

**COMMUNITY FUTURES DEVELOPMENT  
CORPORATION OF NADINA**

**Non-consolidated Financial Statements**

**March 31, 2021**

	Independent Auditors' Report
Exhibit "A"	Non-consolidated Statement of Financial Position
Exhibit "B"	Non-consolidated Statement of Changes in Net Assets
Exhibit "C"	Non-consolidated Statement of Operations - General Operating Fund
Exhibit "D"	Non-consolidated Statement of Operations - Loan Investment Funds
Exhibit "E"	Non-consolidated Statement of Cash Flows
	Notes to Non-consolidated Financial Statements

# VANDERGAAG & BAKKER

Chartered Professional Accountants

1076 Main Street  
P.O. Box 2680  
Smithers, B.C.  
V0J 2N0

Partners  
Willy VanderGaag, Inc.  
Greg VanderGaag, Inc.  
Troy Van Damme, Inc.

Phone: (250) 847-2257  
Fax: (250) 847-5102  
Toll free: 1-888-499-2257  
E-mail: mail@bvcga.com

## INDEPENDENT AUDITORS' REPORT

To the directors of  
COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA  
Houston, B.C.

### Qualified Opinion

We have audited the non-consolidated financial statements of COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA which comprise the statement of financial position as at March 31, 2021 and the non-consolidated statement of changes in net assets, statement of operations, and statement of cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, these non-consolidated financial statements present fairly, in all material respects, the financial position of COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA as at March 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Qualified Opinion

Note 2(d) states that the corporation has adopted the policy of expensing tangible capital assets in the year of acquisition, rather than capitalizing and amortizing them over time. The financial statement effect of not amortizing the assets is less than the cumulative capital assets expensed in Note 5. Notes 2(g) & 4 indicate that the corporation has a wholly owned subsidiary which is not being recorded on a consolidated basis. The effects of non-consolidated statements have not been quantified. These treatments do not conform to Canadian accounting standards for not-for-profit organizations.

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 Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these 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 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.

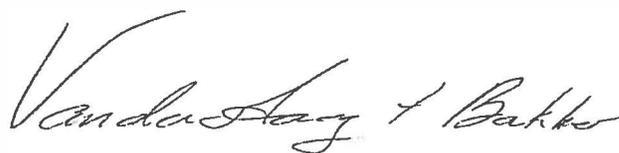
### **Auditors' Responsibilities for the Audit of the Financial Statements**

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 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 Society'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 Society'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 Society 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.



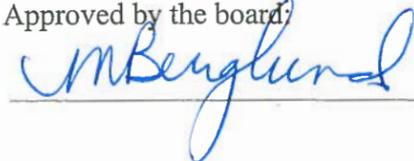
Smithers, B.C.  
June 15, 2021

Chartered Professional Accountants

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA**  
**(Combined Funds)**  
**NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**March 31, 2021**

