

**Community Futures Development Corporation of Stuart Nechako**  
**Financial Statements**  
*March 31, 2024*

# Community Futures Development Corporation of Stuart Nechako Contents

*For the year ended March 31, 2024*

---

	<i>Page</i>
<b>Independent Auditor's Report</b>	
<b>Financial Statements</b>	
Statement of Financial Position.....	1
Statement of Operations.....	3
Statement of Changes in Net Assets.....	4
Statement of Cash Flows.....	5
<b>Notes to the Financial Statements</b> .....	6

---

## 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, 2024, 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, 2024, 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 prior years, 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, 2024 and March 31, 2023.

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

Suite 800, 299 Victoria Street, Prince George B.C., V2L 5B8

T: 250.564.1111 F: 250.562.4950

## 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

July 30, 2024

*MNP* LLP

Chartered Professional Accountants

# Community Futures Development Corporation of Stuart Nechako Statement of Financial Position

As at March 31, 2024

	Disabled Entrepreneur Investment Program Fund	Business Loans Fund	Community Business Loan Program Fund	Unrestricted Fund	General Fund	Regional Relief and Recovery Fund	2024	2023
<b>Assets</b>								
<b>Current</b>								
Cash	264,377	798,573	773,210	125,372	116,989	16,479	2,095,000	2,436,452
Accounts receivable	-	-	-	-	-	-	-	17,433
Due from related party (Note 3)	-	-	-	26,006	-	-	26,006	24,143
Government remittances receivable	-	-	-	-	7,664	-	7,664	6,952
Interfund receivable (payable)	6,580	(6,345)	15,765	183,473	(203,213)	3,740	-	-
Current portion of loans receivable (Note 4)	-	85,077	33,863	15,184	-	89,406	223,530	852,638
<b>Loans receivable (Note 4)</b>	<b>270,957</b>	<b>877,305</b>	<b>822,838</b>	<b>350,035</b>	<b>(78,560)</b>	<b>109,625</b>	<b>2,352,200</b>	<b>3,337,618</b>
<b>Investment in ITM Business Network Inc. (100%)</b>	<b>-</b>	<b>941,378</b>	<b>297,206</b>	<b>59,044</b>	<b>-</b>	<b>149,453</b>	<b>1,447,081</b>	<b>1,023,812</b>
<b>Capital assets (Note 5)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,512</b>	<b>-</b>	<b>1,512</b>	<b>2,102</b>
	<b>270,957</b>	<b>1,818,683</b>	<b>1,120,044</b>	<b>409,139</b>	<b>(77,048)</b>	<b>259,078</b>	<b>3,800,853</b>	<b>4,363,592</b>

Continued on next page

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, 2024*

	Disabled Entrepreneur Investment Program Fund	Business Loans Fund	Community Business Loan Program Fund	Unrestricted Fund	General Fund	Regional Relief and Recovery Fund	2024	2023
<b>Liabilities</b>								
<b>Current</b>								
Accounts payable and accruals	-	-	-	2,200	21,957	-	24,157	22,923
Deferred contributions	-	-	-	-	26,336	-	26,336	-
Repayable contributions (Note 7)	200,000	925,000	375,000	-	-	261,090	1,761,090	2,444,840
Funds held in trust	-	-	-	-	-	-	-	50,000
	200,000	925,000	375,000	2,200	48,293	261,090	1,811,583	2,517,763
<b>Net Assets</b>								
Externally restricted (Note 8)	70,957	893,683	745,044	-	-	(2,012)	1,707,672	1,559,709
Unrestricted	-	-	-	406,939	(126,853)	-	280,086	284,018
Invested in capital assets	-	-	-	-	1,512	-	1,512	2,102
<b>Net assets, end of year</b>	70,957	893,683	745,044	406,939	(125,341)	(2,012)	1,989,270	1,845,829
	270,957	1,818,683	1,120,044	409,139	(77,048)	259,078	3,800,853	4,363,592

Approved on behalf of the Board:  
  
 Director

  
 Director

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, 2024

	Disabled Entrepreneur Investment Program Fund	Business Loans Fund	Community Business Loan Program Fund	Unrestricted Fund	General Fund	Regional Relief and Recovery Fund	2024	2023
<b>Revenue</b>								
Western Economic Diversification contributions	-	-	-	-	316,028	-	316,028	316,028
Forgiveness of debt	-	-	-	-	-	177,500	177,500	-
Loan interest	-	102,333	-	-	-	-	102,333	85,704
Bank interest	-	33,015	-	-	-	-	33,015	22,470
Rental and other income	-	-	-	-	82,057	-	82,057	22,691
<b>Total revenue</b>	-	135,348	-	-	398,085	177,500	710,933	446,893
<b>Expenses</b>								
Salaries and benefits	-	-	-	-	197,407	-	197,407	194,067
Forgiveness of debt	-	-	-	-	-	177,500	177,500	-
Professional fees	-	-	-	-	67,720	-	67,720	47,958
Insurance, occupancy and maintenance	-	-	-	-	44,167	-	44,167	40,257
Special projects	-	-	-	-	29,559	-	29,559	13,838
Office supplies	-	-	-	-	28,487	-	28,487	10,188
Fees and dues	-	-	-	-	8,089	-	8,089	7,140
Telephone, fax and mail	-	-	-	-	7,383	-	7,383	8,140
Computer supplies and maintenance	-	-	-	-	6,823	-	6,823	10,551
Advertising and promotion	-	-	-	-	6,033	-	6,033	3,849
Equipment lease	-	-	-	-	3,385	-	3,385	4,304
Travel	-	-	-	-	2,403	-	2,403	9,112
Bank charges and interest	-	-	-	-	-	1,292	1,292	995
Donations	-	-	-	-	561	-	561	-
Training and development	-	-	-	-	-	-	-	2,210
Bad debts recovery	-	-	(13,907)	-	-	-	(13,907)	-
Amortization	-	-	-	-	590	-	590	826
<b>Total expenses</b>	-	-	(13,907)	-	402,607	178,792	567,492	353,435
<b>Excess (deficiency) of revenue over expenses</b>	-	135,348	13,907	-	(4,522)	(1,292)	143,441	93,458

