

**COMMUNITY FUTURES
MOUNT WADDINGTON
Financial Statements - March 31, 2020**

Independent Auditors' Report
Statement of Financial Position
Statement of Changes in Fund Balances
Statement of Operations
Statement of Cash Flows
Notes to Financial Statements
Schedules 1 - 11 (Unaudited)



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Community Futures Mount Waddington

Opinion

We have audited the accompanying financial statements of Community Futures Mount Waddington (the "Organization"), which comprise the statement of financial position as at March 31, 2020, the statements of changes in fund balances, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion, the Organization's financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2020, and of its financial performance and its cash flows for the year then ended. The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' 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 of 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 intends for the Organization to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for over-seeing the Organization's financial reporting process.

Auditors' 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 auditors' 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 the users taken on the basis of these financial statements.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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.
- 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 Society Act (British Columbia), we report, that in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with the prior year.

Chan Nowasad Beateo

Chartered Professional Accountants
Campbell River, BC

July 2, 2020

COMMUNITY FUTURES MOUNT WADDINGTON

Statement of Financial Position

	Administration Fund						March 31, 2020	March 31, 2019
	Operating (Schedule 1)	SE	MWEF	Jobs and Career Expo	IC Group	Investment Funds (Schedule 3)		
	\$	\$	\$	\$	\$	\$	\$	
ASSETS								
Current Assets								
Cash	58,547	91,768	4,175	929	21,601	986,310	1,163,330	879,161
Restricted Cash (Note 3)	-	-	-	-	-	224,000	224,000	-
Accounts Receivable	724	-	-	-	-	-	724	17,700
Prepaid Expenses	3,445	-	-	-	-	-	3,445	2,197
Current Portion of Loans Receivable (Note 4)	-	-	-	-	-	1,278,080	1,278,080	1,712,106
	<u>62,716</u>	<u>91,768</u>	<u>4,175</u>	<u>929</u>	<u>21,601</u>	<u>2,488,390</u>	<u>2,669,579</u>	<u>2,611,164</u>
Loans Receivable (Note 4)	-	-	-	-	-	2,956,521	2,956,521	2,537,404
Long Term Investment (Note 5)	-	-	1	-	-	-	1	1
Due (to) from Funds	(8,315)	-	-	100	2,842	5,373	-	-
Property and Equipment (Note 6)	7,151	-	-	-	-	-	7,151	8,225
	<u>61,552</u>	<u>91,768</u>	<u>4,176</u>	<u>1,029</u>	<u>24,443</u>	<u>5,450,284</u>	<u>5,633,252</u>	<u>5,156,794</u>
LIABILITIES AND NET ASSETS								
Current Liabilities								
Bank Indebtedness	-	-	-	-	-	-	-	144,297
Accounts Payable	2,093	-	1	-	-	-	2,094	5,704
Wages and Benefits	54,007	-	-	-	-	-	54,007	43,724
Deferred Revenue (Note 7)	25,824	-	-	981	-	18,961	45,766	50,285
Due to Syndicate CFs	-	-	-	-	-	190,200	190,200	2,857
Current Portion - Long Term Debt (Note 8)	-	-	-	-	-	732,752	732,752	315,644
Demand Debt (Note 8)	-	-	-	-	-	2,045,000	2,045,000	2,045,000
	<u>81,924</u>	<u>-</u>	<u>1</u>	<u>981</u>	<u>-</u>	<u>2,986,913</u>	<u>3,069,819</u>	<u>2,607,511</u>
Long Term Debt (Note 8)	-	-	-	-	-	208,227	208,227	405,116
	<u>81,924</u>	<u>-</u>	<u>1</u>	<u>981</u>	<u>-</u>	<u>3,195,140</u>	<u>3,278,046</u>	<u>3,012,627</u>
Net Assets								
Unrestricted Surplus (Deficit)	(20,372)	-	4,175	33	24,443	-	8,279	2,858
Restricted Surplus	-	91,768	-	15	-	2,255,144	2,346,927	2,141,309
	<u>61,552</u>	<u>91,768</u>	<u>4,176</u>	<u>1,029</u>	<u>24,443</u>	<u>5,450,284</u>	<u>5,633,252</u>	<u>5,156,794</u>

Approved by the Directors:



Director



Director

COMMUNITY FUTURES MOUNT WADDINGTON

Statement of Changes in Fund Balances

	Administration Fund						Total 2020	Total 2019
	Operating (Schedule 2)	SE	MWEF	Jobs and Career Expo	IC Group	Investment Funds		
	\$	\$	\$	\$	\$	\$	\$	
Surplus (Deficit) - Beginning of the Year	(21,112)	91,768	4,108	33	25,512	2,043,858	2,144,167	1,932,138
Excess (Deficiency) of Revenue over Expenditures	<u>(85,933)</u> (107,045)	<u>-</u> 91,768	<u>(933)</u> 3,175	<u>15</u> 48	<u>(3,569)</u> 21,943	<u>301,459</u> 2,345,317	<u>211,039</u> 2,355,206	<u>212,029</u> 2,144,167
Interfund Items								
Interfund Admin Transfers (Note 10)	(3,500)	-	1,000	-	2,500	-	-	-
Interfund Interest Transfers (Note 10)	<u>90,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(90,173)</u>	<u>-</u>	<u>-</u>
Surplus (Deficit) - End of the Year	<u>(20,372)</u>	<u>91,768</u>	<u>4,175</u>	<u>48</u>	<u>24,443</u>	<u>2,255,144</u>	<u>2,355,206</u>	<u>2,144,167</u>

