

**COMMUNITY FUTURES
MOUNT WADDINGTON
Financial Statements - March 31, 2021**

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 - 12 (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, 2021, 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, 2021, 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.

Other Matters

The supplementary information contained in the accompanying schedules is presented for purposes of additional information to management and Western Economic Diversification Canada and does not form part of the financial statements. The schedules have not been audited other than in the course of our audit of the financial statements to the extent necessary to allow us to render an opinion thereon.

Chan Nawrosad Boates Inc

Chartered Professional Accountants
Campbell River, BC

June 24, 2021

COMMUNITY FUTURES MOUNT WADDINGTON

Statement of Financial Position

Administration Fund

	Operating (Schedule 1)	SE	MWEF	Jobs and Career Expo	IC Group	Investment Funds (Schedule 3)	March 31, 2021	March 31, 2020
	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS								
Current Assets								
Cash	1,105	92,016	4,132	906	31,902	903,689	1,033,750	1,163,330
Restricted Cash (Note 3)	-	-	-	-	-	-	-	224,000
Accounts Receivable	1,563	-	-	-	-	2,080	3,643	724
Prepaid Expenses	2,500	-	-	-	361	-	2,861	3,445
Current Portion of Loans Receivable (Note 4)	-	-	-	-	-	1,060,171	1,060,171	1,278,080
	<u>5,168</u>	<u>92,016</u>	<u>4,132</u>	<u>906</u>	<u>32,263</u>	<u>1,965,940</u>	<u>2,100,425</u>	<u>2,669,579</u>
Loans Receivable (Note 4)	-	-	-	-	-	4,707,057	4,707,057	2,956,521
Long Term Investment (Note 5)	-	-	1	-	-	-	1	1
Due (to) from Funds	43,545	13,279	4,610	100	573	(62,107)	-	-
Property and Equipment (Note 6)	<u>10,030</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,030</u>	<u>7,151</u>
	<u>58,743</u>	<u>105,295</u>	<u>8,743</u>	<u>1,006</u>	<u>32,836</u>	<u>6,610,890</u>	<u>6,817,513</u>	<u>5,633,252</u>
LIABILITIES AND NET ASSETS								
Current Liabilities								
Accounts Payable	13,483	-	-	-	-	-	13,483	2,094
Wages and Benefits	52,801	-	-	-	-	-	52,801	54,007
Deferred Revenue (Note 7)	-	-	-	981	-	24,158	25,139	45,766
Due to Syndicate CFs	-	-	-	-	-	110,000	110,000	190,200
Current Portion - Long Term Debt (Note 8)	-	-	-	-	-	168,477	168,477	182,752
Demand Debt (Note 8)	-	-	-	-	-	3,861,250	3,861,250	2,595,000
	<u>66,284</u>	<u>-</u>	<u>-</u>	<u>981</u>	<u>-</u>	<u>4,163,885</u>	<u>4,231,150</u>	<u>3,069,819</u>
Long Term Debt (Note 8)	-	-	-	-	-	39,750	39,750	208,227
	<u>66,284</u>	<u>-</u>	<u>-</u>	<u>981</u>	<u>-</u>	<u>4,203,635</u>	<u>4,270,900</u>	<u>3,278,046</u>
Net Assets								
Unrestricted Surplus (Deficit)	(7,541)	-	8,743	48	32,836	-	34,086	8,279
Restricted Surplus	-	105,295	-	(23)	-	2,407,255	2,512,527	2,346,927
	<u>58,743</u>	<u>105,295</u>	<u>8,743</u>	<u>1,006</u>	<u>32,836</u>	<u>6,610,890</u>	<u>6,817,513</u>	<u>5,633,252</u>

Approved by the Directors:



