

Community Futures East Kootenay  
Financial Statements  
And Independent Auditors' Report thereon  
March 31, 2024

## **Independent Auditor's Report**

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To the Board of Directors of Community Futures East Kootenay

### **Opinion**

We have audited the non-consolidated financial statements of Community Futures East Kootenay (the "Corporation"), which comprise the non-consolidated statement of financial position as at March 31, 2024, and the non-consolidated statements of operations, changes net assets and 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, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2024, and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

### **Basis for Opinion**

We conducted our audit in accordance with Canadian auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the non-consolidated 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.

### **Other Matters**

The non-consolidated financial statements for the year ended March 31, 2023 were audited by another auditor who expressed an unmodified opinion on those non-consolidated financial statements on September 21, 2023.

### **Responsibilities of Management and Those Charged with Governance for the non-consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with ASNPOs, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated 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.

### **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management override of internal control.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

*Rice & Company LLP*

Chartered Professional Accountants

Nelson, BC


July 10, 2024

**Community Futures East Kootenay  
Non-Consolidated Statement of Financial Position**

As at March 31,	Note	General Fund	Investment Loan Fund	2024	2023
<b>Assets</b>					
<b>Current assets</b>					
Cash	4	\$ 362,511	\$ 2,912,620	\$ 3,275,131	\$ 2,591,796
Accounts receivable		3,586	-	3,586	-
Marketable securities	5	49,854	-	49,854	47,184
Loan interest and fees receivable	6	-	364,852	364,852	250,531
		415,951	3,277,472	3,693,423	2,889,511
Tangible capital assets	7	-	-	-	2,328
Loans receivable	8	-	4,964,648	4,964,648	7,114,448
Long term investments	9	500	1	501	501
Inter-fund receivable (payable)		29,058	(29,058)	-	-
		\$ 445,509	\$ 8,213,063	\$ 8,658,572	\$ 10,006,788
<b>Liabilities and Fund Balances</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities	10	\$ 43,004	\$ -	\$ 43,004	\$ 71,940
Deferred income	11	245,997	-	245,997	153,815
		289,001	-	289,001	225,755
Long term debt	12		302,000	302,000	2,113,000
		289,001	302,000	591,001	2,338,755
<b>Fund Balances</b>					
Contributed funds	13	-	2,875,000	2,875,000	2,875,000
Restricted loan funds		-	5,036,063	5,036,063	4,651,063
Invested in tangible capital assets		-	-	-	2,328
Unrestricted		156,508	-	156,508	139,642
		156,508	7,911,063	8,067,571	7,668,033
		\$ 445,509	\$ 8,213,063	\$ 8,658,572	\$ 10,006,788

See accompanying notes to the financial statements.

Approved by the Board of Directors,

 , Director

 , Director

## Community Futures East Kootenay Non-Consolidated Statement of Operations

For the year ended March 31,			2024			2023
	General Fund	Investment Loan Fund	Total		Total	
<b>Revenue</b>						
Pacific Economic Development Canada	\$ 305,955	\$ -	\$ 305,955	\$	305,955	\$ 305,955
Provincial grants	407,818	-	407,818		407,818	246,346
Interest on investment funds and loans	-	467,333	467,333		467,333	327,360
Interest on deposits	17,389	140,196	157,585		157,585	72,592
Loan and administration fees	73,669	-	73,669		73,669	75,410
Other revenue	39,443	-	39,443		39,443	34,183
	844,274	607,529	1,451,803		1,451,803	1,061,846
<b>Expenses</b>						
Advertising and promotion	4,802	-	4,802		4,802	4,335
Amortization	2,328	-	2,328		2,328	13,011
Consulting fees	14,232	-	14,232		14,232	16,780
Economic development, projects and events	319,962	-	319,962		319,962	169,114
Insurance, licenses and dues	7,464	-	7,464		7,464	10,339
Interest, bank and service charges	1,257	3,088	4,345		4,345	4,405
Loan loss provision	-	29,441	29,441		29,441	76,430
Office and equipment rent	47,388	-	47,388		47,388	49,250
Office, supplies and miscellaneous	16,463	-	16,463		16,463	15,723
Professional fees	37,071	-	37,071		37,071	36,499
Purchase of equipment	4,424	-	4,424		4,424	44,769
Technical assistance	2,434	-	2,434		2,434	2,116
Training	11,601	-	11,601		11,601	13,904
Travel	13,273	-	13,273		13,273	18,932
Wages and benefits	431,375	-	431,375		431,375	467,013
	914,074	32,529	946,603		946,603	942,620
<b>Excess (deficiency) of revenue over expenditures from operations</b>	(69,800)	575,000	505,200		505,200	119,226
Other income						
Unrealized gain (loss) on marketable securities	2,670	-	2,670		2,670	(8,811)
<b>Excess (deficiency) of revenue over</b>	\$ (67,130)	\$ 575,000	\$ 507,870	\$	507,870	\$ 110,415