COMMUNITY FUTURES MOUNT WADDINGTON

Statement of Operations

	Administration Fund						Total 2020	Total 2019
	Operating (Schedule 2)	SE	MWEF	Jobs and Career Expo	IC Group	Investment Funds		
	\$	\$	\$	\$	\$	\$	\$	
Revenue								
Federal Government Operating Grants	309,887	-	-	-	-	-	309,887	309,887
Other Government Funding	31,200	12,250	-	-	-	-	43,450	129,701
Projects, Recoveries and Other	63,666	-	-	-	2,811	16,934	83,411	92,201
Interest	768	862	67	15	313	299,592	301,617	293,908
	<u>405,521</u>	<u>13,112</u>	<u>67</u>	<u>15</u>	<u>3,124</u>	<u>316,526</u>	<u>738,365</u>	<u>825,697</u>
Expenses								
	<u>486,661</u>	<u>13,112</u>	<u>1,000</u>	<u>-</u>	<u>6,693</u>	<u>15,067</u>	<u>522,533</u>	<u>606,890</u>
	(81,140)	-	(933)	15	(3,569)	301,459	215,832	218,807
Amortization of Property and Equipment	(4,626)	-	-	-	-	-	(4,626)	(5,642)
Loss on Disposal of Equipment	(167)	-	-	-	-	-	(167)	(1,136)
Excess (Deficiency) of Revenue Over Expenditures	<u>(85,933)</u>	<u>-</u>	<u>(933)</u>	<u>15</u>	<u>(3,569)</u>	<u>301,459</u>	<u>211,039</u>	<u>212,029</u>

COMMUNITY FUTURES MOUNT WADDINGTON

Statement of Operations - Continued

	Administration Fund						Total 2020	Total 2019
	Operating	SE	MWEF	Jobs and Career Expo	IC Group	Investment Funds		
	(Schedule 2)							
	\$	\$	\$	\$	\$	\$	\$	
Expenses								
Wages and Benefits								
Wages and Benefits	356,022	10,460	-	-	-	-	366,482	354,200
Training	-	-	-	-	-	-	-	250
Administration								
Increase (Decrease) in								
Provision for Loan Impairment	-	-	-	-	-	(17,058)	(17,058)	57,801
Communications	12,941	46	-	-	-	-	12,987	22,661
Community Projects	750	-	1,000	-	-	-	1,750	9,472
Conferences and Meetings	6,461	18	-	-	5,106	-	11,585	12,277
Dues and Subscriptions	4,218	-	-	-	683	-	4,901	5,690
Insurance - General	4,196	-	-	-	-	-	4,196	3,889
Interest and Bank Charges	3,666	-	-	-	-	34,987	38,653	22,899
Loan Processing Costs	1,991	-	-	-	-	(2,862)	(871)	1,922
Marketing	5,107	-	-	-	829	-	5,936	16,755
Office and Miscellaneous	16,522	10	-	-	75	-	16,607	14,909
Professional Fees	15,057	-	-	-	-	-	15,057	20,243
Rent and Utilities	35,056	2,534	-	-	-	-	37,590	37,529
Repairs and Maintenance	6,632	-	-	-	-	-	6,632	6,796
Travel	17,991	44	-	-	-	-	18,035	19,466
Workshops	51	-	-	-	-	-	51	131
	<u>486,661</u>	<u>13,112</u>	<u>1,000</u>	<u>-</u>	<u>6,693</u>	<u>15,067</u>	<u>522,533</u>	<u>606,890</u>

COMMUNITY FUTURES MOUNT WADDINGTON

Statement of Cash Flows

Year Ended March 31, 2020

	2020	2019
	\$	\$
Cash Flows From Operating Activities:		
Cash Received from Funders and Borrowers	938,167	746,152
Cash Paid to Suppliers, Employees and Participants	<u>(591,968)</u>	<u>(667,960)</u>
	<u>346,199</u>	<u>78,192</u>
Cash Flows From Financing Activities:		
Increase (Decrease) in Long Term Debt	<u>220,219</u>	<u>(318,766)</u>
Cash Flows From Investing Activities:		
Decrease (Increase) in Loans Receivable	89,768	(30,976)
Purchase of Equipment	(3,720)	(4,834)
Increase in Funds Held in Trust	<u>(224,000)</u>	<u>-</u>
	<u>(137,952)</u>	<u>(35,810)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	428,466	(276,384)
Cash and Cash Equivalents - Beginning of Year	<u>734,864</u>	<u>1,011,248</u>
Cash and Cash Equivalents - End of Year	<u><u>1,163,330</u></u>	<u><u>734,864</u></u>
Cash and Cash Equivalents are Represented by:		
Cash on Hand and Held by Financial Institutions	1,163,330	879,161
Bank Indebtedness	<u>-</u>	<u>(144,297)</u>
	<u>1,163,330</u>	<u>734,864</u>

COMMUNITY FUTURES MOUNT WADDINGTON

Notes to Financial Statements

March 31, 2020

1. Purpose:

Community Futures Development Corporation of Mount Waddington ("CFMW") was established to promote employment and economic development in the Northern Vancouver Island area. The activities of CFMW include delivering various economic and business development and training programs on behalf of the Government of Canada, specifically for Western Economic Diversification. CFMW provides access to loans for small businesses that have difficulty receiving financing from traditional lending institutions. CFMW also operates programs to promote employment and economic development through loans and loan guarantees to qualifying local businesses.

