

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

Financial Statements

Year Ended March 31, 2020

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

**Index to Financial Statements
Year Ended March 31, 2020**

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2 - 3
FINANCIAL STATEMENTS	
INDEPENDENT PRACTITIONERS' REASONABLE ASSURANCE REPORT ON COMPLIANCE	4 - 5
Statement of Financial Position	6
Statement of Revenues and Expenditures	7
Statement of Changes in Net Assets	8
Statement of Cash Flow	9
Notes to Financial Statements	10 - 16
Administration Fund (<i>Schedule 1</i>)	17
Investment Fund (<i>Schedule 2</i>)	18
Disabled Entrepreneur Investment Fund (<i>Schedule 3</i>)	19
Community Business Loans Investment Fund (<i>Schedule 4</i>)	20
Project Funds (<i>Schedule 5</i>)	21
Fisheries Legacy Investment Fund (<i>Schedule 6</i>)	22
Self Employment Program (<i>Schedule 7</i>)	23

dmd

Chartered Professional Accountants

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Community Futures Development Corporation of the Powell River Region have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Community Futures Development Corporation of the Powell River Region's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board and meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Audit Committee reports to the Board of Directors prior to its approval of the financial statements. The Committee also considers, for review by the Board and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by DMD Chartered Professional Accountants, in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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Steve Hopkins, Chair

A rectangular stamp with rounded corners containing the word "APPROVED" in a bold, sans-serif font. There is a faint signature or scribble over the text.

Lori Brown, Treasurer

Powell River, British Columbia
August 31, 2020



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INDEPENDENT AUDITOR'S REPORT

To the Members of Community Futures Development Corporation of the Powell River Region

Report on the Financial Statements

Opinion

We have audited the financial statements of Community Futures Development Corporation of the Powell River Region (the Corporation), which comprise the statement of financial position as at March 31, 2020, and the statements of revenues and expenditures, changes in net assets and cash flow 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, 2020, and the results of its operations and cash flow 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 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 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.

(continues)

Independent Auditor's Report to the Members of Community Futures Development Corporation of the Powell River Region *(continued)*

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.
- 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.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Powell River, British Columbia
August 31, 2020



CHARTERED PROFESSIONAL ACCOUNTANTS



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INDEPENDENT PRACTITIONERS' REASONABLE ASSURANCE REPORT ON COMPLIANCE WITH WESTERN
ECONOMIC DIVERSIFICATION CONTRIBUTION AGREEMENT

To Western Economic Diversification Canada:

We have undertaken a reasonable assurance engagement of Community Futures Development Corporation of the Powell River Region's (the Corporation) compliance during the period April 1, 2019 to March 31, 2020, with the requirements set out in the Contribution Agreement between Western Economic Diversification Canada and the Corporation dated March 6, 2018.

Management's Responsibility

Management is responsible for the Corporation's compliance with the specified requirements of the Agreement. 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 the Corporation's compliance based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Canadian Standard on Assurance Engagements 3531, Direct Engagements to Report on Compliance. This standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the entity complied with the specified requirements, in all significant 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 significant instance of non-compliance with specified requirements when it exists. Instances of non-compliance can arise from fraud or error and are considered significant if, individually or in the 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 the entity's compliance with the specified requirements. The nature, timing and extent of procedures selected depends on our professional judgment, including an assessment of the risks of significant non-compliance, whether due to fraud or error.

We believe the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Rules of Professional Conduct of British Columbia, 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, the Corporation complied with the specified requirements established in the Contribution Agreement during the period April 1, 2019 to March 31, 2020, in all significant respects.

We do not provide a legal opinion on the Corporation's compliance with the specified requirements.

Restriction on Distribution and Use of Our Report

Our report is intended solely for the Corporation and Western Economic Diversification Canada and should not be distributed to or used by parties other than the Corporation or Western Economic Diversification Canada.