	<u>Loan Investment Funds</u>						<u>2021</u>	<u>2020</u>
	WD Operating Fund	WD Conditionally Repayable	WD Non-repayable	WD Conditionally Repayable EDP	B.C. Futures	RRRF		
<b>ASSETS</b>								
<b>CURRENT</b>								
Cash and short-term deposits	\$ 52,177	\$ 293,418	\$ 152,308	\$ 19,954	\$ -	\$ 58,027	\$ 575,884	\$ 456,383
Accounts receivable	75,314	-	-	-	-	-	75,314	28,452
Due from government agencies	498	-	-	-	-	-	498	791
Prepaid expenses	3,032	-	-	-	-	-	3,032	2,289
Current portion of loans receivable (Note 3)	-	<u>194,231</u>	<u>42,982</u>	<u>2,624</u>	-	-	<u>239,837</u>	<u>273,679</u>
	<u>131,021</u>	<u>487,649</u>	<u>195,290</u>	<u>22,578</u>	-	<u>58,027</u>	<u>894,565</u>	<u>761,594</u>
<b>LOANS RECEIVABLE (Notes 3 &amp; 8)</b>	-	<b>895,605</b>	<b>198,418</b>	<b>11,780</b>	-	<b>1,371,000</b>	<b>2,476,803</b>	<b>1,273,399</b>
<b>INVESTMENT (Note 4)</b>	<b>2</b>	-	-	-	-	-	<b>2</b>	<b>2</b>
<b>TANGIBLE CAPITAL (Notes 2(d) &amp; 5)</b>	<b>1</b>	-	-	-	-	-	<b>1</b>	<b>1</b>
<b>INTERFUND RECEIVABLE</b>	-	<b>98,000</b>	-	-	-	-	<b>98,000</b>	<b>165,000</b>
<b>DUE FROM WHOLLY OWNED SUBSIDIARY (Note 6)</b>	<b>88,500</b>	-	-	-	-	-	<b>88,500</b>	<b>85,000</b>
	<u>\$ 219,524</u>	<u>\$ 1,481,254</u>	<u>\$ 393,708</u>	<u>\$ 34,358</u>	<u>\$ -</u>	<u>\$ 1,429,027</u>	<u>\$ 3,557,871</u>	<u>\$ 2,284,996</u>
<b>LIABILITIES</b>								
<b>CURRENT</b>								
Accounts payable and accrued liabilities	\$ 19,608	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,608	\$ 20,333
Wages and benefits	37,297	-	-	-	-	-	37,297	17,586
Deferred revenue (Note 12)	315	-	-	-	-	-	315	27,810
Loan payable (Note 7)	-	-	-	-	-	1,429,000	1,429,000	-
Current portion of long-term debt (Note 8)	-	-	-	-	-	-	-	21,287
	<u>57,220</u>	-	-	-	-	<u>1,429,000</u>	<u>1,486,220</u>	<u>87,016</u>
<b>LONG-TERM DEBT (Note 8)</b>	-	<b>1,590,000</b>	-	<b>200,000</b>	-	-	<b>1,790,000</b>	<b>1,790,000</b>
<b>INTERFUND PAYABLE</b>	-	-	-	<b>98,000</b>	-	-	<b>98,000</b>	<b>165,000</b>
	<u>57,220</u>	<u>1,590,000</u>	-	<u>298,000</u>	-	<u>1,429,000</u>	<u>3,374,220</u>	<u>2,042,016</u>
<b>NET ASSETS</b>								
<b>EXTERNALLY RESTRICTED NET ASSETS, per Exhibit "B"</b>								
	<u>162,304</u>	<u>(108,746)</u>	<u>393,708</u>	<u>(263,642)</u>	-	<u>27</u>	<u>183,651</u>	<u>242,980</u>
	<u>\$ 219,524</u>	<u>\$ 1,481,254</u>	<u>\$ 393,708</u>	<u>\$ 34,358</u>	<u>\$ -</u>	<u>\$ 1,429,027</u>	<u>\$ 3,557,871</u>	<u>\$ 2,284,996</u>

Approved by the board:



Director



Director

The attached notes are an integral part of these financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA**  
**(Combined Funds)**  
**NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**  
**For the Year Ended March 31, 2021**

	<u>Loan Investment Funds</u>						<u>2021</u>	<u>2020</u>
	WD Operating Fund	WD Conditionally Repayable	WD Non-repayable	WD Conditionally Repayable EDP	B.C. Futures	RRRF		
BALANCE, beginning of year	\$ 147,055	\$ (168,354)	\$ 380,356	\$ (49,470)	\$ (66,607)	\$ -	\$ 242,980	\$ 191,098
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE), per Exhibits "C" and "D"	15,249	126,215	13,352	(214,172)	-	27	(59,329)	51,882
INTERFUND TRANSFERS	-	(66,607)	-	-	66,607	-	-	-
BALANCE, end of year, to Exhibit "A"	<u>\$ 162,304</u>	<u>\$ (108,746)</u>	<u>\$ 393,708</u>	<u>\$ (263,642)</u>	<u>\$ -</u>	<u>\$ 27</u>	<u>\$ 183,651</u>	<u>\$ 242,980</u>