Director



Director

COMMUNITY FUTURES MOUNT WADDINGTON

Statement of Changes in Fund Balances

	Administration Fund						Total 2021	Total 2020
	Operating	SE	MWEF	Jobs and Career Expo	IC Group	Investment Funds		
	(Schedule 2)							
	\$	\$	\$	\$	\$	\$	\$	
Surplus (Deficit) - Beginning of the Year	(20,372)	91,768	4,175	48	24,443	2,255,144	2,355,206	2,144,167
Excess (Deficiency) of Revenue over Expenditures	<u>(70,087)</u>	<u>13,527</u>	<u>4,568</u>	<u>(23)</u>	<u>5,593</u>	<u>237,829</u>	<u>191,407</u>	<u>211,039</u>
	(90,459)	105,295	8,743	25	30,036	2,492,973	2,546,613	2,355,206
Interfund Items								
Interfund Admin Transfers (Note 10)	(2,800)	-	-	-	2,800	-	-	-
Interfund Interest Transfers (Note 10)	<u>85,718</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(85,718)</u>	<u>-</u>	<u>-</u>
Surplus (Deficit) - End of the Year	<u>(7,541)</u>	<u>105,295</u>	<u>8,743</u>	<u>25</u>	<u>32,836</u>	<u>2,407,255</u>	<u>2,546,613</u>	<u>2,355,206</u>

COMMUNITY FUTURES MOUNT WADDINGTON

Statement of Operations

	Administration Fund						Total 2021	Total 2020
	Operating	SE	MWEF	Jobs and Career Expo	IC Group	Investment Funds		
	(Schedule 2)							
	\$	\$	\$	\$	\$	\$	\$	
Revenue								
Federal Government Operating Grants	388,567	-	-	-	-	-	388,567	309,887
Other Government Funding	36,982	13,350	-	-	-	-	50,332	43,450
Projects, Recoveries and Other	49,892	-	4,550	-	7,666	5,048	67,156	83,411
Interest	185	248	18	2	67	268,678	269,198	301,617
Forgivable Portion of Demand Debt (Note 8)	-	-	-	-	-	218,750	218,750	-
	<u>475,626</u>	<u>13,598</u>	<u>4,568</u>	<u>2</u>	<u>7,733</u>	<u>492,476</u>	<u>994,003</u>	<u>738,365</u>
Expenses								
	<u>540,372</u>	<u>71</u>	<u>-</u>	<u>25</u>	<u>2,140</u>	<u>35,897</u>	<u>578,505</u>	<u>522,533</u>
	(64,746)	13,527	4,568	(23)	5,593	456,579	415,498	215,832
Amortization of Property and Equipment	(5,318)	-	-	-	-	-	(5,318)	(4,626)
Forgiveness of Loans Receivable (Note 4)	-	-	-	-	-	(218,750)	(218,750)	-
Loss on Disposal of Equipment	(23)	-	-	-	-	-	(23)	(167)
Excess (Deficiency) of Revenue Over Expenditures	<u>(70,087)</u>	<u>13,527</u>	<u>4,568</u>	<u>(23)</u>	<u>5,593</u>	<u>237,829</u>	<u>191,407</u>	<u>211,039</u>

COMMUNITY FUTURES MOUNT WADDINGTON

Statement of Operations - Continued

	Administration Fund						Total 2021	Total 2020
	Operating	SE	MWEF	Jobs and Career Expo	IC Group	Investment Funds		
	(Schedule 2)							
	\$	\$	\$	\$	\$	\$	\$	
Expenses								
Wages and Benefits								
Wages and Benefits	386,287	-	-	-	-	-	386,287	366,482
Administration								
Bad Debts	205	-	-	-	-	-	205	-
Increase (Decrease) in Provision for Loan Impairment	-	-	-	-	-	3,068	3,068	(17,058)
Communications	12,410	-	-	-	-	-	12,410	12,987
Community Projects	17,478	-	-	-	-	-	17,478	1,750
Conferences and Meetings	1,226	-	-	-	1,115	-	2,341	11,585
Dues and Subscriptions	6,156	-	-	-	1,025	-	7,181	4,901
Insurance - General	4,324	-	-	-	-	-	4,324	4,196
Interest and Bank Charges	3,607	-	-	25	-	33,230	36,862	38,653
Loan Processing Costs	3,208	-	-	-	-	(401)	2,807	(871)
Marketing	6,076	-	-	-	-	-	6,076	5,936
Office and Miscellaneous	33,039	-	-	-	-	-	33,039	16,607
Professional Fees	17,047	-	-	-	-	-	17,047	15,057
Rent and Utilities	37,177	-	-	-	-	-	37,177	37,590
Repairs and Maintenance	9,209	-	-	-	-	-	9,209	6,632
Travel	2,923	-	-	-	-	-	2,923	18,035
Workshops	-	71	-	-	-	-	71	51
	<u>540,372</u>	<u>71</u>	<u>-</u>	<u>25</u>	<u>2,140</u>	<u>35,897</u>	<u>578,505</u>	<u>522,533</u>