Powell River, British Columbia
August 31, 2020



DMD CHARTERED PROFESSIONAL ACCOUNTANTS

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

Statement of Financial Position

March 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash (Note 3)	\$ 2,782,272	\$ 2,793,202
Accounts receivable	3,144	7,025
Interest receivable	17,783	11,547
Prepaid expenses	7,367	7,111
	2,810,566	2,818,885
LOANS RECEIVABLE (Note 4)	2,972,397	2,765,203
TANGIBLE CAPITAL ASSETS (Note 5)	22,871	16,785
	\$ 5,805,834	\$ 5,600,873
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 14,026	\$ 17,925
Wages payable	20,054	27,456
Government remittances payable	5,836	5,981
Deferred income (Note 6)	25,316	-
Current portion of obligations under capital lease (Note 7)	2,319	-
	67,551	51,362
OBLIGATIONS UNDER CAPITAL LEASE (Note 7)	7,090	1,410
LONG TERM DEBT (Note 8)	820,000	820,000
	894,641	872,772
NET ASSETS		
NET ASSETS	4,911,193	4,728,101
	\$ 5,805,834	\$ 5,600,873

CONTINGENT LIABILITY (Note 8)

INTERFUND BALANCES (Note 9)

SUBSEQUENT EVENTS (Note 10)

ON BEHALF OF THE BOARD


Director
Director

The accompanying notes form an integral part of these financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

**Statement of Revenues and Expenditures
Year Ended March 31, 2020**

	2020	2019
REVENUES		
Western Economic Diversification Canada	\$ 303,790	\$ 303,790
Interest - loans	182,759	174,904
Interest - bank	58,976	55,791
Miscellaneous program revenue	15,177	15,316
Project funds	6,771	4,577
Self Employment Program	785	73,230
	<u>568,258</u>	<u>627,608</u>
EXPENSES		
Advertising and promotion	9,768	6,145
Amortization of tangible capital assets	6,882	7,212
Bad debts	37,981	9,140
Client workshops	1,111	3,075
Conferences	5,284	1,876
Directors	406	824
Dues and memberships	2,619	2,159
Insurance	4,495	3,954
Miscellaneous projects	13,541	8,936
Office	18,787	27,272
Professional fees	10,889	10,792
Rent and utilities	37,305	30,704
Telephone	7,620	9,887
Travel	-	359
Wages and benefits	227,960	288,266
	<u>384,648</u>	<u>410,601</u>
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	183,610	217,007
Loss on disposal of tangible capital assets	(518)	-
EXCESS OF REVENUES OVER EXPENSES BEFORE INCOME TAXES	183,092	217,007
INCOME TAXES	-	-
EXCESS OF REVENUES OVER EXPENSES	\$ 183,092	\$ 217,007

The accompanying notes form an integral part of these financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

**Statement of Changes in Net Assets
Year Ended March 31, 2020**

	2019 Balance	Excess of revenues over expenses	Transfers	2020 Balance
Administration Fund	\$ 48,665	\$ (11,461)	\$ 14,000	\$ 51,204
Investment Fund	2,675,122	102,149	(14,000)	2,763,271
Disabled Entrepreneur Investment Fund	213,707	16,930	-	230,637
Community Business Loans Fund	446,995	26,915	-	473,910
Project Funds	876,865	11,143	76,867	964,875
Fisheries Legacy Investment Fund	390,735	36,561	-	427,296
Self Employment Program	76,012	855	(76,867)	-
	<u>\$ 4,728,101</u>	<u>\$ 183,092</u>	<u>\$ -</u>	<u>\$ 4,911,193</u>

	2018 Balance	Excess (deficiency) of revenues over expenses	Transfers	2019 Balance
Administration Fund	\$ 38,360	\$ 2,305	\$ 8,000	\$ 48,665
Investment Fund	2,570,496	104,626	-	2,675,122
Disabled Entrepreneur Investment Fund	198,070	15,637	-	213,707
Community Business Loans Fund	424,916	22,079	-	446,995
Project Funds	871,859	13,006	(8,000)	876,865
Fisheries Legacy Investment Fund	331,458	59,277	-	390,735
Self Employment Program	75,935	77	-	76,012
	<u>\$ 4,511,094</u>	<u>\$ 217,007</u>	<u>\$ -</u>	<u>\$ 4,728,101</u>

For the year ended March 31, 2020, the \$14,000 transfer noted above is the Board approved interest transfer from Investment Fund to Administration Fund