See accompanying notes to the non-consolidated financial statements.

**Community Futures East Kootenay**  
**Non-Consolidated Statement of Changes in Fund Balances**

**Year ended March 31, 2024, with comparative figures for 2023**

<b>Year ended March 31, 2024</b>	<b>Contributed Funds</b>	<b>Restricted Loan Funds</b>	<b>Invested in Capital</b>	<b>Unrestricted</b>	<b>Total</b>
Fund Balances, March 31, 2023	\$ 2,875,000	\$ 4,651,063	\$ 2,328	\$ 139,642	\$ 7,668,033
Excess (deficiency) of revenue over expenses	-	575,000	(2,328)	(64,802)	507,870
Transfer of fund balances:					
Administration and other fees	-	-	-	(108,332)	(108,332)
Loan interest transfer	-	(190,000)	-	190,000	-
<b>Fund Balances, March 31, 2024</b>	<b>\$ 2,875,000</b>	<b>\$ 5,036,063</b>	<b>\$ -</b>	<b>\$ 156,508</b>	<b>\$ 8,067,571</b>
<b>Year ended March 31, 2023</b>	<b>Contributed Funds</b>	<b>Restricted Loan Funds</b>	<b>Invested in Capital</b>	<b>Unrestricted</b>	<b>Total</b>
Fund Balances, March 31, 2022	\$ 2,875,000	\$ 4,517,967	\$ 15,339	\$ 149,313	\$ 7,557,619
Excess (deficiency) of revenue over expenses	-	313,446	(13,011)	(190,021)	110,414
Transfer of fund balances:					
Loan interest transfer	-	(180,350)	-	180,350	-
Acquisition of tangible capital assets	-				-
<b>Fund Balances, March 31, 2023</b>	<b>\$ 2,875,000</b>	<b>\$ 4,651,063</b>	<b>\$ 2,328</b>	<b>\$ 139,642</b>	<b>\$ 7,668,033</b>

**Community Futures East Kootenay  
Non-Consolidated Statement of Cash Flows**

For the year ended March 31,	General Fund	Investment Loan Fund	2024	2023
<b>Cash provided by (used in):</b>				
<b>Cash flows from operating activities</b>				
Excess of revenues over expenditures	\$ (67,130)	575,000	507,870	110,414
Items not affecting cash:				
Amortization of tangible capital assets	2,328	-	2,328	13,011
Unrealized (gains) losses on marketable securities	(2,670)	-	(2,670)	8,811
Changes in non-cash working capital:				
Loan interest and fees receivable	-	(114,321)	(114,321)	(19,461)
Accounts receivable	(3,586)	-	(3,586)	
Prepaid expenses			-	1,961
Accounts payable and accrued liabilities	(28,936)	-	(28,936)	47,929
Deferred income	92,182	-	92,182	(56,714)
<b>Net cash provided by (used in) operating activities</b>	<b>(7,812)</b>	<b>460,679</b>	<b>452,867</b>	<b>105,951</b>
<b>Cash flows from investing activities</b>				
Loans receivable (net)	-	2,149,800	2,149,800	(660,155)
<b>Net cash provided by investing activities</b>	<b>-</b>	<b>2,149,800</b>	<b>2,149,800</b>	<b>(660,155)</b>
<b>Cash flows from financing activities</b>				
Provision for forgivable portion of loan repayment	-	(1,811,000)	(1,811,000)	(12,000)
Interfund transfers	107,410	(215,742)	(108,332)	-
<b>Net cash provided by financing activities</b>	<b>107,410</b>	<b>(2,026,742)</b>	<b>(1,919,332)</b>	<b>(12,000)</b>
<b>Increase in cash</b>	<b>99,598</b>	<b>583,737</b>	<b>683,335</b>	<b>(566,204)</b>
<b>Cash, beginning of year</b>	<b>262,913</b>	<b>2,328,883</b>	<b>2,591,796</b>	<b>3,158,000</b>
<b>Cash, end of year</b>	<b>\$ 362,511</b>	<b>\$ 2,912,620</b>	<b>\$ 3,275,131</b>	<b>\$ 2,591,796</b>