COMMUNITY FUTURES MOUNT WADDINGTON

Statement of Cash Flows

Year Ended March 31, 2021

	2021	2020
	\$	\$
Cash Flows From Operating Activities:		
Cash Received from Funders and Borrowers	671,507	938,167
Cash Paid to Suppliers, Employees and Participants	(539,260)	(559,573)
Interest Paid on Long Term Debt	<u>(28,478)</u>	<u>(32,395)</u>
	<u>103,769</u>	<u>346,199</u>
Cash Flows From Financing Activities:		
Increase in Long Term Debt	<u>1,083,498</u>	<u>220,219</u>
Cash Flows From Investing Activities:		
Decrease (Increase) in Loans Receivable	(1,532,627)	89,768
Purchase of Equipment	(8,220)	(3,720)
Decrease (Increase) in Funds Held in Trust	<u>224,000</u>	<u>(224,000)</u>
	<u>(1,316,847)</u>	<u>(137,952)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(129,580)	428,466
Cash and Cash Equivalents - Beginning of Year	<u>1,163,330</u>	<u>734,864</u>
Cash and Cash Equivalents - End of Year	<u>1,033,750</u>	<u>1,163,330</u>

COMMUNITY FUTURES MOUNT WADDINGTON

Notes to Financial Statements

March 31, 2021

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:

Operating 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, 2021

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.

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. Contributions received as a non-repayable portion of a debt instrument are recognized as revenue when received.

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. CFMW subsequently measures all its financial assets and financial liabilities at amortized cost unless otherwise disclosed.

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, 2021

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 held in the year ending March 31, 2020 consisted of amounts held in trust by legal counsel. These amounts were advanced for loans that had been approved, but there was a delay in the subsequent distribution and completion of these loans. No such amounts existed as at March 31, 2021.

4. Loans Receivable:

	Loans Receivable	Less: Allowance for Doubtful Accounts	2021	2020
	\$	\$	\$	\$
Investment Funds				
WD Conditionally Repayable EDP	239,344	(29,066)	210,278	187,508
WD Non-repayable Investment	936,373	(26,434)	909,939	474,431
WD Conditionally Repayable Investment	226,644	(17,965)	208,679	304,236
WD RRRF Investment	564,986	-	564,986	-
Fishing	1,071,346	(36,982)	1,034,364	681,834
Forestry Community Business	907,167	(65,736)	841,431	840,347
Micro	15,252	(3,695)	11,557	6,602
Mount Waddington	<u>2,032,123</u>	<u>(46,129)</u>	<u>1,985,994</u>	<u>1,739,643</u>
	<u>5,993,235</u>	<u>(226,007)</u>	<u>5,767,228</u>	<u>4,234,601</u>
Less: Current Portion of Loans Receivable			<u>(1,060,171)</u>	<u>(1,278,080)</u>
			<u>4,707,057</u>	<u>2,956,521</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-off's 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, 2021

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>2021</u>	<u>2020</u>
	\$	\$
Investment Funds		
Gross Impaired Loans	157,172	196,786
Allowance	<u>(106,352)</u>	<u>(126,961)</u>
Carrying Value	<u>50,820</u>	<u>69,825</u>

During the year ended March 31, 2021, there were the following changes in allowance for doubtful accounts:

