

In the past year, the ACCFutures board and staff have worked relentlessly to embody our mission to extend comprehensive support and smart solutions to entrepreneurs. I'm proud to say that our collective efforts have made a significant impact in further nurturing the entrepreneurial spirit in our region and continuing to grow our economy.

Earlier in 2023, as we worked through our strategic plan, we discussed at length what kind of decision-makers we wanted to be. What became clear is that we wanted every move we made to be courageous and conscientious.

In the upcoming year, you can expect to see us push the envelope even further. We will continue to redefine what's possible, challenge ourselves to innovate and bring about unprecedented change for our entrepreneurs.

Together, let's continue to help big thinkers do big things.

The ACC Futures Team

Greg Pietersma, *Executive Director*

Shannon Tierney, *Operations Manager*

Cynthia Quenneville, *Executive Assistant*

Lexie Jasiewicz, *Loans Officer*

Alycia Sauve, *Project Officer*

Funded by:
Federal Economic Development
Agency for Southern Ontario

Financé par :
Agence fédérale de développement
économique pour le Sud de l'Ontario

Canada 

A Bright ACCFutures

Our story

Entrepreneurs, by nature, are nimble,
creative, and courageous.
So are we.

They move and make decisions swiftly.
We do too.

They dislike hearing 'NO' as much as we
dislike saying it.

When they need action, we respond with
smart solutions.

Together, we build a stronger economy
and better communities for all.

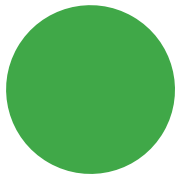


Our Strategic Pillars

1. We bring a personal touch to every opportunity for business development. This is how we fill our pipeline and generate revenue.
2. We relentlessly identify relevant stakeholders and develop symbiotic relationships.
3. We standardize processes to track and measure transactions, maximize resources and revenue, and provide optimal service to clients.
4. We elevate our professionalism to empower our staff, leverage our capacity, and create a strong and sound reputation among clients, referrers, and stakeholders.
5. We leverage our relationships to bring Indigenous and non-Indigenous partners together in the spirit of reconciliation and to the benefit of all.

Investment Fund

Our Investment Fund gives small and medium-sized businesses and social enterprises repayable funding in the form of loans. Those who typically find themselves shut out of traditional bank financing can come to ACCFutures for their needs related to creating, developing, stabilizing, expanding, or restructuring their business.





Lending Activity Including Venture Fund Activity

April 1, 2022 to March 31, 2023

21	16	\$1,422,510
Completed applications	Loans disbursed	Value of disbursements

\$1,989,300	91
Dollars leveraged	Jobs created/ maintained

6	9	95
New businesses started	Businesses maintained	Total active loans

\$10,055,370
Total dollar value of portfolio

The Fund Factor

Our team is *always* on the lookout for passionate entrepreneurs with big ideas. When we find them, we do everything in our power to back up their dreams. Here are a few of their success stories.



John Wright and Mat Camm

Lost Villages Brewery, Long Sault

On October 1, 2022, John Wright, Mat Camm, and Kevin Baker opened the doors to the highly anticipated Lost Villages Brewery, which featured a taproom, outdoor patio, and retail store.

The thirsty throngs weren't aware of the bumpy road leading up to opening day. John, Mat, and Kevin had originally planned on self-financing the extensive renovations and retrofit of an existing commercial space, but the trio of friends quickly realized that would be impossible. "From the time we started planning to when we put a shovel in the ground, construction costs jumped about 20%," explains John. Other setbacks pushed both their timeline and budget back, too.

To bring the grand plans for the brewery across the finish line as quickly as possible, they reached out to ACCFutures for a \$250,000 loan.

Kevin says he was both impressed and assured by the easy application process. "It was about a three-week turnaround time from application to funds in the bank. That meant we could keep moving forward."

"If you find yourself in a situation where the banks won't give you the money and you don't want to pay high-interest rates offered by private lenders, you need to go to ACCFutures."



Modern Mold, Green Valley

When the start of the pandemic in 2020 forced Melissa di Peco Rose to press pause on her regular job, she looked for a new opportunity.

The resin artist launched Modern Mold, a company that designs, manufactures, and sells high-quality silicone molds online. "There was a very large hole in the market and I took the opportunity to fill it," says Melissa.

When sales exploded, Melissa knew she needed to purchase a laser cutter and materials in bulk quantities to remain competitive and level up her business.



A local partner and the leading bank in the Americas.



A partner and service that offers information, tools, and support to business owners and budding entrepreneurs.



A partner and a firm that helps business owners with modern bookkeeping solutions.

