

Community Futures Development Corporation of Stuart Nechako
Financial Statements
March 31, 2023

Community Futures Development Corporation of Stuart Nechako
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For the year ended March 31, 2023

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Management's Responsibility

To the Board of Directors of Community Futures Development Corporation of Stuart Nechako:

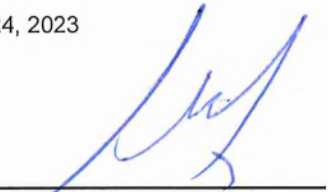
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed entirely of Directors who are neither management nor employees of the Corporation. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors.

MNP LLP is appointed by the Board of Directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically with, both the Board and management to discuss their audit findings.

August 24, 2023



Executive Director

Independent Auditor's Report

To the Board of Community Futures Development Corporation of Stuart Nechako:

Qualified Opinion

We have audited the financial statements of Community Futures Development Corporation of Stuart Nechako (the "Corporation"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In the prior year, the Corporation issued loans as part of the Regional Relief and Recovery Fund ("RRRF") program. Due to the associated terms and conditions, the valuation of the RRRF loans is not susceptible to satisfactory audit verification. Accordingly, verification of the RRRF loans was limited to their existence based on the amounts recorded in the records of the Corporation. Therefore, we were not able to determine whether any adjustments might be necessary to loan impairment provision and excess of revenues over expenses for the years ended March 31, 2023 and March 31, 2022.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with 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 qualified opinion.

Other Information

Management is responsible for the other information, consisting of the annual report, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 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.

MNP LLP

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Prince George, British Columbia

August 24, 2023

MNP LLP

Chartered Professional Accountants

Community Futures Development Corporation of Stuart Nechako
Statement of Financial Position
As at March 31, 2023

	Disabled Entrepreneur Investment Program Fund	Business Loans Fund	Community Business Loan Program Fund	Unrestricted Fund	General Fund	Regional Relief and Recovery Fund	2023	2022
Assets								
Current								
Cash	250,129	1,093,279	722,467	147,247	43,392	179,938	2,436,452	2,118,792
Accounts receivable	-	-	-	-	17,433	-	17,433	15,339
Due from related party (Note 3)	-	-	-	24,143	-	-	24,143	23,212
GST receivable	-	-	-	-	6,952	-	6,952	3,693
Interfund receivable (payable)	20,828	(120,618)	18,736	152,097	(119,975)	48,932	-	-
Current portion of loans receivable (Note 4)	-	97,333	31,871	8,184	-	715,250	852,638	185,217
Loans receivable (Note 4)	270,957	1,069,994	773,074	331,671	(52,198)	944,120	3,337,618	2,346,253
Investment in ITM Business Network Inc. (100%)	-	613,341	333,063	77,408	-	-	1,023,812	1,880,278
Capital assets (Note 5)	-	-	-	-	2,102	-	2,102	1,363
	270,957	1,683,335	1,106,137	409,139	(50,096)	944,120	4,363,592	4,227,954

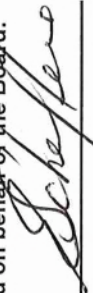
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The accompanying notes are an integral part of these financial statements

Community Futures Development Corporation of Stuart Nechako
Statement of Financial Position
As at March 31, 2023

	Disabled Entrepreneur Investment Program Fund	Business Loans Fund	Community Business Loan Program Fund	Unrestricted Fund	General Fund	Regional Relief and Recovery Fund	2023	2022
Liabilities								
Current								
Accounts payable and accruals	-	-	-	2,200	20,723	-	22,923	-
Deferred contributions	-	-	-	-	-	-	-	26,336
Government remittances payable	-	-	-	-	-	-	-	4,407
Repayable contributions (Note 7)	200,000	925,000	375,000	-	-	944,840	2,444,840	2,444,840
Funds held in trust	-	-	-	-	50,000	-	50,000	-
	200,000	925,000	375,000	2,200	70,723	944,840	2,517,763	2,475,583
Net Assets								
Externally restricted (Note 8)	70,957	758,335	731,137	-	-	(720)	1,559,709	1,465,771
Unrestricted	-	-	-	406,939	(122,921)	-	284,018	285,237
Invested in capital assets	-	-	-	-	2,102	-	2,102	1,363
Net assets, end of year	70,957	758,335	731,137	406,939	(120,819)	(720)	1,845,829	1,752,371
	270,957	1,683,335	1,106,137	409,139	(50,096)	944,120	4,363,592	4,227,954