See accompanying notes to the non-consolidated financial statements.



**Community Futures East Kootenay**  
**Notes to Non-Consolidated Financial Statements**  
**Year Ended March 31, 2024**

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**1. Purpose of the Organization**

Community Futures East Kootenay (the "Organization") was incorporated without share capital under Part II of the Canada Corporations Act by Letters Patent dated March 24, 1995. The Organization was subsequently registered as an extra-provincial society on September 15, 1995 under the British Columbia Societies Act.

The Organization promotes economic development and the creation of jobs and wealth in the East Kootenay region by providing small-business loans for start-up, expansion or the purchase of existing businesses.

The Organization is a not-for-profit organization and exempt from income tax under the Income Tax Act.

**2. Basis of presentation**

The non-consolidated financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

**3. Summary of material accounting policies**

*Fund accounting*

Community Futures East Kootenay follows the restricted fund method of accounting for contributions.

The General Fund accounts for the Organization's revenues and expenditures related to operating and administration activities, program deliveries and loan management and administration costs.

The Investment Loan Fund reports restricted resources that are to be used to provide assistance to small business and entrepreneurs in the form of loans, loan guarantees or equity participation. The Organization is restricted in the types of loans than can be made according to its agreement with the Federal Government. Loans from the Loan Investment Fund for the Disabled are limited to businesses owned and operated by disabled entrepreneurs.

*Cash and cash equivalents*

Cash includes cash and cash equivalents. Cash equivalents are investments in cashable terms are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than 180 days. Management has classified these as cash equivalents as they can be cashed at the Organization's discretion.

**3. Summary of material accounting policies (*continued*)**

*Marketable securities*

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of statement of revenues and expenditures.

*Investments with significant influence*

The Organization's investment in 1069666 B.C. Ltd. includes 33.33% of the outstanding voting shares and the ability to appoint 2 of 6 members on the board of directors. The Organization exercises significant influence over 1069666 B.C. Ltd and accounts for the investment by the equity method. Accordingly, the investment is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and dividends received.

*Tangible capital assets*

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a straight-line basis at the following rates and methods:

*Leasehold improvements*                      *5 years straight-line method*

The Organization regularly reviews its tangible capital assets to eliminate obsolete items. Government grants are treated as a reduction of cost.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

*Allowance for impaired loans*

The Organization maintains an allowance for impaired loans in the amount management considers adequate to absorb losses in its loan portfolio. The allowance is determined on a loan by loan basis. This allowance is the amount required to reduce the carrying value of each loan to its estimated realizable amount.

*Revenue recognition*

Unrestricted and restricted contributions of the Investment Loan Fund are recognized as revenue of the appropriate fund when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Restricted contributions related to the General Fund are recognized as revenue of the General Fund in the year in which the related expenses are incurred.

**Community Futures East Kootenay**  
**Notes to Non-Consolidated Financial Statements**  
**Year Ended March 31, 2024**

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**3. Summary of material accounting policies (continued)**

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Deferred revenue consists of funds received under such agreements for which the related expenses have not been incurred. They will be recognized as revenue in the year in which the related expenses are incurred.