Connecting with ACCFutures would answer her needs. She applied for a \$25,000 loan in May 2022 and by June, she had the cash in hand and a laser cutter in her studio. With the loan, she says, she was not only able to remain competitive in the marketplace but also open a secondary business called Son of a Birch. **“Small businesses don’t always have the cash flow but need to take a financial leap to get to the next level. That’s why I recommend ACCFutures. They listened to who I was, where I wanted to take my company, and quickly gave me the money to boost my business.”**



A partner and a bilingual social enterprise that helps rural entrepreneur women in Eastern Ontario to connect, learn, and do business together.



(L-R) Kim Waldroff, Elise Francis, and Ashley Barnhart

The Village Green Flower Shop, Ingleside

A decade after stepping away from floristry to tend to her young family, Elise Francis felt compelled to scratch her entrepreneurial itch. She worked with the Cornwall Business Enterprise Centre (CBEC) in 2016 to build her business plan, registered her business name, and found a retail space to rent. But there was one thing missing: capital to put her plans in motion. She first approached her bank, only to be swiftly turned away. Then on CBEC’s recommendation, she went to ACCFutures (then known as the CFDC) for a start-up loan in the amount of \$20,000 to install equipment and stock up on necessary inventory.

“They looked at my whole business plan, looked at my past experience, and believed in me enough to say ‘OK, here you go. Now get started,’” the award-winning designer explains.

In July 2023, six and a half years into operating her thriving full-service floral design shop, Elise made the final payment on her loan.

“ACC was open to backing my business based on my dreams, goals, and experience. I’m so thankful that we have a local organization that is there to support and help entrepreneurs get started and flourish!”



Food Cycle Science, Ottawa

In 2017, still, early in its journey, Food Cycle Science (FCS) came to ACCFutures (then known as the CFDC) for help to support expanding operations. Based in Cornwall at the time, they were deep into building revolutionary tools to give people the power to easily and affordably manage their own food waste—but they needed more capital to innovate and scale. Through a Trust called the Community Venture Capital Fund, ACC provided an early-stage equity investment.

This foundational funding helped catapult the company from start-up distributor to a rapidly scaling, award-winning cleantech company with globally patented products and solutions. FCS has been recognized as one of Canada's Top Growing Companies by the Globe and Mail, designated one of Canada's top clean innovators in the Deloitte Fast 50, and selected as the Fastest Growing Company by Ottawa Business Journal. Most recently, they won \$1.65M through the Canadian Food Innovation Network Funding Challenge and are one of 12 finalists competing for \$1.5M in Impact Canada's Food Waste Reduction Challenge.

At a special event earlier this summer, FCS CEO Bradley Crepreau signed a document marking the selling of ACC's shares in the company. This important event signalled a net gain of \$320,000 on ACC's initial investment. FCS's exit from ACC's initial investment does not signal the end of a journey but rather the continuation of a cycle. The returned funds allow the organization to continue making equity investments in more homegrown ventures including Fieldless Farms and Canobi Technologies, and contributing to the growth of our local economy.

"I think it's exciting that FCS's circular model is mirrored by ACCFutures. While our company recirculates food waste back into the ecosystem, ACC recirculates investment back into new businesses," says Brad.

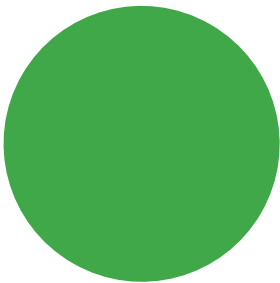
"Our company's success story is not ours alone. It's shared with ACCFutures and a community that believes in innovation, sustainability, and the power of entrepreneurship."



A partner and loan program that supports high-growth SMEs in rural and urban communities.



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



The Showcase



As a display of gratitude and recognition, ACCFutures is building a showcase filled with a collection of artifacts that stand as a heartfelt tribute to contributions that have shaped our organization.

At the centerpiece of the exhibit lies a beaded wampum belt, lovingly handcrafted by Akwesasne's Fire Loom Creations to honour the late Christopher Thompson's profound impact on nurturing reconciliation-focused initiatives. This symbolic item celebrates the power of collaboration and unity in fostering positive change.

To capture the essence of dedication and service of our outgoing board members, ACC commissioned an original painting from local artist Laura Stevens of Victoria Street Studios. Named "IGNITE", the piece captures the vibrant entrepreneurial spirit prevalent in Akwesasne, Cornwall, and the SDG Counties. Outgoing board members received a print of this painting, a poignant token of appreciation and a timeless reminder of their lasting influence.

The third item in the showcase is an early model of the FoodCycler from Food Cycle Science. It's a poignant symbol of our impact in empowering innovative startups and provides a tangible narrative of how we help emerging businesses transcend their dreams into reality.