	Beginning				2021	2020
	Balance	Provisions	Write-Offs	Reversals	\$	\$
	\$	\$	\$	\$	\$	\$
Investment Funds						
WD Conditionally Repayable EDP	27,779	1,287	-	-	29,066	27,779
WD Non-Repayable Investment	45,549	16,107	-	(35,222)	26,434	45,549
WD Conditionally Repayable						
Investment	9,631	9,518	-	(1,184)	17,965	9,631
Fishing	30,000	8,247	-	(1,265)	36,982	30,000
Forestry Community Business	65,641	95	-	-	65,736	65,641
Micro	3,932	115	-	(352)	3,695	3,932
Mount Waddington	<u>40,407</u>	<u>5,722</u>	<u>-</u>	<u>-</u>	<u>46,129</u>	<u>40,407</u>
	<u>222,939</u>	<u>41,091</u>	<u>-</u>	<u>(38,023)</u>	<u>226,007</u>	<u>222,939</u>

RRRF Loans

During the year ended March 31, 2021, WD introduced the Regional Relief and Recovery Fund (RRRF) in response to the COVID-19 pandemic for the purpose of providing financial relief to small and medium-sized enterprises (SMEs). Under the RRRF program, qualifying SMEs were provided loans up to \$60,000 of which 25% is forgivable on the first \$40,000, and 50% is forgivable on the additional \$20,000 if the loans are repaid by December 31, 2022.

CFMW recognized \$218,750 of the forgivable portion of the loans receivable as an expense in the current year, and reduced the loans receivable balance by that amount, due to the uncertainty surrounding repayment of that loan balance and lack of control of the forgivable amount.

No allowance has been recognized on the RRRF loans receivable due to uncertainty surrounding collection of the outstanding balance on those loans. The loans did not require adherence to CFMW's standard lending procedures.

COMMUNITY FUTURES MOUNT WADDINGTON

Notes to Financial Statements

March 31, 2021

4. Loans Receivable (Continued):

Loans in Excess of \$150,000:

	<u>2021</u>	<u>2020</u>
# of Loans in Excess of \$150,000	7	9
Loan Balance Outstanding	\$1,703,849	\$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 ended March 31, 2021.

5. Long Term Investment:

	<u>2021</u>	<u>2020</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>2021</u>		<u>2020</u>	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
	\$	\$	\$	\$
Furniture and Equipment	33,822	32,944	41,439	40,257
Computer Equipment	49,908	40,945	49,089	43,435
Leasehold Improvements	<u>19,068</u>	<u>18,879</u>	<u>19,068</u>	<u>18,753</u>
	<u>102,798</u>	<u>92,768</u>	<u>109,596</u>	<u>102,445</u>
Unamortized Cost	<u>10,030</u>		<u>7,151</u>	

COMMUNITY FUTURES MOUNT WADDINGTON

Notes to Financial Statements

March 31, 2021

7. Deferred Revenue:

	<u>Opening Balance</u> \$	<u>Receipts</u> \$	<u>Recognized</u> \$	<u>Ending Balance</u> \$
Administration	25,824	309,887	(335,711)	-
Jobs and Career Expo	981	-	-	981
Investment Funds	<u>18,961</u>	<u>19,135</u>	<u>(13,938)</u>	<u>24,158</u>
	<u>45,766</u>	<u>329,022</u>	<u>(349,649)</u>	<u>25,139</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.

8. Long Term Debt:

	<u>2021</u> \$	<u>2020</u> \$
Long Term Debt Due on Demand:		
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 RRRF Fund	816,250	-
Community Futures Development Association of BC	<u>1,000,000</u>	<u>550,000</u>
	<u>3,861,250</u>	<u>2,595,000</u>
Long Term Debt:		
Community Futures BC Loan Contribution	208,227	390,979
Less: Current Portion	<u>(168,477)</u>	<u>(182,752)</u>
	<u>39,750</u>	<u>208,227</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.

COMMUNITY FUTURES MOUNT WADDINGTON

Notes to Financial Statements

March 31, 2021

8. Long Term Debt (Continued):

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 repayable contributions for the RRRF from Community Futures BC are non-interest bearing, unsecured and due on demand. All RRRF funds remaining or recovered from SME RRRF loan repayments must be returned to the RRRF Provincial CF Association Loan Pool. The portion of this loan that is not repayable due to forgiveness of the related RRRF loans receivable described in Note 4 has been recognized as revenue in the current period and is not included in the outstanding loan balance as the amount is unlikely to be repaid in accordance with the loan agreement. The amount recognized in revenue in the year ending March 31, 2021 is \$218,750.