*Financial instruments*

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

*Measurement uncertainty*

The preparation of financial statements in conformity with Canadian accounting standards for not for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates, including provision for loan losses and amortization are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

**4. Cash and cash equivalents**

Cash balances are held in multiple accounts with one financial institution earning interest at 0.85%-4.47%. Included in cash are amounts restricted of \$2,328,883 (2022 - \$2,861,910 in the Investment Loan fund and represent amounts to be used to provide loans in the future.

The Canada Deposit Insurance Corporation (CDIC) insures each of the Canadian Chartered Bank current accounts up to \$100,000. The aggregate funds held in one account may exceed the CDIC insured limit from time to time and funds held by the institution may not be covered by CDIC insurance. Management does not anticipate any material effect on the financial position of the Organization as a result to this concentration.

The bank account in the General Operating Fund carries overdraft protection of \$40,000. As at March 31, 2023, the overdraft is unused (2022 - nil).

**5. Marketable securities**

	2024	2023
BMO Nesbitt Burns	\$ 64,300	\$ 64,300
Allowance for excess (reduction) of cost over market value	(14,446)	(17,116)
	\$ 49,854	\$ 47,184

**Community Futures East Kootenay**  
**Notes to Non-Consolidated Financial Statements**  
**Year Ended March 31, 2024**

**6. Loans interest and fees receivable**

	<b>2024</b>	<b>2023</b>
Interest receivable	\$ 320,719	\$ 211,081
Fees receivable	44,133	39,450
	<b>\$ 364,852</b>	<b>\$ 250,531</b>

**7. Tangible capital assets**

			<b>2024</b>	<b>2023</b>
	Cost	Accumulated amortization	Net book value	Net book value
Leasehold improvements	\$ 65,053	\$ 65,053	\$ -	\$ 2,328

**8. Loans receivable**

The loans receivable consist of small business loans under a variety of programs in the Investment Loan Fund. Loans are normally repayable on a monthly basis at fixed interest rates ranging from 4.7% to 12.25% per annum compounded semi-annually, not in advance. The rate offered to a client varies with prime rate, the term of the loan, type of security offered and clients credit worthiness. In general, security for loans are obtained by one or more of chattel and real property mortgages and personal and a third party guarantees.

	Loan receivable	Allowance for Doubtful Accounts	<b>2024</b>	<b>2023</b>
Repayable	\$ 751,956	\$ (49,241)	\$ 702,715	\$ 1,000,318
Non-repayable	2,464,377	(3,659)	2,460,718	2,702,473
Community Business Loan Program (CBLP)	1,400,002	(44,140)	1,355,862	1,426,932
Disability	166,008	-	166,008	168,625
RRRF	279,345	-	279,345	1,816,100
	<b>\$ 5,061,688</b>	<b>\$ (97,040)</b>	<b>\$ 4,964,648</b>	<b>\$ 7,114,448</b>

The allowance for loan impairment is made based on expected loan default rates, potential loss ratios and review of loan portfolios, as determined by management. During the year loan losses of \$29,441 (2023 - \$76,430) were recorded which include changes in the allowance for impaired loans.

The Organization along with other Community Futures organizations, have provided syndicated loans to private companies of which the original principal of the loans outstanding at the end of the year is \$1,044,534 (2023 - \$1,809,430). The partners have agreed to each participate in varying amounts ranging from 11.16% up to 64.7% of the respective loans. The Organization has accounted for only its proportionate share of the syndicated loans of which are included in the Non-Repayable Fund loans receivable balance.

**Community Futures East Kootenay**  
**Notes to Non-Consolidated Financial Statements**  
**Year Ended March 31, 2024**

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**8. Loans receivable (Continued)**

The Organization, in accordance with their agreement with Pacific Economic Development Canada, is required to disclose loans issued where CFEK's portion of the outstanding balance is in excess of \$150,000. As at March 31, 2024 CFEK is obliged to disclose 8 such loans with a total outstanding balance owing to CFEK of \$1,982,539.

RRRF Loans:

The RRRF loans were provided to businesses with up to \$60,000 each to finance qualifying expenses during COVID-19. The loans are non-interest bearing with no scheduled payments until December 31, 2023. If the balance of the loan has been repaid by that date, 25% of the first \$40,000 and 50% of the amounts above \$40,000 and up to \$60,000 will be forgiven. If the full amount of the loan payments have not been made by December 31, 2023, the full outstanding balance of the loan will be converted to a 5% interest bearing loan to be repaid in monthly installments over a two year period ending December 31, 2025.