The ACCFutures Showcase will continue to grow and house more pieces reflective of a place where ideas flourish and entrepreneurial opportunities are nurtured. Each addition to the showcase will enrich the collection and strengthens the representation of the diverse contributions.

Cornwall & The Counties Community Futures Development Corporation
Financial Statements
March 31, 2023

Cornwall & The Counties Community Futures Development Corporation

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For the year ended March 31, 2023

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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, 2023, 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, 2023, 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
August 23, 2023

Chartered Professional Accountants
Licensed Public Accountants

Cornwall & The Counties Community Futures Development Corporation

Statement of Financial Position

As at March 31, 2023

	<i>Feddev Fund</i>	<i>Investment Fund</i>	<i>Project Fund</i>	<i>General Fund</i>	2023	2022
Assets						
Current						
Cash	-	-	-	226,698	226,698	93,765
Restricted cash	-	2,621,296	-	-	2,621,296	2,589,949
Accounts receivable	-	26,327	-	6,699	33,026	167,591
Prepaid expenses	-	-	-	2,933	2,933	2,933
Interest receivable	-	12,247	-	-	12,247	12,247
Due from other funds	-	(61,097)	-	61,097	-	-
	-	2,598,773	-	297,427	2,896,200	2,866,485
Capital assets (Note 3)	-	-	-	472	472	943
Long-term investments (Note 4)	-	4,340,701	-	-	4,340,701	4,326,770
Investment in CVCF Trust #1 (Note 5)	-	2,945,896	-	-	2,945,896	2,098,781
	-	9,885,370	-	297,899	10,183,269	9,292,979
Liabilities						
Current						
Accounts payable and accruals	-	4,427	-	51,925	56,352	21,968
Deferred contributions (Note 5)	-	-	-	91,343	91,343	102,955
	-	4,427	-	143,268	147,695	124,923
Fund balances						
Reserve	-	-	-	7,000	7,000	7,000
Unrestricted	-	-	-	147,631	47,631	35,236
Restricted	-	9,880,943	-	-	9,980,943	9,125,820
	-	9,880,943	-	154,631	10,035,574	9,168,056
	-	9,885,370	-	297,899	10,183,269	9,292,979

Approved on behalf of the Board

Director

Director

The accompanying notes are an integral part of these financial statements financial statements

Cornwall & The Counties Community Futures Development Corporation

Statement of Operations

For the year ended March 31, 2023

	<i>Feddev Fund</i>	<i>Investment Fund</i>	<i>Project Fund</i>	<i>General Fund</i>	2023	2022
Revenue						
Investment income	-	260,384	-	2	260,386	305,506
Program funding	-	-	-	-	-	302,684
FedDev Ontario - contributions	301,457	-	-	-	301,457	302,013
Other income	-	69,106	-	234,986	304,092	237,605
RRRF funding	-	-	-	-	-	30,000
Gain on investment in CVCF Trust #1	-	386,166	-	-	386,166	119,385
	301,457	715,656	-	234,988	1,252,101	1,297,193
Expenses						
Salaries and benefits	215,676	-	-	177,041	392,717	313,213
Port Lands project	-	-	-	-	-	102,684
Advertising	10,896	-	-	8,944	19,840	66,835
Provision for (recovery of) forgivable loans	-	(77,577)	-	-	(77,577)	53,750
Rent	2,306	-	-	15,744	18,050	31,390
Consulting	10,615	-	-	8,713	19,328	30,712
Official Language	10,984	-	-	9,016	20,000	20,000
Professional fees	-	-	-	474	474	16,556
Communication	2,612	-	-	25,368	27,980	15,238
Meetings - directors and others	7,488	-	-	6,147	13,635	10,349
Computer	-	-	-	-	-	10,000
Office supplies	9,528	-	-	12,206	21,734	9,397
Loan management expenses	-	-	-	-	-	8,108
Insurance	2,745	-	-	2,254	4,999	6,104
Repairs and maintenance	1,082	-	-	2,782	3,864	5,521
Director's travel	-	-	-	1,630	1,630	2,826
RRRF projects	5,274	-	-	4,331	9,605	2,537
Equipment rental	19,180	-	-	-	19,180	2,506
Bank charges and interest	1,798	1,627	-	1,474	4,899	2,462
Membership fees	1,273	-	-	1,046	2,319	1,572
Travel	-	-	-	5,212	5,212	1,181
Amortization	-	-	-	471	471	471
RED Grant (recovery)	-	-	-	-	-	(5,300)
Training and education	-	-	-	5,013	5,013	-
Recovery of doubtful loans (Note 4)	-	(133,517)	-	-	(133,517)	(218,034)
	301,457	(209,467)	-	292,487	384,477	490,078
Excess (deficiency) of revenue over expenses before other items	-	925,123	-	(57,499)	867,624	807,115
Other items	-	-	-	(106)	(106)	-
Excess (deficiency) of revenue over expenses	-	925,123	-	(57,605)	867,518	807,115