Approved on behalf of the Board:



Director



Director

CHARLES HUTCHINSON

The accompanying notes are an integral part of these financial statements

Community Futures Development Corporation of Stuart Nechako

Statement of Operations

For the year ended March 31, 2023

	Disabled Entrepreneur Investment Program Fund	Business Loans Fund	Community Business Loan Program Fund	Unrestricted Fund	General Fund	Regional Relief and Recovery Fund	2023	2022
Revenue								
Western Economic Diversification Contributions	-	-	-	-	316,028	-	316,028	316,028
Loan interest	529	44,334	29,462	11,379	-	-	85,704	125,185
Bank interest	2,511	10,751	7,086	1,611	511	-	22,470	7,520
Rental and other income	-	-	-	-	22,691	-	22,691	1,316
Bad debt recovery	-	-	-	-	-	-	-	10,114
Total revenue	3,040	55,085	36,548	12,990	339,230	-	446,893	460,163
Expenses								
Salaries and benefits	-	-	-	-	194,067	-	194,067	178,782
Professional fees	-	-	-	-	47,958	-	47,958	61,552
Insurance, occupancy and maintenance	-	-	-	-	40,257	-	40,257	34,850
Special projects	-	-	-	-	13,838	-	13,838	36,472
Computer supplies and maintenance	-	-	-	-	10,551	-	10,551	5,406
Office supplies	-	-	-	-	10,188	-	10,188	5,710
Travel	-	-	-	-	9,112	-	9,112	548
Telephone, fax and mail	-	-	-	-	8,140	-	8,140	9,297
Fees and dues	-	-	-	-	7,140	-	7,140	1,977
Equipment lease	-	-	-	-	4,304	-	4,304	2,136
Advertising and promotion	-	-	-	-	3,849	-	3,849	7,436
Training and development	-	-	-	-	2,210	-	2,210	1,256
Bank charges and interest	-	-	375	-	260	360	995	855
Amortization	-	-	-	-	826	-	826	491
Bad debts	-	-	-	-	-	-	-	53,721
Donations	-	-	-	-	-	-	-	1,350
Total expenses	-	-	375	-	352,700	360	353,435	401,839
Excess (deficiency) of revenue over expenses	3,040	55,085	36,173	12,990	(13,470)	(360)	93,458	58,324

The accompanying notes are an integral part of these financial statements

Community Futures Development Corporation of Stuart Nechako
Statement of Changes in Net Assets
For the year ended March 31, 2023

	<i>Disabled Entrepreneur Investment Program Fund</i>	<i>Business Loans Fund</i>	<i>Community Business Loan Program Fund</i>	<i>Unrestricted Fund</i>	<i>General Fund</i>	<i>Regional Relief and Recovery Fund</i>	2023	2022
Net assets (debt), beginning of year	67,917	703,250	694,964	393,949	(107,349)	(360)	1,752,371	1,694,047
Excess (deficiency) of revenue over expenses	3,040	55,085	36,173	12,990	(13,470)	(360)	93,458	58,324
Net assets (debt), end of year	70,957	758,335	731,137	406,939	(120,819)	(720)	1,845,829	1,752,371