The attached notes are an integral part of these financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA**  
**(WD Operating Fund)**  
**NON-CONSOLIDATED STATEMENT OF OPERATIONS**  
**For the Year Ended March 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>REVENUE</b>		
Government funding (Note 15)	\$ 492,337	\$ 427,712
Rental income	51,885	51,401
Fee for services (Note 11)	19,507	19,407
Interest and miscellaneous income	<u>928</u>	<u>371</u>
	<u>564,657</u>	<u>498,891</u>
<b>ADMINISTRATIVE AND GENERAL EXPENSES</b>		
Advertising and promotion	1,894	4,956
Capital expenditures (Note 2(d))	18,473	-
Community economic development	6,000	3,369
Employee benefits	42,367	30,309
Insurance	3,881	2,415
Interest and bank charges	2,452	1,650
Licences, fees and dues	2,981	1,954
Office supplies	28,246	24,707
Professional fees	20,665	22,953
Rent (Note 11)	78,828	78,686
Repairs and maintenance	16,351	13,726
Subcontract	11,150	71,803
Telephone	7,983	6,390
Training and education	4,402	34,938
Travel	8,748	7,206
Wages	294,666	188,058
Workers' compensation	<u>321</u>	<u>244</u>
	<u>549,408</u>	<u>493,364</u>
<b>EXCESS OF REVENUE OVER EXPENSES, to Exhibit "B"</b>	<u>\$ 15,249</u>	<u>\$ 5,527</u>

The attached notes are an integral part of these financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA**  
**(Loan Investment Funds)**  
**NON-CONSOLIDATED STATEMENT OF OPERATIONS**  
**For the Year Ended March 31, 2021**

	<u>Loan Investment Funds</u>					<u>2021</u>	<u>2020</u>
	WD Conditionally Repayable	WD Non-repayable	WD Conditionally Repayable EDP	B.C. Futures	RRRF		
<b>REVENUE</b>							
Loan interest	\$ 73,195	\$ 13,242	\$ 2,879	\$ -	\$ -	\$ 89,316	\$ 109,369
Bank interest	<u>235</u>	<u>110</u>	<u>64</u>	<u>-</u>	<u>27</u>	<u>436</u>	<u>369</u>
	<u>73,430</u>	<u>13,352</u>	<u>2,943</u>	<u>-</u>	<u>27</u>	<u>89,752</u>	<u>109,738</u>
<b>ADMINISTRATIVE AND GENERAL EXPENSES</b>							
Bad debts (recovered)	(52,880)	-	217,115	-	-	164,235	61,762
Interest and bank charges	-	-	-	-	-	-	175
Interest on long-term debt	95	-	-	-	-	95	1,166
Professional fees	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>280</u>
	<u>(52,785)</u>	<u>-</u>	<u>217,115</u>	<u>-</u>	<u>-</u>	<u>164,330</u>	<u>63,383</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>							
<b>(EXPENSES OVER REVENUE), to Exhibit "B"</b>	<u>\$ 126,215</u>	<u>\$ 13,352</u>	<u>\$ (214,172)</u>	<u>\$ -</u>	<u>\$ 27</u>	<u>\$ (74,578)</u>	<u>\$ 46,355</u>

The attached notes are an integral part of these financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA**  
**(Combined Funds)**  
**NON-CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the Year Ended March 31, 2021**