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 \$2,000,000, at an annual interest rate of 2.45% (RBC commercial lending rate floating) and is repayable upon demand.

9. Commitments:

Lease Commitments

CFMW leases its premises in Port McNeill under an operating lease expiring March 31, 2026. Future minimum lease payments in the Administration Fund are estimated to be as follows:

	\$
2022	32,121
2023	32,634
2024	33,146
2025	33,659
2026	34,171

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, 2021, CFMW had drawn \$0 on the line of credit (2020 - \$0).

COMMUNITY FUTURES MOUNT WADDINGTON

Notes to Financial Statements

March 31, 2021

10. Interfund Transactions:

During the year ended March 31, 2021, certain loan, bank and term deposit interest amounting to \$85,718 (2020 - \$90,173) was transferred from the Investment Fund to the Administration Fund.

	<u>2021</u>	<u>2020</u>
	\$	\$
Fishing	35,869	38,115
Forestry Community	24,176	17,058
General Investment	<u>25,673</u>	<u>35,000</u>
	<u>85,718</u>	<u>90,173</u>

Interfund transfers between the Administration Funds - Operating, Jobs & Career Expo and IC Group for marketing also occurred in the year ending March 31, 2021 in the amount of \$2,800 (2020 - \$3,500).

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 2021.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. Changes in market interest rates may have an effect on the cash flows associated with certain financial assets and liabilities.

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, 2021 the operating line of credit had a balance of \$0 (2020 - \$0), the CFLIP line of credit had a balance of \$1,000,000 (2020 - \$550,000). Interest rate risk is considered to be low since rates are based on commercial prime.

CFMW is also exposed to interest rate risk with respect to its loans receivable since most rates are based on commercial prime.

COMMUNITY FUTURES MOUNT WADDINGTON

Notes to Financial Statements

March 31, 2021

12. COVID-19:

The COVID-19 pandemic continues to cause economic uncertainties that are likely to have a material impact on the excess of revenues over expenditures of CFMW for the year ending March 31, 2022. The extent of the effect of COVID-19 on CFMW and its operations for the year ending March 31, 2022 cannot be determined at this time.

13. Comparative Figures:

Certain 2020 comparative figures have been reclassified, where necessary, to conform with the financial statement presentation adopted in the current year.

COMMUNITY FUTURES MOUNT WADDINGTON

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

	Operating Fund		March 31, 2021	March 31, 2020
	WD Core Operating	General		
	\$	\$	\$	\$
ASSETS				
Current Assets				
Cash	-	1,105	1,105	58,547
Accounts Receivable	-	1,563	1,563	724
Prepaid Expenses	-	2,500	2,500	3,445
	-	5,168	5,168	62,716
Due (to) from Funds	-	43,545	43,545	(8,315)
Property and Equipment	-	10,030	10,030	7,151
	-	58,743	58,743	61,552
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts Payable	-	13,483	13,483	2,093
Wages and Benefits	-	52,801	52,801	54,007
Deferred Revenue	-	-	-	25,824
	-	66,284	66,284	81,924
Net Assets				
Unrestricted Deficit	-	(7,541)	(7,541)	(20,372)
	-	58,743	58,743	61,552

COMMUNITY FUTURES MOUNT WADDINGTON

Schedule 2 - Operating Fund Statement of Operations (Unaudited)

	Operating Fund			Total 2021	Total 2020
	WD Core Operating	General	RRRF		
	\$	\$	\$	\$	\$
Revenue					
Federal Government Grants	309,887	-	78,680	388,567	309,887
Other Government Grants	-	36,982	-	36,982	31,200
Projects, Recoveries and Other	-	49,892	-	49,892	63,666
Interest	-	185	-	185	768
	<u>309,887</u>	<u>87,059</u>	<u>78,680</u>	<u>475,626</u>	<u>405,521</u>
Expenses	<u>309,887</u>	<u>151,805</u>	<u>78,680</u>	<u>540,372</u>	<u>486,661</u>
	-	(64,746)	-	(64,746)	(81,140)
Amortization of Capital Assets	-	(5,318)	-	(5,318)	(4,626)
Loss on Disposal of Equipment	-	(23)	-	(23)	(167)
Deficiency of Revenue over Expenditures	-	(70,087)	-	(70,087)	(85,933)
Deficit - Beginning of Year	-	(20,372)	-	(20,372)	(21,112)
Interfund Transfers	-	82,918	-	82,918	86,673
Deficit - End of Year	-	(7,541)	-	(7,541)	(20,372)