The accompanying notes are an integral part of these financial statements

Community Futures Development Corporation of Stuart Nechako

Statement of Cash Flows

For the year ended March 31, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	93,458	58,324
Amortization	826	491
Bad debts	-	53,721
	94,284	112,536
Changes in working capital accounts		
Accounts receivable	(2,094)	(69,060)
GST receivable	(3,259)	(768)
Accounts payable and accruals	22,923	(59,400)
Deferred contributions	(26,336)	26,336
Government remittances payable	(4,407)	(14,484)
Funds held in trust	50,000	-
	131,111	(4,840)
Financing		
Advances of repayable contributions	-	60,222
Investing		
Advances to related party	(931)	(7,588)
Purchase of tangible capital assets	(1,565)	-
Net change in loans receivable	189,045	719,402
Investment in ITM Business Network Inc.	-	(20)
	186,549	711,794
Increase in cash resources	317,660	767,176
Cash resources, beginning of year	2,118,792	1,351,616
Cash resources, end of year	2,436,452	2,118,792

The accompanying notes are an integral part of these financial statements

Community Futures Development Corporation of Stuart Nechako

Notes to the Financial Statements

For the year ended March 31, 2023

1. Incorporation and nature of the organization

Community Futures Development Corporation of Stuart Nechako (the "Corporation") was incorporated without share capital under Part II of the Canada Corporations Act, is a not-for-profit corporation and is exempt from income tax purposes.

The Corporation is charged with the development and implementation of a strategic plan for the community economic development of the Stuart Nechako area of British Columbia in the form of small business advisory and counselling services and loans to qualified applicants. Funding for the Corporation is provided through contribution agreements with Western Economic Diversification ("WED").

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Fund accounting

The Corporation follows the restricted fund method of accounting for contributions, and maintains six funds: the Disabled Entrepreneur Investment Program Fund, the Business Loans Fund, the Community Business Loan Program Fund, and the Regional Relief and Recovery Fund are restricted funds and the Unrestricted Fund and the General Fund are unrestricted funds.

The General Fund and the Unrestricted Fund provide the personnel and other facilities that enable the Corporation to deliver the Community Futures contribution agreement with WED and other related programs. They account for the Corporation's program delivery and administrative activities.

The Disabled Entrepreneur Investment Program Fund, the Business Loans Fund and the Community Business Loan Program Fund promote economic development in the community by providing assistance to small businesses in the form of loans or equity investments in accordance with the requirements of the agreement with WED. The assets, liabilities, revenue and expenses associated with providing these loans and equity investments are recorded in these funds.

The Regional Relief and Recovery Fund is a COVID-related economic benefits fund that is designed to be a "stop-gap" fund that addresses negative impacts resultant from the COVID pandemic to businesses that have found that they are not eligible for the other benefit packages that have been previously released. The assets, liabilities, revenue and expenses associated with providing these loans are recorded in this fund.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the following methods at rates intended to amortize the cost of assets over their estimated useful lives:

	Method	Rate
Computer equipment	declining balance	30 %
Furniture and fixtures	declining balance	20 %
Leasehold improvements	straight-line	7 years
Website	declining balance	30 %

Community Futures Development Corporation of Stuart Nechako

Notes to the Financial Statements

For the year ended March 31, 2023

2. Significant accounting policies (Continued from previous page)

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Corporation writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Corporation's ability to provide goods and services. The asset are also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Corporation determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value.

Investment in a profit-oriented subsidiary

The Corporation's investment in its wholly-owned subsidiary, ITM Business Network Inc., is accounted for using 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 distributions received.

Acquisition-related costs are recognized in the excess of revenue over expenses as incurred with the exception of the costs to issue debt and equity securities. Financing fees and transaction costs to issue debt are reflected in its fair value and expenses relating to the issue of equity securities are shown separately in the statement of net assets.

All transactions with the subsidiary are disclosed as related party transactions.