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

**Statement of Cash Flow
Year Ended March 31, 2020**

	2020	2019
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 183,092	\$ 217,007
Items not affecting cash:		
Amortization of tangible capital assets	6,882	7,212
Loss on disposal of tangible capital assets	518	-
	<u>190,492</u>	<u>224,219</u>
Changes in non-cash working capital:		
Accounts receivable	3,881	9,561
Interest receivable	(6,236)	(2,401)
Prepaid expenses	(256)	(2,155)
Loans and notes receivable	(207,194)	(452,271)
Accounts payable and accrued liabilities	(3,899)	(4,314)
Wages payable	(7,402)	2,334
Government remittances payable	(145)	278
Deferred income	25,316	-
	<u>(195,935)</u>	<u>(448,968)</u>
Cash flow used by operating activities	<u>(5,443)</u>	<u>(224,749)</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(14,086)	(6,481)
Proceeds on disposal of tangible capital assets	600	-
Cash flow used by investing activities	<u>(13,486)</u>	<u>(6,481)</u>
FINANCING ACTIVITIES		
Additions to capital leases	12,370	1,410
Repayments of capital leases	(4,371)	-
Cash flow from financing activities	<u>7,999</u>	<u>1,410</u>
DECREASE IN CASH FLOW	(10,930)	(229,820)
Cash - beginning of year	<u>2,793,202</u>	<u>3,023,022</u>
CASH - END OF YEAR	\$ 2,782,272	\$ 2,793,202

The accompanying notes form an integral part of these financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

Notes to Financial Statements

Year Ended March 31, 2020

1. DESCRIPTION OF BUSINESS

Community Futures Development Corporation of the Powell River Region ('the Corporation') is incorporated without share capital under the Canada Corporations Act. Its purpose is to plan and initiate development of the Region through the promotion and facilitation of cooperative activities dedicated to the social, environmental and economic well-being of our citizens and communities through education and developmental opportunities. It does this by providing technical, advisory and financial assistance to entrepreneurs and business ventures within the Region; assisting with the establishment of new business and the expansion and support of existing businesses; providing financial assistance in the form of loans, loan guarantees and equity participation to individuals and small businesses to assist in the creation or maintenance of long-term employment. The Corporation is a non-profit organization as described in paragraph 149(1)(l) of the Income Tax Act. The Corporation operates with funding from Western Economic Diversification Canada under an agreement to March 31, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Estimates such as loan impairments and allowances for doubtful accounts are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Basis of presentation

The statements have been prepared in accordance with the accounting standards for not-for-profit organizations using the deferral method of reporting restricted contributions.

Fund accounting

The Corporation reports its activities in accordance with fund accounting concepts whereby resources and activities are classified within funds associated with specified activities or objectives as described by the fund title.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost and tested for impairment at each reporting date. Transaction costs on the acquisition, sale or issue of financial instruments are expensed when incurred.

Loans and notes receivable

Loans and notes receivable are carried at the principal amount less an allowance for impairment. Interest income is recorded on an accrual basis. Once a loan is considered impaired it is written down to the estimated recoverable amount which is the highest of: the present value of expected future cash flows discounted at the current market interest rate; or the fair value of the underlying security. Bad debts are recorded in the period they are determined. The current portion of the loans has not been separately disclosed.

(continues)

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

**Notes to Financial Statements
Year Ended March 31, 2020**

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

Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	45%	declining balance method
Furniture and equipment	20%	declining balance method
Leasehold improvements	5 years	straight-line method

The Corporation regularly reviews its tangible capital assets to eliminate obsolete items. In the year of acquisition, the Corporation provides for amortization of additions (net of proceeds from disposals) at one-half the normal rate.

Investments

Short term investments, which consist primarily of commercial paper with original maturities at date of purchase beyond three months and less than twelve months, are carried at amortized cost.

Revenue recognition

Government funding and most miscellaneous program revenue is recognized in the year for which the funds were approved. Bank interest is recorded in the period earned. Shared costs recovered are recognized in the same period as the related expenses. Bad debt recoveries are recorded in the period received.