The loans were financed through the conditionally repayable loan from Community Futures British Columbia (CFBC) (Note 12).

**9. Long term investments**

	2024	2023
Investment in 1069666 B.C. Ltd.	\$ 1	\$ 1
Invest in EK Columbia Community Investment Co-op	500	500
	<u>\$ 501</u>	<u>\$ 501</u>

The shares held in the private company relate to 33% of total voting shares. The company is related by way of the shareholdings and ability to appoint 2 of 6 members to the board of directors.

The membership share in EKCCIC does not carry significantly influence and is accounted for using the cost method.

**10. Accounts payable and accrued liabilities**

	2024	2023
Trade payables and accrued liabilities	\$ 42,920	\$ 25,076
Government remittances payable	(2,525)	5,599
Accrued wages and vacation pay payable	2,609	41,265
	<u>\$ 43,004</u>	<u>\$ 71,940</u>

**Community Futures East Kootenay**  
**Notes to Non-Consolidated Financial Statements**  
**Year Ended March 31, 2024**

**11. Deferred revenue**

	<b>2024</b>	<b>2023</b>
Rural Dividend Grant	\$ 52,954	\$ 47,361
CFBC Regional Relief and Recovery Funds	43,000	58,500
CED	6,615	-
Other	51,014	2,000
Operating	25,496	-
Community Workforce Response	66,918	45,704
Junior Dragons' Den	-	250
	<b>\$ 245,997</b>	<b>\$ 153,815</b>

**12. Long term debt**

The Organization has received \$2,210,000 in funding from Community Futures BC (CFBC) to provide RRRF loans.

As of March 31, 2024, \$1,333,000 has been repaid and \$575,000 forgiven leaving a balance of \$302,000 outstanding that remains distributed as RRRF loans. The balance due to CFBC is noninterest bearing with no principal payments due until December 31, 2025. The balance to be repaid to CFBC will be reduced to the extent that the loans receivable are forgiven (Note 8) and by any loans that are not collectible and costs associated with attempts to collect loans in arrears.

As the Organization records financial liabilities at fair value, the balance outstanding has been recorded net of the \$575,000 forgivable portion of the loans receivable that have been repaid prior to March 31, 2024 and the Borrower's are entitled to the forgivable portion. The extent to which all Borrowers will repay to receive the forgivable portion is unknown at the date of these financial statements and as such no provision has been taken.

**13. Contributed funds**

	<b>2024</b>	<b>2023</b>
Non-repayable:		
Investment fund	\$ 1,450,000	\$ 1,450,000
Forest Renewal British Columbia	525,000	525,000
Conditionally repayable:		
Pacific Economic Development Canada (P.E.D.)	700,000	700,000
Pacific Economic Development Canada (P.E.D.)	200,000	200,000
	<b>\$ 2,875,000</b>	<b>\$ 2,875,000</b>

**13. Contributed funds (Continued)**

**Non-repayable:**

The Organization entered into an investment fund agreement on June 1, 1994 whereby the Organization received a grant over time totaling \$1,450,000 to be used to assist in creating new small business and to expand, stabilize and protect existing businesses, resulting in the generation and maintenance of permanent employment. Financial assistance may be in the form of loans, loan guarantees and equity participation.

The Organization also entered into an agreement on May 21, 1996 with Forest Renewal British Columbia whereby the Organization received a \$400,000 grant, which was matched by the Organization with existing loans and cash. The funds must be used to provide loans, business counselling and training to small and medium size forest sector enterprises in British Columbia. An additional \$125,000 was provided on January 25, 2001 for a total of \$525,000. Forest Renewal British wound up in 2003 and has ceased operations. The fund is now administered by the Community Business Loans Programs (CBLP).