Revenue recognition

The annual WED contribution is recognized as revenue in the year specified in the agreement with WED. Interest transfers are recognized as revenue in the period that the transfer is approved by WED. Loan interest and bank interest is recognized in the period in which it is earned. Loan application fees, rental and other revenue are recognized as revenue in the year in which the revenue is earned or the services provided, and when the amount is determinable and collection is reasonably assured.

Contributed materials and services

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Corporation's operations and would otherwise have been purchased.

Committee volunteers contribute many hours of time to the Corporation. Because of the difficulty in determining fair value, these contributed services are not recognized in the financial statements.

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accrued interest receivable, accounts receivable and loans receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenue over expenses in the periods in which they become known.

Financial instruments

The Corporation recognizes financial instruments when the Corporation becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

Community Futures Development Corporation of Stuart Nechako

Notes to the Financial Statements

For the year ended March 31, 2023

2. Significant accounting policies *(Continued from previous page)*

At initial recognition, the Corporation may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Corporation has not made such an election during the year.

The Corporation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Corporation's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess (deficiency) of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Related party financial instruments

The Corporation initially measures the following financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at fair value:

- Investments in equity instruments quoted in an active market
- Debt instruments quoted in an active market
- Debt instruments when the inputs significant to the determination of its fair value are observable (directly or indirectly)
- Derivative contracts.

All other related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received.

At initial recognition, the Corporation may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value.

The Corporation has not made such an election during the year, thus all such related party debt instruments are subsequently measured at amortized cost.

The Corporation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Financial instruments that were initially measured at cost and derivatives that are linked to, and must be settled by, delivery of unquoted equity instruments of another entity, are subsequently measured using the cost method less any reduction for impairment.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess (deficiency) of revenue over expenses.

The carrying values of financial assets measured at amortized cost or fair value, and of investments in equity instruments measured at cost less impairment are as follows:

	2023	2022
Financial assets measured at fair value:		
Cash	2,436,452	2,118,792
Financial assets measured at amortized cost:		

Community Futures Development Corporation of Stuart Nechako

Notes to the Financial Statements

For the year ended March 31, 2023

2. Significant accounting policies *(Continued from previous page)*

	2023	2022
Accounts receivable	17,433	15,338
Due from related party	24,143	23,212
Loans receivable	1,876,450	2,065,495

Equity instruments measured at cost less impairment:

Investment in ITM Business Network Inc.	60	60
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Financial asset impairment

The Corporation assesses impairment of all its financial assets measured at cost or amortized cost. The Corporation groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Corporation determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Corporation reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Corporation reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Corporation reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the asset(s) at the statement of financial position date.

Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenue over expenses.

The Corporation reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess (deficiency) of revenue over expenses in the year the reversal occurs.

3. Due from related party

As of March 31, 2023, \$24,143 (2022 - \$23,212) has been advanced to a related party, ITM Business Network Inc., profit-oriented subsidiary, owned 100% by the Corporation. The advance bears no interest and has no fixed terms of repayment.

4. Loans receivable

Loans receivable are repayable monthly at varying amounts including interest ranging from Integrus Credit Union prime plus 2% to prime plus 8% and have maturities of up to 60 months. Integrus Credit Union prime rate at March 31, 2023 was 6.80% (2022 - 3.05%).

	2023	2022
Loans receivable	1,876,450	2,065,495
Less: current portion of loans receivable	(852,638)	(185,217)
	1,023,812	1,880,278

Community Futures Development Corporation of Stuart Nechako

Notes to the Financial Statements

For the year ended March 31, 2023

5. Capital assets

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Computer equipment	83,938	82,294	1,644	784
Furniture and fixtures	52,656	52,239	417	521
Leasehold improvements	9,592	9,592	-	-
Website	6,000	5,959	41	58
	152,186	150,084	2,102	1,363

6. Credit Union indebtedness

Integrus Credit Union line of credit is secured by a general security agreement over all assets of the Corporation. Interest is payable at 6.80% (2022 - 3.05%). Current line of credit limit is \$45,000 (2022 - \$45,000).