	<u>Loan Investment Funds</u>						<u>2021</u>	<u>2020</u>
	WD Operating Fund	WD Conditionally Repayable	WD Non-repayable	WD Conditionally Repayable EDP	B.C. Futures	RRRF		
<b>CASH PROVIDED BY (USED IN):</b>								
<b>OPERATING ACTIVITIES</b>								
<b>EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE), per Exhibits "C" and "D"</b>	\$ 15,249	\$ 126,215	\$ 13,352	\$ (214,172)	\$ -	\$ 27	\$ (59,329)	\$ 51,882
Net (increase) decrease in non-cash current assets								
Accounts receivable	(46,862)	-	-	-	-	-	(46,862)	(25,867)
Due from government agencies	294	-	-	-	-	-	294	(305)
Prepaid expenses	(743)	-	-	-	-	-	(743)	1,563
	<u>(47,311)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(47,311)</u>	<u>(24,609)</u>
Net increase (decrease) in non-cash current liabilities								
Accounts payable and accrued liabilities	(725)	-	-	-	-	-	(725)	(25,781)
Wages and benefits	19,710	-	-	-	-	-	19,710	(952)
Deferred revenue	(27,495)	-	-	-	-	-	(27,495)	(29,937)
	<u>(8,510)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,510)</u>	<u>(56,670)</u>
Net (increase) in total non-cash working capital balances	<u>(55,821)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(55,821)</u>	<u>(81,279)</u>
<b>INVESTING ACTIVITIES</b>								
Investment in loans receivable	-	(203,960)	(136,380)	-	-	(1,429,000)	(1,769,340)	(814,181)
Repayment of loans receivable	-	290,039	20,607	231,132	-	58,000	599,778	771,072
Advance to wholly owned subsidiary	(3,500)	-	-	-	-	-	(3,500)	-
Repayment of advance to wholly owned subsidiary	-	-	-	-	-	-	-	3,018
	<u>(3,500)</u>	<u>86,079</u>	<u>(115,773)</u>	<u>231,132</u>	<u>-</u>	<u>(1,371,000)</u>	<u>(1,173,062)</u>	<u>(40,091)</u>
<b>FINANCING ACTIVITIES</b>								
Proceeds from issuance of loan payable	-	-	-	-	-	1,429,000	1,429,000	-
Repayment of long-term debt	-	(21,287)	-	-	-	-	(21,287)	(51,845)
Interfund transfers	-	393	-	-	(393)	-	-	-
	<u>-</u>	<u>(20,894)</u>	<u>-</u>	<u>-</u>	<u>(393)</u>	<u>1,429,000</u>	<u>1,407,713</u>	<u>(51,845)</u>
<b>NET CASH INCREASE (DECREASE)</b>	<u>(44,072)</u>	<u>191,400</u>	<u>(102,421)</u>	<u>16,960</u>	<u>(393)</u>	<u>58,027</u>	<u>119,501</u>	<u>(121,333)</u>
<b>CASH POSITION, beginning of year</b>	<u>96,249</u>	<u>102,018</u>	<u>254,729</u>	<u>2,994</u>	<u>393</u>	<u>-</u>	<u>456,383</u>	<u>577,716</u>
<b>CASH POSITION, end of year</b>	<u>\$ 52,177</u>	<u>\$ 293,418</u>	<u>\$ 152,308</u>	<u>\$ 19,954</u>	<u>\$ -</u>	<u>\$ 58,027</u>	<u>\$ 575,884</u>	<u>\$ 456,383</u>
<b>CASH POSITION REPRESENTED BY</b>								
Cash and short-term deposits	<u>\$ 52,177</u>	<u>\$ 293,418</u>	<u>\$ 152,308</u>	<u>\$ 19,954</u>	<u>\$ -</u>	<u>\$ 58,027</u>	<u>\$ 575,884</u>	<u>\$ 456,383</u>

The attached notes are an integral part of these financial statements.

# COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

---

### 1. PURPOSE OF THE ORGANIZATION

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA is an organization operating programs aimed at stimulating community based small business and employment development on a not-for-profit basis and as such is not subject to taxation. COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA was incorporated by Letters Patent under the Canada Corporations Act on March 30, 1995 and was transitioned under the Canada Not-for-profit Corporations Act on June 10, 2014.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

(a) Cash and short-term deposits

Cash and short-term deposits are comprised of bank account balances net of any outstanding withdrawals and highly liquid short-term deposits.