**Conditionally repayable:**

In 1997, \$700,000 was received from Pacific Economic Development Canada ("P.E.D."), which was formerly known as Western Economic Diversification Canada, as a conditionally repayable contribution to provide for the funding of loans, loan guarantees and equity investments in businesses. In 1998, \$200,000 was received from P.E.D. to provide similar funding for disabled entrepreneurs (as defined in the funding agreement) for a total of \$900,000. The contribution is conditionally repayable upon 30 days written notice from the Minister of P.E.D. under the following circumstances:

1. it is the Minister's opinion that the Conditionally Repayable Investment Funds are not providing satisfactory levels of benefits in terms of employment creation, the development of community-owned or controlled businesses, and strengthening of the Western Canadian economy
2. it is the Minister's opinion that the Conditionally Repayable Investment Fund is no longer necessary or relevant to the development of the Western Canadian economy; or
3. the Organization is in default of the terms of the agreement(s).

**Rocky Mountain Business Development Centre Society**

The Organization controls Rocky Mountain Business Development Society (RMBDCS), an organization related by way of a common board of directors and management team. RMBDCS is incorporated under the Societies Act of British Columbia and was established to acquire or lease a building which, in turn, it leases to the Organization to carry out its operations. Compiled financial information of RMBDCS is available on request.

**Community Futures East Kootenay**  
**Notes to Non-Consolidated Financial Statements**  
**Year Ended March 31, 2024**

**13. Contributed funds (Continued)**

Unaudited financial summaries of RMBDCS as at March 31, 2024 and the for year then ended, are as follows:

	2024	2023
<b>Statement of Financial Position</b>		
Current assets	\$ 47,803	\$ 46,457
Tangible capital assets	31,958	71,185
	<u>79,761</u>	<u>117,642</u>
Current liabilities	3,372	50,301
Net assets	76,389	67,341
	<u>79,761</u>	<u>117,642</u>

**14. Related parties**

<b>Statement of Revenues and Expenditures</b>		
Total revenues	338,422	260,153
Total expenditure	(329,374)	(287,855)
	<u>9,048</u>	<u>(27,702)</u>

The Organization earned interest and loan fees of \$2,163 (2023 - \$3,378) and for janitorial services and supplies of \$16,800 (2023 - \$16,800). In addition, the Organization paid office and equipment rent of \$46,228 (2023 - \$47,708). These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

As at March 31, 2024, the RMBDCS has a loan with the Organization with an outstanding balance of \$0 plus accrued interest and loan fees of \$168 (2023 - \$168).

**1069666 B.C. Ltd.**

The Organization owns 33.33% of the outstanding voting shares and has the ability to appoint 2 of 6 board members

	2024	2023
Interest earned on loan	\$ 7,578	\$ 7,210

As at March 31, 2024, 1069666 B.C. Ltd. has a loan with the Organization with an outstanding balance of \$152,368 (2023 - \$156,450) plus accrued interest of \$3,569 (2023 - \$1,015).



**Community Futures East Kootenay**  
**Notes to Non-Consolidated Financial Statements**  
**Year Ended March 31, 2024**

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**14. Related parties (*Continued*)**

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

While the Organization has significant influence with respect to this investment, the compiled financial information of 1069666 B.C. Ltd. for the year ended March 31, 2024 reports a deficit of \$27,373 (2023 - deficit of \$80,282). As such, there is no equity pickup in these financial statements.

**15. Change in accounting policy for tangible capital assets**

During 2022 year end, the Organization revised their capitalization policy for tangible capital assets, specifically increasing the threshold for capitalization to \$5,000. This change in accounting policy was applied retroactively and the figures for 2022 were previously restated.

**16. Economic dependence**

The Organization received the majority of its operating revenues from the provincial and federal governments and is accordingly economically dependent on them.

**17. Financial instruments**

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of March 31, 2024.

**Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is exposed to credit risk from loan customers. In order to reduce its credit risk, the Organization reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. A provision for loan loss is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

The Organization is exposed to credit risk resulting from its accounts and loans receivable.

**Liquidity risk**

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

**17. Financial instruments (*Continued*)**

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through its normal operating and financing activities. The Organization is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant other price risks arising from these financial instruments.

**18. Remuneration of employees**

The Societies Act of British Columbia requires certain information to be reported with regards to remuneration of employees, contractors and directors.