7. Repayable contributions

The Corporation has received repayable contributions from the Government of Canada and the Province of British Columbia. These contributions provided the capital through which loans, loan guarantees and equity investments can be made in businesses owned and operated by applicants eligible under the specific programs being managed by the Corporation.

	2023	2022
Disabled Entrepreneur Investment Program Fund	200,000	200,000
Conditionally repayable loan, unsecured, non-interest bearing, repayable on demand to WED		
Business Loans Fund	925,000	925,000
Under the terms of this restated contribution agreement, loans may be made to small businesses carrying on business in the forest, aquaculture, manufacturing or tourism sectors. Advances to the Corporation were unsecured and did not bear interest. In the event that the funding agreement is terminated, any uncommitted funds together with interest thereon must be repaid to the Province of BC. Subsequent principal and interest repayments must be repaid to the Province of BC in proportion to their share of such loans. The agreement can be terminated by either party with 90 days notice and accordingly is not classified as a long-term liability.		
Community Business Loan Program Fund	375,000	375,000
Under the terms of this agreement, loans may be made to small businesses carrying on business that provides a level of benefit in terms of employment creation, the development of community-owned or controlled businesses, and strengthening of the western Canadian economy. Advances to the Corporation were unsecured and did not bear interest. Funds are repayable to WED on demand.		
Regional Relief and Recovery Fund	944,840	944,840
Under the terms of this agreement, Community Futures Development Association of BC lends capital to the Corporation to be used to make loans or provide loan supports to help Canadian small and medium sized enterprises recover from the impacts of the COVID-19 pandemic, pursuant to the Regional Relief and Recovery Fund requirements, as established or may be established by the Government of Canada. No repayments shall be required until after December 31, 2023. On December 31, 2023, any portion of the loan advanced by the lender to the borrower, which has not been loaned by the borrower to a secondary borrower, shall be repaid by the borrower to the lender within 10 business days. The borrower must repay the entire outstanding loan amount in full by December 31, 2025.		
	2,444,840	2,444,840

Community Futures Development Corporation of Stuart Nechako

Notes to the Financial Statements

For the year ended March 31, 2023

8. Externally restricted funds

The restricted funds balance comprise:

	2023	2022
Net investment funds contributed by Western Economic Diversification		
Accumulated net earnings and losses of Business Loans Fund	758,335	703,250
Accumulated net earnings and losses of Disabled Entrepreneur Investment Program Fund	70,957	67,917
Repayable contribution	100,000	100,000
Accumulated net earnings (deficit) and transfers on repayable contribution	(100,720)	(100,360)
	828,572	770,807
Community Business Loan Program		
Original contribution, repayable	250,000	250,000
Additional contribution, repayable	237,000	237,000
Accumulated net earnings and transfers	244,137	207,964
	731,137	694,964
	1,559,709	1,465,771

9. Economic dependence

The Corporation is dependent on contributions from the Government of Canada; specifically general fund contributions from WED.

10. Financial instruments

The Corporation, as part of its operations, carries a number of financial instruments. It is management's opinion that the Corporation is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

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. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Corporation is exposed to interest rate cash flow risk with respect to loans receivable and accrued interest receivable, which are subject to a range of interest rates ranging from Integris Credit Union prime plus 2% to prime plus 8% (2022: Integris prime plus 2% to Integris Credit Union prime plus 8%).

Credit concentration

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist of loans receivable. The Corporation has provided for credit risks by establishing allowances against the carrying value of certain impaired loans. Loans are considered impaired as soon as collection of the full principal and interest on the loan becomes doubtful. Each impaired loan is evaluated separately and written down to the fair 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. Credit risk exposure is limited for cash due to the credit quality of the financial institution where the cash is held. The maximum credit risk exposure is \$1,161,200 (2022 - \$1,120,655).