COMMUNITY FUTURES MOUNT WADDINGTON

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

	Operating Fund			Total 2021	Total 2020
	WD Core Operating	General	RRRF		
	\$	\$	\$	\$	\$
Expenses					
Wages and Benefits					
Wages and Benefits	232,164	112,663	41,460	386,287	356,022
Administration					
Bad Debts	-	205	-	205	-
Communications	9,606	2,133	672	12,411	12,941
Community Projects	66	215	17,196	17,477	750
Conferences and Meetings	459	179	589	1,227	6,461
Dues and Subscriptions	5,213	943	-	6,156	4,217
Insurance - General	4,086	238	-	4,324	4,196
Interest and Bank Charges	223	3,384	-	3,607	3,666
Loan Processing Costs	-	2,183	1,025	3,208	1,991
Marketing	1,297	4,731	48	6,076	5,107
Office and Miscellaneous	9,426	7,046	16,566	33,038	16,522
Professional Fees	17,047	-	-	17,047	15,057
Rent and Utilities	19,984	17,193	-	37,177	35,056
Repairs and Maintenance	8,085	-	1,124	9,209	6,632
Travel	2,231	692	-	2,923	17,992
Workshops	-	-	-	-	51
	<u>309,887</u>	<u>151,805</u>	<u>78,680</u>	<u>540,372</u>	<u>486,661</u>

COMMUNITY FUTURES MOUNT WADDINGTON

Schedule 3 - Investment Funds

Statement of Financial Position (Unaudited)

	WD Conditionally Repayable EDP Fund	Fishing Investment Fund	Forestry Community Business Investment	WD Non- Repayable Investment Fund	WD Conditionally Repayable Loan Fund	Mount Waddington Fund	Micro Loan Fund	K'awat'si Fund	WD RRRF Investment Fund	March 31, 2021	March 31, 2020
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS											
Current Assets											
Cash	74,414	140,214	50,115	91,827	70,824	141,710	4,721	78,585	251,279	903,689	986,310
Restricted Cash	-	-	-	-	-	-	-	-	-	-	224,000
Accounts Receivable	-	-	-	-	-	-	-	-	2,080	2,080	-
Current Portion of Loans Receivable	<u>48,189</u>	<u>230,429</u>	<u>252,437</u>	<u>140,139</u>	<u>97,604</u>	<u>228,343</u>	<u>9,745</u>	<u>-</u>	<u>53,285</u>	<u>1,060,171</u>	<u>1,278,080</u>
	122,603	370,643	302,552	231,966	168,428	370,053	14,466	78,585	306,644	1,965,940	2,488,390
Loans Receivable	<u>162,087</u>	<u>803,935</u>	<u>588,994</u>	<u>769,801</u>	<u>111,076</u>	<u>1,757,651</u>	<u>1,812</u>	<u>-</u>	<u>511,701</u>	<u>4,707,057</u>	<u>2,956,521</u>
	<u>284,690</u>	<u>1,174,578</u>	<u>891,546</u>	<u>1,001,767</u>	<u>279,504</u>	<u>2,127,704</u>	<u>16,278</u>	<u>78,585</u>	<u>818,345</u>	<u>6,672,997</u>	<u>5,444,911</u>
LIABILITIES AND NET ASSETS											
Current Liabilities											
Deferred Revenue	638	5,751	2,553	4,037	920	10,210	49	-	-	24,158	18,961
Due to (from) Syndicate CFs	-	110,000	-	-	-	-	-	-	-	110,000	190,200
Current Portion of Long Term Debt	-	-	-	-	-	168,477	-	-	-	168,477	182,752
Demand Debt	<u>200,000</u>	<u>420,000</u>	<u>1,000,000</u>	<u>-</u>	<u>350,000</u>	<u>1,000,000</u>	<u>-</u>	<u>75,000</u>	<u>816,250</u>	<u>3,861,250</u>	<u>2,595,000</u>
	200,638	535,751	1,002,553	4,037	350,920	1,178,687	49	75,000	816,250	4,163,885	2,986,913
Long Term Debt	-	-	-	-	-	39,750	-	-	-	39,750	208,227
Due to (from) Funds	<u>30,479</u>	<u>(120,087)</u>	<u>(205,809)</u>	<u>46,464</u>	<u>(370,651)</u>	<u>656,526</u>	<u>23,105</u>	<u>-</u>	<u>2,080</u>	<u>62,107</u>	<u>(5,373)</u>
	231,117	415,664	796,744	50,501	(19,731)	1,874,963	23,154	75,000	818,330	4,265,742	3,189,767
Net Assets											
Restricted Surplus	<u>53,573</u>	<u>758,914</u>	<u>94,802</u>	<u>951,266</u>	<u>299,235</u>	<u>252,741</u>	<u>(6,876)</u>	<u>3,585</u>	<u>15</u>	<u>2,407,255</u>	<u>2,255,144</u>
	<u>284,690</u>	<u>1,174,578</u>	<u>891,546</u>	<u>1,001,767</u>	<u>279,504</u>	<u>2,127,704</u>	<u>16,278</u>	<u>78,585</u>	<u>818,345</u>	<u>6,672,997</u>	<u>5,444,911</u>