The Corporation, incorporated without share capital under Part II of the Canada Corporations Act; which has been replaced by the Canada Not-for-Profit Corporations Act (S.C. 2009, c.23) and is a not-for-profit organization and is exempt from corporate income tax provided certain requirements of the Income Tax Act are met.

2. Significant Accounting Policies:

Basis of Presentation

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

CFMW follows the restricted fund method of accounting for contributions. Accordingly, the resources received for each of the specific programs managed by CFMW and the expenditures incurred in the delivery of those programs are segregated for accounting and reporting purposes into the following specific funds:

Administration Fund:

Provides the personnel and other facilities that enable CFMW to deliver the Community Futures Contribution Agreement with Western Economic Diversification (WD) and other related programs.

Self-Employment Fund (SE):

The Self-Employment program is a subcontract with North Island Employment Foundations Society (NIEFS) funded by British Columbia Ministry of Social Development and Poverty Reduction. This program provides assistance, training and support to individuals (who were previously unemployed and qualify under the Ministry guidelines) in the start-up phase of a business.

Mount Waddington Economic Fund (MWEF):

For economic development activities carried on by CFMW.

Jobs and Career Expo Fund (JCE):

Eight organizations collaborated to plan and host a Jobs and Career Expo in April 2015 in Port Hardy. The Expo was hosted in April 2015.

CFMW has been selected to hold the funds allocated by each participating organization to the Jobs and Career Expo for future events.

Island Coastal Group (IC Group):

Seven Community Futures offices serving Vancouver Island, Power River, the Sunshine Coast and Howe Sound comprise a regional network known as the Island Coastal Group. Collaborative initiatives such as marketing are undertaken to achieve economies of scale and branding reinforcement.

CFMW has been selected to hold the funds allocated by each participating CF to the Island Coastal Group for joint initiatives.

COMMUNITY FUTURES MOUNT WADDINGTON

Notes to Financial Statements

March 31, 2020

2. Significant Accounting Policies (Continued):

Investment Funds:

Promotes economic development in the community by providing assistance to small businesses in the form of loans, guarantees or equity investments. CFMW is restricted in the types of loans that can be made, according to its agreements with the federal government.

K'awat'si Investment Fund:

Funded by K'awat'si Economic Development General Partner Corporation (KEDGPC) to stimulate business activity in the Gwa'sala-'Nakwaxda'xw First Nation community through loans to members' businesses.

Revenue Recognition

Restricted contributions are recognized as revenue of the appropriate fund in the year received and in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Grant revenue is recognized when received or receivable. Management fee revenue is recognized when received. Interest revenue is recognized when received or receivable. Interest is not accrued on loans which have been classified as impaired.

Property and Equipment

Property and equipment are recorded at cost. Amortization is recorded using methods and rates intended to amortize the cost of assets over their estimates useful lives. Amortization is taken when an asset is determined to have been placed into use by CFMW. The estimated useful lives of property and equipment is calculated on a declining balance basis at the following rates:

Office Furniture	20%
Office Equipment	40%
Computer Equipment	50%
Leasehold Improvements	40%

Investments

CFMW follows the cost method of accounting for its investment in the share of Venture Connect Inc., an incorporated company that carries on the business of providing regional training, education and succession planning.

Financial Instruments

Financial instruments are recorded at fair value on initial recognition. CFMW's financial instruments consist of cash and term deposits, accrued interest and accounts receivable, loans receivable, trade accounts payable, wages and benefits payable and repayable contributions from Western Economic Diversification and the BC Ministry of Forests.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, CFMW determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset.

If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount CFMW expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

COMMUNITY FUTURES MOUNT WADDINGTON

Notes to Financial Statements

March 31, 2020

2. Significant Accounting Policies (Continued):

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period.

Significant measurement uncertainty exists surrounding the valuation of loans receivable due to the variance of economic conditions on North Vancouver Island and the nature of loan recipients. Loans receivable are evaluated by management as to their collectability and an appropriate allowance for loan impairment is provided where considered necessary.

3. Restricted Cash:

Restricted cash consists of amounts held in trust by legal council. These amounts were advanced for loans that have been approved, but there has been a delay in the subsequent distribution and completion of these loans as a result of COVID-19.