3. CASH

Cash consists of the following:

	<u>2020</u>	<u>2019</u>
Cash - Administration	\$ 78,495	\$ 66,260
Cash - Community Business Loans Investment Fund	482,989	396,737
Cash - Disabled Entrepreneur Investment Fund	348,729	355,746
Cash - Fisheries Legacy Investment Fund	284,885	207,121
Cash - Investment Fund	622,331	810,203
Cash - Project Funds	964,843	877,690
Cash - Self Employment Program	-	79,445
	<u>\$ 2,782,272</u>	<u>\$ 2,793,202</u>

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

**Notes to Financial Statements
Year Ended March 31, 2020**

4. LOANS RECEIVABLE

	2020	2019
Loan funds		
Investment Fund	\$ 2,094,651	\$ 1,808,224
Marine Transfer	561,714	600,348
Community Business Loans	240,842	299,842
Disabled Entrepreneur	75,190	56,789
	\$ 2,972,397	\$ 2,765,203

Loans receivable bear interest at rates ranging from 6% to 10%, have due dates ranging to June 25, 2032 and are secured by various forms of security ranging from promissory notes, personal guarantees and general security agreements, to land, buildings and equipment. Effective March 19, 2020, in response to the global pandemic, the Board froze all loans and halted the collection of principal and interest payments till July 15, 2020 pending further review (see Subsequent Events - Note 10).

Loans with a principal balance of greater than \$150,000 are considered exceptional loans. Approval of such loans requires special consideration and the approval of the Board of Directors. As at March 31, 2020, the Corporation had issued two exceptional loans in the total amount of \$620,025 (2019 - \$623,689).

Loan impairments		
Loans receivable	\$ 3,075,897	\$ 2,841,203
Allowance for doubtful accounts	(103,500)	(76,000)
	\$ 2,972,397	\$ 2,765,203

Total loans that are subject to an allowance or write down for impairment are \$156,233 (2019 - \$76,589).

Allowance for doubtful accounts by Fund		
Investment Fund	\$ 44,500	\$ 17,000
Marine Transfer	9,000	9,000
Disabled Entrepreneur	50,000	50,000
	\$ 103,500	\$ 76,000

Bad debts		
Current year provision for credit losses	\$ 27,500	\$ -
Recoveries	(6,276)	-
Write offs	16,757	9,140
	\$ 37,981	\$ 9,140

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

**Notes to Financial Statements
Year Ended March 31, 2020**

5. TANGIBLE CAPITAL ASSETS

	2020		2019	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Computer equipment	\$ 29,435	\$ 23,299	\$ 31,666	\$ 22,176
Furniture and fixtures	74,561	57,826	62,451	55,156
Leasehold improvements	41,822	41,822	41,822	41,822
	\$ 145,818	\$ 122,947	\$ 135,939	\$ 119,154
Net book value	\$ 22,871		\$ 16,785	

The following assets included above are held under capital lease Note 7:

	2020		2019	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Furniture and fixtures	\$ 12,110	\$ 1,211	\$ -	\$ -
Net book value	\$ 10,899		\$ -	

6. DEFERRED REVENUE

	Opening Balance	Revenue recognized in current year	Amounts received for subsequent year	Closing Balance
WD Operational Contribution	\$ -	\$ -	\$ 25,316	\$ 25,316

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

**Notes to Financial Statements
Year Ended March 31, 2020**

7. OBLIGATIONS UNDER CAPITAL LEASE

	<u>2020</u>	<u>2019</u>
Copier lease, payable \$238.35 monthly, including interest plus taxes, for 60 months, due October 1, 2023, secured by Konica Copier (NBV - \$10,899)	\$ 9,409	\$ 1,410
Amounts payable within one year	<u>(2,319)</u>	<u>-</u>
	<u>\$ 7,090</u>	<u>\$ 1,410</u>

Future minimum capital lease payments are approximately:

2021	\$ 2,859
2022	2,859
2023	2,859
2024	<u>1,996</u>
Total minimum lease payments	10,573
Less: amount representing interest at 6.7%	<u>1,164</u>
Present value of minimum lease payments	9,409
Less: current portion	<u>2,319</u>
	<u>\$ 7,090</u>

8. LOANS PAYABLE AND CONTINGENT LIABILITIES

Payable to Community Business Loans

Upon termination of the agreement between Community Business Loans and the Corporation and receipt of written direction from Community Business Loans, the Corporation will pay to a corporation or agency approved by Community Business Loans an amount equal to 50% of the investment fund not lent out plus interest at an interest rate to be determined from the date of receipt of such written direction until the date of payment.