COMMUNITY FUTURES MOUNT WADDINGTON

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

Year Ended March 31, 2021

	2021	2020
	\$	\$
Revenue		
Loan Portfolio Interest	10,974	13,424
Interest and Other Revenue	<u>113</u>	<u>779</u>
	<u>11,087</u>	<u>14,203</u>
Expenses		
Increase (Decrease) in Provision for Loan Impairment	1,287	(17,660)
Interest and Bank Charges	220	208
Loan Processing Recoveries	<u>-</u>	<u>382</u>
	<u>1,507</u>	<u>(17,070)</u>
Excess of Revenue over Expenditures	9,580	31,273
Surplus - Beginning of Year	<u>43,993</u>	<u>12,720</u>
Surplus - End of Year	<u>53,573</u>	<u>43,993</u>

COMMUNITY FUTURES MOUNT WADDINGTON

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

Year Ended March 31, 2021	2021	2020
	\$	\$
Revenue		
Loan Portfolio Interest	44,031	61,679
Interest and Other Revenue	<u>1,137</u>	<u>3,543</u>
	<u>45,168</u>	<u>65,222</u>
Expenses		
Increase (Decrease) in Provision for Loan Impairment	6,982	(12,520)
Interest and Bank Charges	702	574
Loan Processing Costs	<u>57</u>	<u>-</u>
	<u>7,741</u>	<u>(11,946)</u>
Excess of Revenue over Expenditures	37,427	77,168
Surplus - Beginning of Year	757,356	718,303
Interfund Transfers	<u>(35,869)</u>	<u>(38,115)</u>
Surplus - End of Year	<u>758,914</u>	<u>757,356</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, 2021

	2021	2020
	\$	\$
Revenue		
Loan Portfolio Interest	57,357	48,601
Interest and Other Revenue	<u>(161)</u>	<u>4,075</u>
	<u>57,196</u>	<u>52,676</u>
Expenses		
Increase in Provision for Loan Impairment	95	12,539
Interest and Bank Charges	<u>363</u>	<u>408</u>
	<u>458</u>	<u>12,947</u>
Excess of Revenue over Expenditures	56,738	39,729
Surplus - Beginning of Year	62,240	39,569
Interfund Transfers	<u>(24,176)</u>	<u>(17,058)</u>
Surplus - End of Year	<u>94,802</u>	<u>62,240</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, 2021