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, 2023

	<i>Feddev Fund</i>	<i>Investment Fund</i>	<i>Project Fund</i>	<i>General Fund</i>	2023	2022
Fund balances, beginning of year	-	9,125,820	-	42,236	9,168,056	8,360,941
Excess (deficiency) of revenue over expenses	-	925,123	-	(57,605)	867,518	807,115
Fund transfers	-	(170,000)	-	170,000	-	-
Fund balances, end of year	-	9,880,943	-	154,631	10,035,574	9,168,056

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, 2023

	<i>Feddev Fund</i>	<i>Investment Fund</i>	<i>Project Fund</i>	<i>General Fund</i>	2023	2022
Cash from operating activities						
Surplus (deficit) for the year	-	925,123	-	(57,605)	867,518	807,115
Amortization	-	-	-	471	471	471
Provision for (recovery of) doubtful loans	-	(133,517)	-	-	133,517	(218,034)
Provision for forgivable loans	-	(77,577)	-	-	77,577	53,750
Gain (loss) on long-term investment	-	(347,116)	-	-	(347,116)	(119,385)
	-	366,913	-	(57,134)	731,967	523,917
Changes in working capital accounts						
Accounts receivable	-	(26,326)	-	160,893	134,566	78,338
Prepaid expenses	-	-	-	-	-	(2,079)
Accounts payable and accruals	-	-	-	34,383	34,383	(196)
Deferred contributions	-	-	-	(11,612)	(11,612)	(113,054)
Due to other funds	-	(6,403)	-	6,403	-	-
	-	334,184	-	132,933	889,304	486,926
Investing						
Advances of long-term investments	-	(1,086,650)	-	-	(1,086,650)	(983,750)
Repayment of long-term investments	-	1,283,813	-	-	861,626	1,850,503
Purchase of GICs	-	(500,000)	-	-	(500,000)	-
	-	(302,837)	-	-	(725,024)	866,753
Increase (decrease) in cash resources	-	31,347	-	132,933	164,280	1,353,679
Cash, beginning of year	-	2,589,949	-	93,765	2,683,714	1,330,035
Cash resources, end of year	-	2,621,296	-	226,698	2,847,994	2,683,714
Represented by:						
Cash	-	-	-	226,698	226,698	93,765
Restricted cash	-	2,621,296	-	-	2,621,296	2,589,949
	-	2,621,296	-	226,698	2,847,994	2,683,714

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, 2023

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, 2023

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, 2023

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.

Cornwall & The Counties Community Futures Development Corporation

Notes to the Financial Statements

For the year ended March 31, 2023

3. Capital assets

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Leasehold improvements	4,711	4,239	472	943

As at March 31, 2022 the cost and accumulated amortization of capital assets was \$4,711 and \$3,768 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:

	2023	2022
Loans and mortgages receivable, principal	3,401,440	3,252,934
Equity investment, cost	375,000	375,000
COVID loans receivable, principal	62,732	184,606
IRD-COVID loans receivable, principal	95,740	130,267
RRRF loans receivable	1,392,442	1,554,005
	5,327,354	5,496,812
Less:		
Provision for doubtful loans	(581,571)	(714,688)
Provision for RRRF Loan forgiveness	(377,777)	(455,354)
	(959,348)	(1,170,042)
	4,368,006	4,326,770

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

	2023	2022
Balance, beginning of year	714,688	958,625
Loans written off during the year	-	-
Recovery of loans written off in previous periods	(133,517)	(218,034)
Adjustment to provision for doubtful loans	-	(25,903)
Balance, end of year	581,171	714,688

Cornwall & The Counties Community Futures Development Corporation

Notes to the Financial Statements

For the year ended March 31, 2023

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	885,047
2024	818,968
2025	818,968
2026	841,450
Subsequent years unspecified	1,003,573
	4,368,006

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 \$377,777 (2022 - \$455,354), 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

	2023	2022
Investment in CVCF Trust #1	2,445,896	2,098,781

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, 2023

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:

	2023	2022
Port Lands	-	11,662
Technology Innovation Project	91,343	91,293
	91,343	102,955

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, 2023

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 \$Nil (2022 - \$150,000) in order to provide local businesses with partially forgivable loans. A total of \$Nil (2022 - \$150,00) in loans was disbursed through this grant program of which \$Nil (2022 - \$41,250) is expected to be repaid to the Organization by December 2023.

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.