In addition:

- a) If the Corporation continues in operation, additional payments equal to 50% of any receipt of principal and interest payments on the loans after the date of termination of the agreement, net of all reasonable costs, up to 15% of the balance of the fund at the date of termination, will be payable to Community Business Loans.
- b) If the Corporation discontinues operations, the Corporation will provide to Community Business Loans a first assignment of and security interest in 50% of the principal and interest payments owing or that may become owing and a first assignment of and security interest in a 50% undivided beneficial interest in all security obtained for outstanding loans.

Payable to the Minister of Western Economic Diversification (the "Minister")

The Corporation will repay the unencumbered free cash of the WD Conditionally Repayable Fisheries Legacy, EDP and Youth funds received as requested by the Minister.

(continues)

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

**Notes to Financial Statements
Year Ended March 31, 2020**

8. LOANS PAYABLE AND CONTINGENT LIABILITIES *(continued)*

If the original WD Conditionally Repayable Fisheries Legacy, EDP and Youth funds have not been written off, the interest and other assets credited to these investment funds will be used to repay the outstanding balances until the entire amount of the original investment funds are repaid.

	2020	2019
WD Conditionally Repayable Fisheries Legacy Investment Fund	\$ 420,000	\$ 420,000
WD Conditionally Repayable EDP Fund	200,000	200,000
WD Conditionally Repayable Investment Fund (Youth portion)	200,000	200,000
	\$ 820,000	\$ 820,000

When the original WD Conditionally Repayable Fisheries Legacy, EDP and Youth funds have been fully repaid, 50% of the remaining assets of the WD Conditionally Repayable Fisheries Legacy, EDP and Youth funds shall also be repaid.

If the realizable assets, including earned interest, are insufficient to repay the full amount of the WD Conditionally Repayable Fisheries Legacy, EDP and Youth funds, the Corporation's requirement to repay the full amount will be terminated once the full value of the realized assets is repaid.

9. INTERFUND BALANCES

	2019	Transfers	2020
Due from Community Business Loans - Investment Fund	\$ 250,000	\$ -	\$ 250,000
Due to Investment Fund - Community Business Loans Fund	(250,000)	-	(250,000)
Due from Investment Fund - Operations Fund	-	14,000	14,000
Due to Operations Fund - Investment Fund	-	(14,000)	(14,000)
Due from Self Employment Fund - Operating Fund	8,008	(8,008)	-
Due to Operating Fund - Self Employment Fund	(8,008)	8,008	-
	\$ -	\$ -	\$ -

10. SUBSEQUENT EVENTS

Due to the global pandemic, the loan freeze implemented till July 15, 2020, was extended to September 15, 2020. To date, 44 borrowers accepted the extension, while 21 borrowers did not and resumed full payments.

Additional funding of \$66,000 was issued by Western Economic Diversification Canada to assist the Corporation to provide additional services, such as issuing emergency loans from the Regional Recovery Relief Fund (RRRF), as well as the marketing of the RRRF.

The Corporation was granted additional funding of \$850,000 for the newly created RRRF. This fund is to provide loans of up to \$40,000 to each business that needs assistance with cash flow for non deferrable expenses during the pandemic. The loans are non-interest bearing and 25% forgivable, if repaid by December 31, 2022.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

**Notes to Financial Statements
Year Ended March 31, 2020**

11. FINANCIAL RISK

The Corporation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Corporation's risk exposure and concentration as of March 31, 2020.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Corporation is exposed to credit risk from customers. In order to reduce its credit risk, the Corporation reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Corporation has a significant number of customers which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, and wages and accounts payable.

Market risk

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Corporation is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Corporation manages exposure through its normal operating and financing activities. The Corporation is exposed to interest rate risk primarily through its fixed-rate loans receivable.