(b) Financial instruments

Financial assets and liabilities are measured initially at fair value. Subsequent measurement is at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

(c) Investments in subsidiaries

The organization elected to account for its investments in subsidiaries using the cost method. The investment is recorded at its cost and dividends received or receivable are reported in income. Impairment of the investment is determined when events or changes in circumstances indicate that there is possible impairment. Subsequent reversals of impairment are recorded if its fair value improves.

(d) Tangible capital assets

The organization has adopted the policy to expense tangible capital assets in the year of acquisition. Tangible capital assets are being carried on the statement of financial position at a nominal value of \$1.

(e) Revenue recognition

Government funding is recognized as revenue in the year in which the funding contract relates.

Rental revenue is recognized over the term of the related agreements. Property taxes, insurance and other operating costs recovered from lessees are recognized as revenue in the period in which the applicable costs are incurred.

Fee for service revenue is recognized under the completed contract method and when there is persuasive evidence that an arrangement exists and collection is reasonably assured.

Loan interest income is recognized in the period in which it is earned and when there is persuasive evidence that an arrangement exists and collection is reasonably assured.

(f) Fund accounting

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA follows the restricted fund method of accounting for contributions.

The WD Operating Fund accounts for the organization's program delivery and administrative activities. This fund reports the restricted operating grants and unrestricted resources available to pay for eligible administrative expenses.

The Loan Investment Funds report only the restricted resources that are to be used for loans to small businesses.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA**

**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2021**

---

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

(g) Non-consolidated financial statements

Consolidated financial statements have not been prepared as required by Canadian accounting standards for non-profit organizations due to the fact that all pertinent information regarding the company and its subsidiary is available to the directors. Some users of these financial statements may require further information.

(h) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses for the reporting period. Significant areas requiring the use of management estimates are the collectibility of loans receivable. Actual results could differ from these estimates.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA**

**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2021

**3. LOANS RECEIVABLE**

	<u>Loan Investment Funds</u>					<u>2021</u>	<u>2020</u>
	<u>WD</u> <u>Conditionally</u> <u>Repayable</u>	<u>WD</u> <u>Non-repayable</u>	<u>WD</u> <u>Conditionally</u> <u>Repayable</u> <u>EDP</u>	<u>B.C. Futures</u>	<u>RRRF</u>		
Loans receivable are due from various clients and advances by the corporation as part of their mandate to create and maintain regional employment. Interest is charged between 2 and 5% over prime rate (2.45% at March 31, 2021), with maturity dates ranging from fiscal 2021 to 2026. Normal lending practices are followed and security is registered when deemed appropriate. The loans have been disclosed net of an allowance for loan impairment (2021 - \$319,579; 2020 - \$155,344).	\$ 1,089,836	\$ 241,400	\$ 14,404	\$ -	\$ 1,371,000	\$ 2,716,640	\$ 1,547,078
Less, principal portion due within ensuing year	<u>194,231</u>	<u>42,982</u>	<u>2,624</u>	<u>-</u>	<u>-</u>	<u>239,837</u>	<u>273,679</u>
	<u>\$ 895,605</u>	<u>\$ 198,418</u>	<u>\$ 11,780</u>	<u>\$ -</u>	<u>\$ 1,371,000</u>	<u>\$ 2,476,803</u>	<u>\$ 1,273,399</u>

Based on the terms of the loans receivable disclosed above, the estimated amount of principal portions due in each subsequent year are as follows:

2022	\$ 239,837
2023	\$ 620,208
2024	\$ 470,404
2025	\$ 496,209
2026	\$ 466,554

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA has made certain loans with terms outside the usual lending limits and minimum interest rates prescribed by Western Economic Diversification. These loans have been made according to NADINA's established policies for exceptional loans. The aggregate values of exceptional loans are:

	<u>2021</u>	<u>2020</u>
Loans in excess of \$150,000 to a single borrower (2021 - one borrower; 2020 - two borrowers)	<u>227,867</u>	<u>400,529</u>
Loans (other than RRRF loans) with interest rates below prime plus 2% (2021 - one borrower; 2020 - one borrower)	<u>6,737</u>	<u>16,637</u>