During the year, the Organization had one employee who made greater than \$75,000. The salary paid to this individual was \$94,145 (2023 - \$91,237). No compensation was paid to any Directors of the Organization during the year.

**19. Comparative figures**

Some of the comparative figures have been reclassified to conform to the current year's presentation.

Community Futures East Kootenay  
 Non-Consolidated Detailed Statement of Financial Position  
 General Fund  
 March 31, 2024

Schedule 1

	Operating	Invested in Capital	Makerspace	RRRF Operating	Paramedic Course	Discretionary Fund	Total 2024	Total 2023
<b>Assets</b>								
Cash	\$ 144,888	\$ -	\$ 52,954	\$ 43,000	\$ 66,918	\$ 54,751	\$ 362,511	\$ 262,913
Accounts receivable	3,586	-	-	-	-	-	3,586	-
Marketable securities	-	-	-	-	-	49,854	49,854	47,184
Tangible capital assets	-	-	-	-	-	-	-	2,328
Long term investments	500	-	-	-	-	-	500	500
inter-fund receivable (payable)	29,058	-	-	-	-	-	29,058	54,800
<b>Total assets</b>	<b>\$ 178,032</b>	<b>\$ -</b>	<b>\$ 52,954</b>	<b>\$ 43,000</b>	<b>\$ 66,918</b>	<b>\$ 104,605</b>	<b>\$ 445,509</b>	<b>\$ 367,725</b>
<b>Liabilities</b>								
Accounts payable and accrued liabilities	\$ 43,004	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,004	\$ 71,940
Deferred income	83,125	-	52,954	43,000	66,918	-	245,997	153,815
	126,129	-	52,954	43,000	66,918	-	289,001	225,755
<b>Net Assets</b>								
Unrestricted	51,903	-	-	-	-	104,605	156,508	139,642
Invested in tangible capital assets	-	-	-	-	-	-	-	2,328
	\$ 178,032	\$ -	\$ 52,954	\$ 43,000	\$ 66,918	\$ 104,605	\$ 445,509	\$ 367,725

**Community Futures East Kootenay**  
**Non-Consolidated Detailed Statements of Financial Position**  
**Investment Loan Fund**  
**March 31, 2024**

**Schedule 2**

	Repayable	Non-Repayable	Community Business Loans	Disability	RRRF	Total 2024	Total 2023
<b>Assets</b>							
Cash	\$ 543,769	\$ 1,431,783	\$ 662,629	\$ 219,910	\$ 54,529	\$ 2,912,620	\$ 2,328,883
Accounts receivable	38,530	186,764	135,872	2,320	1,366	364,852	250,531
Loans receivable	702,715	2,460,718	1,355,862	166,008	279,345	4,964,648	7,114,448
Long term investments	1	-	-	-	-	1	1
Inter-fund receivable (Payable)	28,397	(28,617)	(14,692)	(13,014)	(1,132)	(29,058)	(54,800)
<b>Total assets</b>	<b>1,313,412</b>	<b>4,050,648</b>	<b>2,139,671</b>	<b>375,224</b>	<b>334,108</b>	<b>8,213,063</b>	<b>9,639,063</b>
<b>Liabilities</b>							
Long term debt	-	-	-	-	302,000	302,000	2,113,000
	-	-	-	-	302,000	302,000	2,113,000
<b>Net Assets</b>							
Contributed funds	700,000	1,450,000	525,000	200,000	-	2,875,000	2,875,000
Restricted loan funds	613,412	2,600,648	1,614,671	175,224	32,108	5,036,063	4,651,063
	\$ 1,313,412	\$ 4,050,648	\$ 2,139,671	\$ 375,224	\$ 334,108	\$ 8,213,063	\$ 9,639,063

Community Futures East Kootenay  
Non-Consolidated Detailed Statement of Revenue and Expenditures  
General Fund  
Year ended March 31, 2023