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, 2024

	Disabled Entrepreneur Investment Program Fund	Business Loans Fund	Community Business Loan Program Fund	Unrestricted Fund	General Fund	Regional Relief and Recovery Fund	2024	2023
Net assets (debt), beginning of year	70,957	758,335	731,137	406,939	(120,819)	(720)	1,845,829	1,752,371
Excess (deficiency) of revenue over expenses	-	135,348	13,907	-	(4,522)	(1,292)	143,441	93,458
Net assets (debt), end of year	70,957	893,683	745,044	406,939	(125,341)	(2,012)	1,989,270	1,845,829

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, 2024*

	<b>2024</b>	<b>2023</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess of revenue over expenses	143,441	93,458
Amortization	590	826
	<b>144,031</b>	94,284
Changes in working capital accounts		
Accounts receivable	17,433	(2,094)
Government remittances receivable	(712)	(3,259)
Accounts payable and accruals	1,234	22,923
Deferred contributions	26,336	(26,336)
Government remittances payable	-	(4,407)
Funds held in trust	(50,000)	50,000
	<b>138,322</b>	131,111
<b>Financing</b>		
Decrease in repayable contributions	(683,750)	-
<b>Investing</b>		
Advances to related party	(1,863)	(931)
Purchase of capital assets	-	(1,565)
Net change in loans receivable	205,839	189,045
	<b>203,976</b>	186,549
<b>Increase (decrease) in cash resources</b>	<b>(341,452)</b>	317,660
<b>Cash resources, beginning of year</b>	<b>2,436,452</b>	2,118,792
<b>Cash resources, end of year</b>	<b>2,095,000</b>	2,436,452

*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, 2024

### 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.

#### **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:

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

#### **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.

# Community Futures Development Corporation of Stuart Nechako

## Notes to the Financial Statements

For the year ended March 31, 2024

---

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

#### **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.

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.

# Community Futures Development Corporation of Stuart Nechako

## Notes to the Financial Statements

*For the year ended March 31, 2024*

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

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:

	2024	2023
<b>Financial assets measured at fair value:</b>		
Cash	2,095,000	2,436,452
<b>Financial assets measured at amortized cost:</b>		
Accounts receivable	-	17,433
Due from related party	26,006	24,143
Loans receivable	1,670,611	1,876,450

# Community Futures Development Corporation of Stuart Nechako

## Notes to the Financial Statements

*For the year ended March 31, 2024*

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

	2024	2023
<b>Equity instruments measured at cost less impairment:</b>		
Investment in ITM Business Network Inc.	60	60

**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, 2024, \$26,006 (2023 - \$24,143) 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 Integris Credit Union prime plus 2% to prime plus 8% and have maturities of up to 60 months. Integris Credit Union prime rate at March 31, 2024 was 7.3% (2023 - 6.80%).

	2024	2023
Loans receivable	1,670,611	1,876,450
Less: current portion of loans receivable	<b>(223,530)</b>	(852,638)
	<b>1,447,081</b>	1,023,812

# Community Futures Development Corporation of Stuart Nechako

## Notes to the Financial Statements

*For the year ended March 31, 2024*

### 5. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2024 Net book value</i>	<i>2023 Net book value</i>
Computer equipment	83,938	82,787	1,151	1,644
Furniture and fixtures	52,656	52,323	333	417
Leasehold improvements	9,592	9,592	-	-
Website	6,000	5,972	28	41
	<b>152,186</b>	<b>150,674</b>	<b>1,512</b>	<b>2,102</b>

### 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 7.3% (2023 - 6.80%). Current line of credit limit is \$45,000 (2023 - \$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.

	<i>2024</i>	<i>2023</i>
Disabled Entrepreneur Investment Program Fund Conditionally repayable loan, unsecured, non-interest bearing, repayable on demand to WED	<b>200,000</b>	200,000
Business Loans Fund 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.	<b>925,000</b>	925,000
Community Business Loan Program Fund 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.	<b>375,000</b>	375,000
Regional Relief and Recovery Fund 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 January 18, 2024. On January 18, 2024, 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.	<b>261,090</b>	944,840
	<b>1,761,090</b>	<b>2,444,840</b>

# Community Futures Development Corporation of Stuart Nechako

## Notes to the Financial Statements

*For the year ended March 31, 2024*

### 8. Externally restricted funds

The restricted funds balance comprise:

	<b>2024</b>	2023
<b>Net investment funds contributed by Western Economic Diversification</b>		
Accumulated net earnings and losses of Business Loans Fund	893,683	758,335
Accumulated net earnings and losses of Disabled Entrepreneur Investment Program Fund	70,957	70,957
Accumulated net earnings and losses of Regional Relief and Recovery Fund	(2,012)	-
Repayable contribution	100,000	100,000
Accumulated net deficit and transfers on repayable contribution	<b>(100,000)</b>	<b>(100,720)</b>
	<b>962,628</b>	<b>828,572</b>
<b>Community Business Loan Program</b>		
Original contribution, repayable	250,000	250,000
Additional contribution, repayable	237,000	237,000
Accumulated net earnings and transfers	258,044	244,137
	<b>745,044</b>	<b>731,137</b>
	<b>1,707,672</b>	<b>1,559,709</b>

### 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 7% (2023: 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 \$1,431,753 (2023 - \$1,161,200).