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA**

**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2021

**4. INVESTMENT**

	<u>Loan Investment Funds</u>							
	WD	WD	WD					
WD Operating Fund	Conditionally Repayable	Non-repayable	Conditionally Repayable EDP	B.C. Futures	RRRF	<u>2021</u>	<u>2020</u>	
Skeena Nechako Communications Inc. - 100% ownership representing 2 Class "A" common shares, at cost.	\$ <u>2</u>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ <u>2</u>	\$ <u>2</u>

**5. TANGIBLE CAPITAL ASSETS**

	<u>Loan Investment Funds</u>							
	WD	WD	WD					
WD Operating Fund	Conditionally Repayable	Non-repayable	Conditionally Repayable EDP	B.C. Futures	RRRF			
Equipment	\$ 9,076	\$ -	\$ -	\$ -	\$ -	\$ 9,076	\$ 10,438	
Furniture & fixtures	36,066	-	-	-	-	36,066	36,697	
Computer hardware	26,013	-	-	-	-	26,013	13,961	
Computer software	-	-	-	-	-	-	10,865	
	<u>71,155</u>	-	-	-	-	<u>71,155</u>	<u>71,961</u>	
Capital items expensed	<u>71,154</u>	-	-	-	-	<u>71,154</u>	<u>71,960</u>	
	\$ <u>1</u>	\$ -	\$ -	\$ -	\$ -	\$ <u>1</u>	\$ <u>1</u>	

**6. DUE FROM WHOLLY OWNED SUBSIDIARY**

	<u>Loan Investment Funds</u>							
	WD	WD	WD					
WD Operating Fund	Conditionally Repayable	Non-repayable	Conditionally Repayable EDP	B.C. Futures	RRRF			
Amounts due from Skeena Nechako Communications Ltd., a wholly owned subsidiary corporation, non-interest bearing, unsecured with no specific terms of repayment.	<u>88,500</u>	-	-	-	-	<u>88,500</u>	<u>85,000</u>	

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA**

**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2021

**7. LOAN PAYABLE**

<u>Loan Investment Funds</u>								
WD Operating Fund	WD Conditionally Repayable	WD Non-repayable	WD Conditionally Repayable EDP	B.C. Futures	RRRF			
						<u>2021</u>	<u>2020</u>	
Funds advanced through Community Futures Development Association of British Columbia to provide a Regional Relief and Recovery Fund (RRRF) for the loan portfolio as indicated. The funds are non-secured, non-interest bearing, and due on demand, repayable in any event no later than December 31, 2025. The maximum amount authorized under this portfolio is \$1,780,000.								
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,429,000	\$ 1,429,000	\$ -	

**8. LONG-TERM DEBT**

<u>Loan Investment Funds</u>								
WD Operating Fund	WD Conditionally Repayable	WD Non-repayable	WD Conditionally Repayable EDP	B.C. Futures	RRRF			
Funds advanced through Western Economic Diversification to provide funding for the loan portfolio as indicated. The funds are non-secured, non-interest bearing, no terms of repayment and no maturity date.								
\$ -	\$ 1,590,000	\$ -	\$ 200,000	\$ -	\$ -	\$ 1,790,000	\$ 1,790,000	
Community Futures Development Association of BC	-	-	-	-	-	-	21,287	
\$ -	\$ 1,590,000	\$ -	\$ 200,000	\$ -	\$ -	\$ 1,790,000	\$ 1,811,287	
Less, principal portion due within ensuing year	-	-	-	-	-	-	21,287	
\$ -	\$ 1,590,000	\$ -	\$ 200,000	\$ -	\$ -	\$ 1,790,000	\$ 1,790,000	

Under the repayment terms of the Repayable Investment Fund and Disabled Entrepreneurial Investment Fund, the amounts repayable will be reduced by losses incurred under the loan portfolios. The estimated amount of loans repayable at March 31, 2021 is \$1,417,612 (2020 - \$1,572,176). The long-term debt has not been reduced to this amount as there are future events which will affect the final loan repayment amount at the due dates of the loans. Repayment of these loans is contingent upon certain events or conditions occurring as stipulated in the funding agreements, and not actual repayment dates.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA**

**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2021

**9. EXTERNALLY RESTRICTED NET ASSETS**

Externally imposed restrictions have been placed on the net assets which require that the contributions received and any monies earned while the contributions may be on deposit are to be used for eligible expenses of the Funds of the Corporation as defined in certain contracts.