12. ECONOMIC DEPENDENCE

The Corporation is economically dependent upon the Ministry of Western Economic Diversification.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

**Administration Fund
Year Ended March 31, 2020**

(Schedule 1)

	2020	2019
REVENUES		
Western Economic Diversification Canada	\$ 303,790	\$ 303,790
Miscellaneous program revenue	14,277	14,896
Interest - bank	2,864	2,956
	<u>320,931</u>	<u>321,642</u>
EXPENSES		
Advertising and promotion	8,487	5,042
Amortization of tangible capital assets	6,882	7,212
Client Workshops	1,111	-
Conferences	5,284	1,876
Directors	406	556
Dues and memberships	2,619	2,159
Insurance	4,495	3,954
Office	18,817	24,090
Professional fees	10,889	9,246
Rent and utilities	37,304	25,621
Telephone	7,620	8,160
Travel	-	359
Wages and benefits	227,960	231,062
	<u>518</u>	<u>-</u>
Loss on disposal of tangible capital assets	-	-
	<u>332,392</u>	<u>319,337</u>
EXCESS (DEFICIENCY) OF EXPENSES OVER REVENUES	<u>\$ (11,461)</u>	<u>\$ 2,305</u>

The accompanying notes form an integral part of these financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

Investment Fund

(Schedule 2)

Year Ended March 31, 2020

	2020	2019
REVENUES		
Interest - loans	\$ 125,742	\$ 113,597
Interest - bank	14,608	16,038
Miscellaneous program revenue	780	420
	<u>141,130</u>	<u>130,055</u>
EXPENSES		
Bad debts	38,981	25,418
Office	-	11
	<u>38,981</u>	<u>25,429</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 102,149</u>	<u>\$ 104,626</u>

The accompanying notes form an integral part of these financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

**Disabled Entrepreneur Investment Fund
Year Ended March 31, 2020**

(Schedule 3)

	2020	2019
REVENUES		
Interest - loans	\$ 9,327	\$ 9,723
Interest - bank	7,573	6,637
Miscellaneous program revenue	30	-
	<u>16,930</u>	<u>16,360</u>
EXPENSES		
Bad debts	-	723
	<u>-</u>	<u>723</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 16,930</u>	<u>\$ 15,637</u>

The accompanying notes form an integral part of these financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

**Community Business Loans Investment Fund
Year Ended March 31, 2020**

(Schedule 4)

	2020	2019
REVENUES		
Interest - loans	\$ 16,345	\$ 12,429
Interest - bank	9,480	9,650
Miscellaneous program revenue	90	-
	<u>25,915</u>	<u>22,079</u>
EXPENSES		
Bad debts (recovery)	<u>(1,000)</u>	-
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 26,915</u>	<u>\$ 22,079</u>

The accompanying notes form an integral part of these financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

Project Funds

(Schedule 5)

Year Ended March 31, 2020

	2020	2019
REVENUES		
Interest - bank	\$ 19,196	\$ 17,365
Project funds	6,771	4,577
	<u>25,967</u>	<u>21,942</u>
EXPENSES		
Advertising and promotion	1,283	-
Business Facade Improvement Project	13,541	8,936
	<u>14,824</u>	<u>8,936</u>
EXCESS OF REVENUES OVER EXPENSES	\$ 11,143	\$ 13,006

The accompanying notes form an integral part of these financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

**Fisheries Legacy Investment Fund
Year Ended March 31, 2020**

(Schedule 6)

	2020	2019
REVENUES		
Interest - loans	\$ 31,346	\$ 39,155
Interest - bank	5,185	3,062
	<u>36,531</u>	<u>42,217</u>
EXPENSES		
Bad debts (recovery)	-	(17,000)
Office (recovery)	(30)	(60)
	<u>(30)</u>	<u>(17,060)</u>
EXCESS OF REVENUES OVER EXPENSES	\$ 36,561	\$ 59,277

The accompanying notes form an integral part of these financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

**Self Employment Program
Year Ended March 31, 2020**

(Schedule 7)

	2020	2019
REVENUES		
Self Employment Program	\$ 785	\$ 73,230
Interest - bank	70	83
	<u>855</u>	<u>73,313</u>
EXPENSES		
Advertising and promotion	-	1,102
Client workshops	-	3,075
Directors	-	268
Office	-	3,232
Professional fees	-	1,546
Rent and utilities	-	5,083
Telephone	-	1,727
Wages and benefits	-	57,203
	<u>-</u>	<u>73,236</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 855</u>	<u>\$ 77</u>

The accompanying notes form an integral part of these financial statements.