4. Loans Receivable:

	Loans Receivable	Less: Allowance for Doubtful Accounts	2020	2019
	\$	\$	\$	\$
Investment Funds				
WD Conditionally Repayable EDP	215,287	(27,779)	187,508	105,741
WD Non-repayable Investment	519,980	(45,549)	474,431	659,516
WD Conditionally Repayable Investment	313,867	(9,631)	304,236	397,045
Fishing	711,834	(30,000)	681,834	958,860
Forestry Community Business	905,988	(65,641)	840,347	798,870
Micro	10,534	(3,932)	6,602	10,946
Mount Waddington	<u>1,780,050</u>	<u>(40,407)</u>	<u>1,739,643</u>	<u>1,318,532</u>
	<u>4,457,540</u>	<u>(222,939)</u>	<u>4,234,601</u>	<u>4,249,510</u>
Less: Current Portion of Loans Receivable			<u>1,278,080</u>	<u>1,712,106</u>
			<u>2,956,521</u>	<u>2,537,404</u>

CFMW has provided for credit risk, as defined in Note 11, by establishing allowances for impaired loans and netting the allowances against the carrying value of certain impaired loans.

CFMW has also established a general allowance based on management's estimates of collectability of loans as well as based on the application of a five year historical review of actual write-offs as a percentage of loan balances, with that percentage being applied to the outstanding balance of Loans Receivable not already allowed for.

COMMUNITY FUTURES MOUNT WADDINGTON

Notes to Financial Statements

March 31, 2020

4. Loans Receivable (Continued):

Loans are considered impaired as soon as collection of the full principle and interest on the loan becomes doubtful. Each impaired loan is evaluated separately and written down to the fair market value of any security held. Various forms of security are taken on loans ranging from promissory notes and personal guarantees of principals to chattel mortgages and mortgages over real property. The carrying values of specifically identified impaired loans included in loans receivable is as follows:

	<u>2020</u>	<u>2019</u>
	\$	\$
Investment Funds		
Gross Impaired Loans	196,786	295,844
Allowance	<u>(126,961)</u>	<u>(183,783)</u>
Carrying Value	<u>69,825</u>	<u>112,061</u>

During the year ended March 31, 2020, there were the following changes in allowance for doubtful accounts:

	Beginning					
	Balance	Provisions	Write-Offs	Reversals	2020	2019
	\$	\$	\$	\$	\$	\$
Investment Funds						
WD Conditionally Repayable EDP	45,439	720	-	(18,380)	27,779	45,439
WD Non-Repayable Investment	49,750	-	-	(4,201)	45,549	49,750
WD Conditionally Repayable Investment	58,194	-	(33,382)	(15,181)	9,631	58,194
Fishing	42,520	-	-	(12,520)	30,000	42,520
Forestry Community Business	53,102	12,539	-	-	65,641	53,102
Micro	254	10,180	(6,502)	-	3,932	254
Mount Waddington	<u>30,622</u>	<u>9,785</u>	<u>-</u>	<u>-</u>	<u>40,407</u>	<u>30,622</u>
	<u>279,881</u>	<u>33,224</u>	<u>(39,884)</u>	<u>(50,282)</u>	<u>222,939</u>	<u>279,881</u>

Loans in Excess of \$150,000:

# of Loans in Excess of \$150,000	9
Loan Balance Outstanding	\$1,403,020

Interest Rates:

CFMW is required to follow the WD policy bulletin - Interest Rates for Community Futures Organizations. CFMW has not made any loans outside of normal interest rates described in the Policy Bulletin in the year ending March 31, 2020.

COMMUNITY FUTURES MOUNT WADDINGTON

Notes to Financial Statements

March 31, 2020

5. Long Term Investment:

	<u>2020</u>	<u>2019</u>
	\$	\$
Venture Connect Inc. - shares at cost	<u>1</u>	<u>1</u>

CFMW holds 16.67% of the issued shares of Venture Connect Inc.

6. Property and Equipment:

	<u>2020</u>		<u>2019</u>	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
	\$	\$	\$	\$
Furniture and Equipment	41,439	40,258	41,439	39,815
Computer Equipment	49,090	43,435	49,560	43,484
Leasehold Improvements	<u>19,068</u>	<u>18,753</u>	<u>19,068</u>	<u>18,543</u>
	<u>109,597</u>	<u>102,446</u>	<u>110,067</u>	<u>101,842</u>
Unamortized Cost	<u>7,151</u>		<u>8,225</u>	

7. Deferred Revenue:

	<u>Opening Balance</u>	<u>Receipts</u>	<u>Recognized</u>	<u>Ending Balance</u>
	\$	\$	\$	\$
Administration	25,824	309,887	(309,887)	25,824
Jobs and Career Expo	981	-	-	981
Investment Funds	<u>23,480</u>	<u>14,048</u>	<u>(18,567)</u>	<u>18,961</u>
	<u>50,285</u>	<u>323,935</u>	<u>(328,454)</u>	<u>45,766</u>

Deferred revenue reported in the Administration Fund represent funds received in advance for administrative operations in the subsequent year.

Deferred revenue reported in the Jobs and Career Expo program represents funds, for restricted program funding, received in prior years that will be used for future events.

Deferred revenue reported in the Investment Fund represents funds received for the loan set-up fees that will be amortized over the life of the loans.