Schedule 3

	Operating	Invested in Capital	Makerspace	RRRF Operating	Paramedic Course	Discretionary Fund	Total 2024	Total 2023
<b>Revenues</b>								
Pacific Economic Development Canada	\$ 305,955	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 305,955	\$ 305,955
Provincial grants	90,901	-	40,203	-	276,714	-	407,818	246,346
Interest on deposits	12,762	-	3,829	-	-	798	17,389	7,231
Loan and administration fees	53,012	-	5,157	15,500	-	-	73,669	75,410
Other revenue	36,728	-	-	-	-	2,715	39,443	34,183
	499,358	-	49,189	15,500	276,714	3,513	844,274	669,125
<b>Expenditures</b>								
Advertising and promotion	4,521	-	281	-	-	-	4,802	4,335
Amortization	-	2,328	-	-	-	-	2,328	13,011
Consulting fees	13,796	-	436	-	-	-	14,232	16,780
Economic development, projects and events	58,493	-	14,262	-	247,207	-	319,962	169,114
Insurance, licenses and dues	7,464	-	-	-	-	-	7,464	10,339
Interest, bank and service charges	1,257	-	-	-	-	-	1,257	1,560
Office and equipment rent	42,946	-	4,442	-	-	-	47,388	49,250
Office, supplies and miscellaneous	16,463	-	-	-	-	-	16,463	15,723
Professional fees	36,816	-	255	-	-	-	37,071	36,499
Purchase of equipment	4,424	-	-	-	-	-	4,424	44,769
Technical assistance	1,819	-	615	-	-	-	2,434	2,116
Training	11,601	-	-	-	-	-	11,601	13,904
Travel	13,273	-	-	-	-	-	13,273	18,932
Wages and benefits	391,146	-	24,729	15,500	-	-	431,375	467,013
Unrealized gain (loss) on marketable securities	(2,670)	-	-	-	-	-	(2,670)	8,811
	601,349	2,328	45,020	15,500	247,207	-	911,404	872,156
<b>Excess of revenue over expenditures</b>	<b>(101,991)</b>	<b>(2,328)</b>	<b>4,169</b>	<b>-</b>	<b>29,507</b>	<b>3,513</b>	<b>(67,130)</b>	<b>(203,031)</b>
Fund balance, beginning of year	12,263	2,328	50,000	-	957	76,422	141,970	164,651
Transfer of fund balances:								
Administration and other transfers	(48,369)	-	(54,169)	-	(30,464)	24,670	(108,332)	-
Loan interest transfer	190,000	-	-	-	-	-	190,000	180,350
	\$ 51,903	\$ -	\$ -	\$ -	\$ -	\$ 104,605	\$ 156,508	\$ 141,970

The information in this schedule is derived from the Corporation's annual audited financial statements and were subject to audit procedures performed on the financial statements as a whole

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**Community Futures East Kootenay**  
**Non-Consolidated Detailed Statement of Revenue and Expenditures**  
**Investment Loan Fund**  
**Year ended March 31, 2023**

**Schedule 4**

	Repayable	Non-Repayable	Community Business Loans	Disability	RRRF	Total 2024	Total 2023
<b>Revenues</b>							
Interest on investment funds and loans	\$ 67,959	\$ 252,128	\$ 131,595	\$ 13,122	\$ 2,529	\$ 467,333	\$ 327,360
Interest on deposits	14,513	59,253	32,027	9,880	24,523	140,196	65,361
	82,472	311,381	163,622	23,002	27,052	607,529	392,721
<b>Expenditures</b>							
Interest, bank and service charges	610	615	600	613	650	3,088	2,845
Loan loss provision	33,886	(5,094)	649	-	-	29,441	76,430
Loans forgiven	-	-	-	-	-	-	-
	34,496	(4,479)	1,249	613	650	32,529	79,275
<b>Excess of revenue over expenditures</b>	47,976	315,860	162,373	22,389	26,402	575,000	313,446
Fund balance, beginning of year	565,436	2,434,788	1,492,298	152,835	5,706	4,651,063	4,517,967
Transfer of fund balances:							
Loan interest transfer	-	(150,000)	(40,000)	-	-	(190,000)	(180,350)
	\$ 613,412	\$ 2,600,648	\$ 1,614,671	\$ 175,224	\$ 32,108	\$ 5,036,063	\$ 4,651,063