	2021	2020
	\$	\$
Revenue		
Loan Portfolio Interest	49,781	35,305
Interest and Other Revenue	<u>426</u>	<u>2,027</u>
	<u>50,207</u>	<u>37,332</u>
Expenses		
Decrease in Provision for Loan Impairment	(19,115)	(4,202)
Interest and Bank Charges	<u>1,018</u>	<u>241</u>
	<u>(18,097)</u>	<u>(3,961)</u>
Excess of Revenue over Expenditures	68,304	41,293
Surplus - Beginning of Year	908,635	902,342
Interfund Transfers	<u>(25,673)</u>	<u>(35,000)</u>
Surplus - End of Year	<u>951,266</u>	<u>908,635</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, 2021	2021	2020
	\$	\$
Revenue		
Loan Portfolio Interest	15,430	23,947
Interest and Other Revenue	<u>146</u>	<u>889</u>
	<u>15,576</u>	<u>24,836</u>
Expenses		
Bad Debts	-	33,382
Increase (Decrease) in Provision for Loan Impairment	8,334	(48,564)
Interest and Bank Charges	<u>423</u>	<u>431</u>
	<u>8,757</u>	<u>(14,751)</u>
Excess of Revenue over Expenditures	6,819	39,587
Surplus - Beginning of Year	<u>292,416</u>	<u>252,829</u>
Surplus - End of Year	<u>299,235</u>	<u>292,416</u>

COMMUNITY FUTURES MOUNT WADDINGTON

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

Year Ended March 31, 2021	2021	2020
	\$	\$
Revenue		
Loan Portfolio Interest	90,277	116,132
Interest and Other Revenue	<u>2,656</u>	<u>4,185</u>
	<u>92,933</u>	<u>120,317</u>
Expenses		
Increase in Provision for Loan Impairment	5,722	9,785
Interest and Bank Charges	29,827	33,035
Loan Processing Recoveries	<u>(458)</u>	<u>(3,245)</u>
	<u>35,091</u>	<u>39,575</u>
Excess of Revenue over Expenditures	57,842	80,742
Surplus - Beginning of Year	<u>194,899</u>	<u>114,157</u>
Surplus - End of Year	<u>252,741</u>	<u>194,899</u>

COMMUNITY FUTURES MOUNT WADDINGTON

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

(Unaudited)

Year Ended March 31, 2021

	2021	2020
	\$	\$
Revenue		
Loan Portfolio Interest	828	501
Interest and Other Revenue	<u>(2)</u>	<u>136</u>
	<u>826</u>	<u>637</u>
Expenses		
Bad Debts	-	6,503
Increase (Decrease) in Provision for Loan Impairment	(237)	3,677
Interest and Bank Charges	<u>165</u>	<u>90</u>
	<u>(72)</u>	<u>10,270</u>
Excess (Deficiency) of Revenue over Expenditures	898	(9,633)
Surplus (Deficit) - Beginning of Year	<u>(7,774)</u>	<u>1,859</u>
Deficit - End of Year	<u>(6,876)</u>	<u>(7,774)</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, 2021

	2021	2020
	\$	\$
Revenue		
Interest and Other Revenue	<u>206</u>	<u>1,300</u>
Expenses	<u>-</u>	<u>-</u>
Excess of Revenue over Expenditures	206	1,300
Surplus - Beginning of Year	<u>3,379</u>	<u>2,079</u>
Surplus - End of Year	<u><u>3,585</u></u>	<u><u>3,379</u></u>

COMMUNITY FUTURES MOUNT WADDINGTON

Schedule 12 - WD RRRF Investment Fund Statement of Operations and Changes in Fund Balances

(Unaudited)

Year Ended March 31, 2021

	2021	2020
	\$	\$
Revenue		
Interest and Other Revenue	527	-
Forgiveness of Demand Debt	<u>218,750</u>	<u>-</u>
	<u>219,277</u>	<u>-</u>
Expenses		
Interest and Bank Charges	512	-
Forgiveness of Loans Receivable	<u>218,750</u>	<u>-</u>
	<u>219,262</u>	<u>-</u>
Excess of Revenue over Expenditures	15	-
Surplus - Beginning of Year	<u>-</u>	<u>-</u>
Surplus - End of Year	<u>15</u>	<u>-</u>