COMMUNITY FUTURES MOUNT WADDINGTON

Notes to Financial Statements

March 31, 2020

8. Long Term Debt:

	<u>2020</u>	<u>2019</u>
	\$	\$
WD - Conditionally Repayable Investment Fund	350,000	350,000
WD - Conditionally Repayable EDP Fund	200,000	200,000
WD - Forestry Community Business Fund	500,000	500,000
WD - Fishing Investment Fund Fisheries Legacy Trust	420,000	420,000
Province of BC Loan Contribution	500,000	500,000
K'awat'si Fund Loan Contribution	75,000	75,000
Community Futures BC Loan Contribution	390,979	665,493
Community Futures CC Loan Contribution	-	55,267
Community Futures Development Association of BC	<u>550,000</u>	<u>-</u>
	2,985,979	2,765,760
Less: Current Portions of		
- Demand Debt	732,752	315,644
- Long Term Debt	<u>2,045,000</u>	<u>2,045,000</u>
Long Term Debt	<u>208,227</u>	<u>405,116</u>

The Conditionally Repayable Contributions for Investment, EDP, Forestry Community Business and Fishing Investment Fisheries Legacy Trust made by Western Economic Diversification Canada (WD) are non-interest bearing, unsecured, and repayable upon 60 days notice in the event of default, as defined in the contribution agreement. WD Conditionally Repayable Contributions are subject to certain conditions as stipulated in the contribution agreement.

The loan balance of the Fishing Investment Fund contributions is repayable on demand.

The Province of BC Loan Contribution was formerly owed to Forest Renewal BC under the terms of the Forest Community Business Program. These funds are still repayable at 100% of the unloaned fund at termination (plus interest from that date until repaid) and 100% of all loan payments received, net of costs, up to 15% of the balance of funds as at date of termination. Balances are due on 90 days notice or on demand if in default under the terms of the agreement.

The K'awat'si Investment Fund contribution carries no interest and no terms of repayment. It is not anticipated the loan will be called in the next fiscal period.

The loan from Community Futures BC Futures Fund is a five year loan at an annual interest rate of 2.33% with annual loan payments of \$188,121. This loan is secured by a general security agreement.

The loan from Community Futures Development Association of BC is from the Community Futures BC Lending and Investment Pool (CFLIP) and is a line of credit with an authorized limit of \$1,000,000, at an annual interest rate of 2.45% (RBC commercial lending rate floating) and is repayable upon demand.

COMMUNITY FUTURES MOUNT WADDINGTON

Notes to Financial Statements

March 31, 2020

9. Commitments:

Lease Commitments

CFMW leases its premises in Port McNeill under an operating lease expiring January 31, 2021 upon which it will be paying rent on a month to month basis. Future minimum lease payments in the Administration Fund are estimated to be as follows:

	\$
2021	26,341

Other Commitments

CFMW has an authorized line of credit of \$200,000. Interest is payable at prime plus 1.5%. CFMW also has a Visa with a limit of \$15,000. The Visa and line of credit are secured by a general security agreement. At March 31, 2020, CFMW had drawn \$0 on the line of credit (2019 - \$144,051).

10. Interfund Transactions:

During the year ended March 31, 2020, certain loan, bank and term deposit interest amounting to \$90,173 (2019 - \$93,452) was transferred from the Investment Fund to the Administration Fund.

	<u>2020</u>	<u>2019</u>
	\$	\$
Fishing	38,115	30,452
Forestry Community	17,058	27,000
General Investment	<u>35,000</u>	<u>36,000</u>
	<u>90,173</u>	<u>93,452</u>

Interfund transfers between the Administration Funds - Operating, Jobs & Career Expo and IC Group for marketing also occurred in the year ending March 31, 2020 in the amount of \$3,500 (2019 - \$nil).

COMMUNITY FUTURES MOUNT WADDINGTON

Notes to Financial Statements

March 31, 2020

11. Financial Risks and Concentration of Credit Risk:

Credit Risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. CFMW is exposed to credit risk with respect to its outstanding loans receivable. CFMW assesses, on a continuous basis, loans receivable and provides for any amounts that are not collectible in the allowance for impaired loans. Further details about the allowance and basis for the allowance are included in Note 4.

Liquidity Risk

Liquidity risk is the risk that the CFMW will be unable to fulfil its obligations on a timely basis or at a reasonable cost. CFMW manages its liquidity risk by monitoring its operating requirements. CFMW derives the cash required to fulfill its operating requirements through collections of its loans receivable from borrowers as well as annual government funding. There has been no change to the risk exposures from 2019.

Interest Rate Risk

CFMW has the potential to be exposed to interest rate risk due its operating line of credit and CFLIP line of credit. At March 31, 2020 the operating line of credit had a balance of \$0 (2019 - \$144,297), and the CFLIP line of credit had a balance of \$550,000 (2019 - \$nil). Interest rate risk is considered to be low since rates are based on commercial prime.