**10. NON-REPAYABLE GRANTS**

Since the inception of COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA the corporation has received capital grants which have been recorded as a contribution to net assets. The amount of capital grants received to date is \$750,000 and has been received from the following:

Government of Canada (1996)	\$ 250,000
Forest Renewal British Columbia (1997)	\$ 250,000
Forest Renewal British Columbia (1999)	\$ 250,000

**11. RELATED PARTY TRANSACTIONS**

The transactions recorded below were carried out in the normal course of operations and are measured at the exchange amount.

	<b>Loan Investment Funds</b>							
	WD Operating Fund	WD Conditionally Repayable	WD Non-repayable	WD Conditionally Repayable EDP	B.C. Futures	RRRF	<u>2021</u>	<u>2020</u>
During the year, the corporation was charged by a wholly owned subsidiary company, Skeena Nechako Communications Inc., for:								
Rent	\$ <u>43,428</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>43,428</u>	\$ <u>43,428</u>
During the year the corporation charged a wholly owned subsidiary company, Skeena Nechako Communications Inc., for:								
Fee for services	\$ <u>13,500</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>13,500</u>	\$ <u>8,000</u>

## COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA

### NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

---

#### 12. DEFERRED REVENUE

Deferred revenue of \$315 at March 31, 2021 (2020 - \$27,810) has been recorded for April 2021 revenue received in advance from a commercial tenant.

#### 13. STATUTORY REPORTING

A condition of the agreement with the Government of Canada requires an opinion on the administration for the funding detailed in Note 8. We have reviewed the agreements between COMMUNITY FUTURES DEVELOPMENT CORPORATION OF NADINA and HER MAJESTY THE QUEEN IN THE RIGHT OF CANADA dated March 31, 1995 and subsequent amendments. Nothing has come to our attention which would indicate that there has been any breach of the terms or conditions of the agreement for the current year.

#### 14. FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash and short-term deposits, receivables, payables, long-term debt, and related-party loans. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant credit, interest rate, liquidity, or market (other price) risks arising from these financial instruments. Market risks result from changes in interest rates, exchange rates of foreign currencies and market prices of financial instruments.

##### **Credit risk**

The organization's exposure to credit risk consists principally of cash and short-term investments and loans receivable. The organization maintains cash and short-term investments with reputable and major financial institutions. The loans receivable balances are reviewed on a periodic basis and management maintains relationships with clients to reduce risk of uncollectible loans.

##### **Interest rate risk**

The organization is exposed to interest rate risk with respect to its long-term debt.

Interest rate risk is minimized through management's constant review of maturing debt. The Company structures its finances as to be able to meet its current debt obligations under the current terms through cash flow analysis.

##### **Liquidity risk**

The organization is exposed to liquidity risk in meeting its obligations associated with financial liabilities, which is dependent on receipt of funds on outstanding loans and on the securement of government funding.

#### 15. ECONOMIC DEPENDENCE

The corporation's operations consist of operating programs aimed at stimulating community based small business and employment development by securing funds from the Government of Canada, which in the current year amounted to 64% (2020 - 55%) of total revenues. A funding contract is in place from April 1, 2021 to March 31, 2026 which provides basic annual funding of \$329,939.

The corporation's operations are also dependent by securing funds from the Provincial Government of British Columbia, which in the current year amounted to 11% (2020 - 10%) of total revenues. There are currently no funding contracts in place to cover subsequent periods from the Provincial Government of British Columbia.