12. Subsequent Event:

CFMW evaluated its March 31, 2020 financial statements for subsequent events to the financial statements were issued. As of this date, the global outbreak of the coronavirus disease (COVID-19) has caused economic uncertainties that are likely to have a material negative impact on the excess of revenues over expenditures of CFMW for the year ending March 31, 2021. The extent that the effect of COVID-19 will have on CFMW and its operations for the year ending March 31, 2021 cannot be determined at this time.

The pandemic has impacted most businesses in all communities due to social distancing requirements implemented by the Provincial and Federal governments. As of March 31, 2020, approximately 50% of loans receivable have deferred principal and/or interest payments. While loans have been assessed for collectability for the current year, there is a higher risk of default due to the economic uncertainties. The most likely impact of COVID-19 on CFMW in the year ending March 31, 2021 is an increase in the provision for loan impairment.

On May 29, 2020, CFMW received notice from WD that they would be receiving \$66,000 in additional operating funding to enhance support and services to small- and medium-sized businesses impacted by the COVID-19 pandemic. In addition, on June 1, 2020, CFMW obtained a \$750,000 Line of Credit from the Community Futures Regional Relief and Recovery Loan Fund (RRRF) to provide support to Small and Medium-Sized Enterprises.

COMMUNITY FUTURES MOUNT WADDINGTON

Schedule 1 - Operating Fund Statement of Financial Position (Unaudited)

	Operating Fund		March 31, 2020	March 31, 2019
	WD Core Operating	General		
	\$	\$	\$	\$
ASSETS				
Current Assets				
Cash	-	58,547	58,547	250
Accounts Receivable	-	724	724	13,153
Prepaid Expenses	-	3,445	3,445	2,197
	-	62,716	62,716	15,600
Due (to) from Funds	25,824	(34,139)	(8,315)	170,896
Property and Equipment	-	7,151	7,151	8,225
	<u>25,824</u>	<u>35,728</u>	<u>61,552</u>	<u>194,721</u>
LIABILITIES AND NET ASSETS				
Current Liabilities				
Bank Indebtedness	-	-	-	144,297
Accounts Payable	-	2,093	2,093	1,988
Wages and Benefits	-	54,007	54,007	43,724
Deferred Revenue	25,824	-	25,824	25,824
	25,824	56,100	81,924	215,833
Net Assets				
Unrestricted Deficit	-	(20,372)	(20,372)	(21,112)
	<u>25,824</u>	<u>35,728</u>	<u>61,552</u>	<u>194,721</u>

COMMUNITY FUTURES MOUNT WADDINGTON

Schedule 2 - Operating Fund Statement of Operations (Unaudited)

	Operating Fund		Total 2020	Total 2019
	WD Core Operating	General		
	\$	\$	\$	\$
Revenue				
Federal Government Grants	309,887	-	309,887	309,887
Other Government Grants	-	31,200	31,200	27,855
Projects, Recoveries and Other	-	63,666	63,666	55,230
Interest	-	768	768	777
	<u>309,887</u>	<u>95,634</u>	<u>405,521</u>	<u>393,749</u>
Expenses				
	<u>309,887</u>	<u>176,774</u>	<u>486,661</u>	<u>479,343</u>
	-	(81,140)	(81,140)	(85,594)
Amortization of Capital Assets	-	(4,626)	(4,626)	(5,642)
Loss on Disposal of Equipment	-	(167)	(167)	(1,136)
Deficiency of Revenue over Expenditures	-	(85,933)	(85,933)	(92,372)
Deficit - Beginning of Year	-	(21,112)	(21,112)	(22,192)
Interfund Transfers	-	86,673	86,673	93,452
Deficit - End of Year	<u>-</u>	<u>(20,372)</u>	<u>(20,372)</u>	<u>(21,112)</u>

COMMUNITY FUTURES MOUNT WADDINGTON

Schedule 2 - Operating Fund Statement of Operations - Continued (Unaudited)

	Operating Fund		Total 2020	Total 2019
	WD Core Operating	General		
			\$	\$
Expenses				
Wages and Benefits				
Wages and Benefits	230,391	125,631	356,022	332,695
Training	-	-	-	250
Administration				
Communications	8,630	4,311	12,941	22,048
Community Projects	-	750	750	472
Conferences and Meetings	5,084	1,377	6,461	7,926
Dues and Subscriptions	3,235	982	4,217	4,811
Insurance - General	3,959	237	4,196	3,889
Interest and Bank Charges	91	3,575	3,666	3,501
Loan Processing Costs	106	1,885	1,991	1,952
Marketing	472	4,635	5,107	5,690
Office and Miscellaneous	4,713	11,809	16,522	14,806
Professional Fees	15,057	-	15,057	20,243
Rent and Utilities	21,410	13,646	35,056	34,995
Repairs and Maintenance	6,632	-	6,632	6,796
Travel	10,107	7,885	17,992	19,269
Workshops	-	51	51	-
	309,887	176,774	486,661	479,343

COMMUNITY FUTURES MOUNT WADDINGTON

Schedule 3 - Investment Funds

Statement of Financial Position (Unaudited)

	WD Conditionally Repayable EDP	Fishing	Forestry Community Business	WD Non- Repayable	WD Conditionally Repayable	Mount Waddington	Micro Loan	K'awat'si	March 31, 2020	March 31, 2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS										
Current Assets										
Cash	57,029	207,158	101,963	198,772	324,428	17,892	689	78,379	986,310	860,838
Restricted Cash	-	-	125,000	-	-	99,000	-	-	224,000	-
Accounts Receivable	-	-	-	-	-	-	-	-	-	4,547
Current Portion of Loans Receivable	<u>46,943</u>	<u>270,045</u>	<u>391,332</u>	<u>138,303</u>	<u>132,910</u>	<u>293,785</u>	<u>4,762</u>	-	<u>1,278,080</u>	<u>1,712,106</u>
	103,972	477,203	618,295	337,075	457,338	410,677	5,451	78,379	2,488,390	2,577,491
Loans Receivable	140,564	411,788	449,015	336,129	171,327	1,445,858	1,840	-	2,956,521	2,537,404
Due (to) from Funds	<u>194</u>	<u>291,113</u>	<u>(2,414)</u>	<u>237,083</u>	<u>14,921</u>	<u>(520,494)</u>	<u>(15,030)</u>	-	<u>5,373</u>	<u>-</u>
	<u>244,730</u>	<u>1,180,104</u>	<u>1,064,896</u>	<u>910,287</u>	<u>643,586</u>	<u>1,336,041</u>	<u>(7,739)</u>	<u>78,379</u>	<u>5,450,284</u>	<u>5,114,895</u>
LIABILITIES AND NET ASSETS										
Current Liabilities										
Accounts Payable	-	-	-	-	-	-	-	-	-	3,713
Deferred Revenue	737	2,748	2,656	1,652	1,170	9,963	35	-	18,961	23,480
Due to (from) Syndicate CFs	-	-	-	-	-	190,200	-	-	190,200	2,857
Current Portion of Long Term Debt	-	-	-	-	-	732,752	-	-	732,752	315,644
Demand Debt	<u>200,000</u>	<u>420,000</u>	<u>1,000,000</u>	-	<u>350,000</u>	-	-	<u>75,000</u>	<u>2,045,000</u>	<u>2,045,000</u>
	200,737	422,748	1,002,656	1,652	351,170	932,915	35	75,000	2,986,913	2,390,694
Long Term Debt	-	-	-	-	-	208,227	-	-	208,227	405,116
Due to (from) Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>275,227</u>
	200,737	422,748	1,002,656	1,652	351,170	1,141,142	35	75,000	3,120,140	3,071,037
Net Assets										
Restricted Surplus	<u>43,993</u>	<u>757,356</u>	<u>62,240</u>	<u>908,635</u>	<u>292,416</u>	<u>194,899</u>	<u>(7,774)</u>	<u>3,379</u>	<u>2,255,144</u>	<u>2,043,858</u>
	<u>244,730</u>	<u>1,180,104</u>	<u>1,064,896</u>	<u>910,287</u>	<u>643,586</u>	<u>1,336,041</u>	<u>(7,739)</u>	<u>78,379</u>	<u>5,450,284</u>	<u>5,114,895</u>

COMMUNITY FUTURES MOUNT WADDINGTON

Schedule 4 - WD Conditionally Repayable EDP Statement of Operations and Changes in Fund Balances (Unaudited)

Year Ended March 31, 2020	2020	2019
	\$	\$
Revenue		
Loan Portfolio Interest	13,424	10,118
Interest and Other Revenue	<u>779</u>	<u>1,153</u>
	<u>14,203</u>	<u>11,271</u>
Expenses		
Increase (Decrease) in Provision for Loan Impairment	(17,660)	42,030
Loan Processing Costs (Recoveries)	382	-
Interest and Bank Charges	<u>208</u>	<u>300</u>
	<u>(17,070)</u>	<u>42,330</u>
Excess (Deficiency) of Revenue over Expenditures	31,273	(31,059)
Surplus - Beginning of Year	<u>12,720</u>	<u>43,779</u>
Surplus - End of Year	<u>43,993</u>	<u>12,720</u>

COMMUNITY FUTURES MOUNT WADDINGTON

Schedule 5 - Fishing Investment Fund Statement of Operations and Changes in Fund Balances (Unaudited)

Year Ended March 31, 2020	2020	2019
	\$	\$
Revenue		
Loan Portfolio Interest	61,679	69,010
Interest and Other Revenue	<u>3,543</u>	<u>2,728</u>
	<u>65,222</u>	<u>71,738</u>
Expenses		
Decrease in Provision for Loan Impairment	(12,520)	(9,731)
Interest and Bank Charges	574	469
Loan Processing Costs	<u>-</u>	<u>(155)</u>
	<u>(11,946)</u>	<u>(9,417)</u>
Excess of Revenue over Expenditures	77,168	81,155
Surplus - Beginning of Year	718,303	667,600
Interfund Transfers (Note 10)	<u>(38,115)</u>	<u>(30,452)</u>
Surplus - End of Year	<u>757,356</u>	<u>718,303</u>

COMMUNITY FUTURES MOUNT WADDINGTON

Schedule 6 - Forest Community Business Investment Fund Statement of Operations and Changes in Fund Balances

(Unaudited)

Year Ended March 31, 2020

	2020	2019
	\$	\$
Revenue		
Loan Portfolio Interest	48,601	46,751
Interest and Other Revenue	<u>4,075</u>	<u>1,601</u>
	<u>52,676</u>	<u>48,352</u>
Expenses		
Increase (Decrease) in Provision for Loan Impairment	12,539	(414)
Interest and Bank Charges	<u>408</u>	<u>386</u>
	<u>12,947</u>	<u>(28)</u>
Excess of Revenue over Expenditures	39,729	48,380
Surplus - Beginning of Year	39,569	18,189
Interfund Transfers (Note 10)	<u>(17,058)</u>	<u>(27,000)</u>
Surplus - End of Year	<u>62,240</u>	<u>39,569</u>

COMMUNITY FUTURES MOUNT WADDINGTON

Schedule 7 - WD Non-Repayable Investment Fund Statement of Operations and Changes in Fund Balance (Unaudited)

Year Ended March 31, 2020	2020	2019
	\$	\$
Revenue		
Loan Portfolio Interest	35,305	57,958
Interest and Other Revenue	<u>2,027</u>	<u>1,004</u>
	<u>37,332</u>	<u>58,962</u>
Expenses		
Increase (Decrease) in Provision for Loan Impairment	(4,202)	24,456
Interest and Bank Charges	<u>241</u>	<u>276</u>
	<u>(3,961)</u>	<u>24,732</u>
Excess of Revenue over Expenditures	41,293	34,230
Surplus - Beginning of Year	902,342	904,112
Interfund Transfers (Note 10)	<u>(35,000)</u>	<u>(36,000)</u>
Surplus - End of Year	<u>908,635</u>	<u>902,342</u>

COMMUNITY FUTURES MOUNT WADDINGTON

Schedule 8 - WD Conditionally Repayable Investment Fund Statement of Operations and Changes in Fund Balances

(Unaudited)

Year Ended March 31, 2020

	2020	2019
	\$	\$
Revenue		
Loan Portfolio Interest	23,947	27,584
Interest and Other Revenue	<u>889</u>	<u>1,100</u>
	<u>24,836</u>	<u>28,684</u>
Expenses		
Bad Debts	33,382	-
Decrease in Provision for Loan Impairment	(48,564)	(3,122)
Interest and Bank Charges	431	510
Loan Processing Costs	<u>-</u>	<u>125</u>
	<u>(14,751)</u>	<u>(2,487)</u>
Excess of Revenue over Expenditures	39,587	31,171
Surplus - Beginning of Year	<u>252,829</u>	<u>221,658</u>
Surplus - End of Year	<u>292,416</u>	<u>252,829</u>

COMMUNITY FUTURES MOUNT WADDINGTON

Schedule 9 - Mount Waddington Investment Fund Statement of Operations and Changes in Fund Balances (Unaudited)

Year Ended March 31, 2020	2020	2019
	\$	\$
Revenue		
Loan Portfolio Interest	116,132	78,876
Interest and Other Revenue	<u>4,185</u>	<u>2,470</u>
	<u>120,317</u>	<u>81,346</u>
Expenses		
Increase in Provision for Loan Impairment	9,785	4,780
Interest and Bank Charges	33,035	17,227
Loan Processing Costs (Recoveries)	<u>(3,245)</u>	<u>-</u>
	<u>39,575</u>	<u>22,007</u>
Excess of Revenue over Expenditures	80,742	59,339
Surplus - Beginning of Year	<u>114,157</u>	<u>54,818</u>
Surplus - End of Year	<u>194,899</u>	<u>114,157</u>

COMMUNITY FUTURES MOUNT WADDINGTON

Schedule 10 - Micro Loan Investment Fund Statement of Operations and Changes in Fund Balances (Unaudited)

Year Ended March 31, 2020	2020	2019
	\$	\$
Revenue		
Loan Portfolio Interest	501	962
Interest and Other Revenue	<u>136</u>	<u>138</u>
	<u>637</u>	<u>1,100</u>
Expenses		
Bad Debts	6,503	-
Increase (Decrease) in Provision for Loan Impairment	3,677	(198)
Interest and Bank Charges	<u>90</u>	<u>230</u>
	<u>10,270</u>	<u>32</u>
Excess (Deficiency) of Revenue over Expenditures	(9,633)	1,068
Surplus - Beginning of Year	<u>1,859</u>	<u>791</u>
Surplus (Deficit) - End of Year	<u>(7,774)</u>	<u>1,859</u>

COMMUNITY FUTURES MOUNT WADDINGTON

Schedule 11 - K'awat'si Investment Fund Statement of Operations and Changes in Fund Balances (Unaudited)

Year Ended March 31, 2020

	2020	2019
	\$	\$
Revenue		
Loan Portfolio Interest	-	-
Interest and Other Revenue	<u>1,300</u>	<u>1,105</u>
	<u>1,300</u>	<u>1,105</u>
Expenses	<u>-</u>	<u>-</u>
Excess of Revenue over Expenditures	1,300	1,105
Surplus - Beginning of Year	<u>2,079</u>	<u>974</u>
Surplus - End of Year	<u>3,379</u>	<u>2,079</u>