

**Community Futures Development Corporation of the Sunshine Coast**

**Non-Consolidated Financial Statements**

**March 31, 2021**

# Community Futures Development Corporation of the Sunshine Coast

## Non-Consolidated Financial Statements

---

March 31, 2021

---

	<b>Page</b>
Management Responsibility for Financial Reporting	2
Independent Auditor's Report	3 - 4
Non-Consolidated Statement of Operations	5 - 6
Non-Consolidated Statement of Changes In Fund Balances	7
Non-Consolidated Statement of Financial Position	8 - 9
Non-Consolidated Statement of Cash Flows	10
Notes to the Non-Consolidated Financial Statements	11 - 27
Schedule 1: Loan Investment Funds - Non-Consolidated Statement of Operations and Changes in Fund Balances	28
Schedule 2: Loan Investment Funds - Non-Consolidated Statement of Financial Position	29 - 30
Schedule 3: Operating Fund - Statements of Operations and Financial position	31 - 32



301-5500 Wharf Ave. Box 128, Sechelt, BC V0N 3A0

---

June 23, 2021

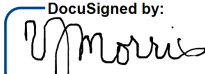
## Management Responsibility Statement

The management of Community Futures Development Corporation of the Sunshine Coast is responsible for preparing the March 31, 2021 non-consolidated financial statements, the notes to the non-consolidated financial statements and other financial information contained in this annual report.

Management prepares the non-consolidated financial statements in accordance with Canadian generally accepted accounting principles. The non-consolidated financial statements are considered by management to present fairly the management's financial position and results of operations.

Community Futures Development Corporation of the Sunshine Coast, in fulfilling its responsibilities, has developed and maintains a system of internal accounting controls designed to provide reasonable assurance that management assets are safeguarded from loss or unauthorized use, and that the records are reliable for preparing the non-consolidated financial statements.

The non-consolidated financial statements have been reported on by Crowe MacKay LLP, Chartered Professional Accountants, the shareholders' auditors. Their report outlines the scope of their examination and their opinion on the non-consolidated financial statements.

DocuSigned by:  
  
0709925FD501477...

---

Director and Board Chair



---

Executive Director

---

Growing Communities one idea at a time.

PHONE: 604-885-1959

TOLL FREE: 1-877-886-2332

EMAIL: [info@communityfutures.org](mailto:info@communityfutures.org)



**Crowe MacKay LLP**

PO Box 1610  
200 – 5710 Teredo Street  
Sechelt, BC V0N 3A0

Main +1(604) 697-9271  
Fax +1(604) 697-9250

[www.crowemackay.ca](http://www.crowemackay.ca)

## **Independent Auditor's Report**

### **To the Members of Community Futures Development Corporation of the Sunshine Coast**

#### *Opinion*

We have audited the non-consolidated financial statements of Community Futures Development Corporation of the Sunshine Coast (the "Corporation"), which comprise the non-consolidated statement of financial position as at March 31, 2021, and the non-consolidated statement of operations, non-consolidated statement of changes in fund balances and non-consolidated statement of cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Corporation as at March 31, 2021, and its non-consolidated results of operations and its non-consolidated 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 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 opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with , 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.



Crowe MacKay LLP  
PO Box 1610  
200 – 5710 Teredo Street  
Sechelt, BC V0N 3A0  
Main +1(604) 697-9271  
Fax +1(604) 697-9250  
www.crowemackay.ca

## Independent Auditor's Report, continued

### *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 non-consolidated 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.

Sechelt, Canada  
June 23, 2021

*Crowe MacKay LLP*  
Chartered Professional Accountants

# Community Futures Development Corporation of the Sunshine Coast

## Non-Consolidated Statement of Operations

March 31	Operating fund (Schedule 3)	Loans Fund (Schedule 1)	RRRF Loan Fund	Total 2021	Total 2020
<b>Revenue</b>					
Other income/grants (Note 22)	\$ 216,906	\$ 9,350	\$ -	\$ 226,256	\$ 85,249
WD Contribution	284,304	-	-	284,304	284,308
Interest - loans	-	128,609	-	128,609	260,267
Interest income	826	15,729	-	16,555	24,567
Dividend income	3,044	27,500	-	30,544	14,000
	<b>505,080</b>	<b>181,188</b>	<b>-</b>	<b>686,268</b>	<b>668,391</b>
<b>Expenses</b>					
Administration fees	-	18,651	-	18,651	43,070
Advertising and promotion	7,115	-	-	7,115	1,926
Amortization	3,037	-	-	3,037	2,261
Bad debts	-	67,574	-	67,574	182,394
Bank charges	8,648	359	-	9,007	1,741
Board/staff & AGM	2,014	-	-	2,014	3,222
RRRF loan interest grant (Note 13)	-	-	269,052	269,052	-
Insurance	4,196	-	-	4,196	3,968
Interest on long-term debt	-	16,016	-	16,016	29,072
Janitorial	1,920	-	-	1,920	2,160
Loan operations in Core	3,203	-	-	3,203	7,550
Memberships	1,207	-	-	1,207	1,137
Office rent	25,743	-	-	25,743	26,138
Office supplies	11,027	-	-	11,027	7,202
Professional fees	16,504	10,000	-	26,504	20,013
Program costs	113,099	-	-	113,099	25,450
Repairs and maintenance	17,021	-	-	17,021	6,113
Telephone and utilities	6,200	-	-	6,200	6,581
Training and conferences	3,811	-	-	3,811	2,984
Travel and automotive	282	-	-	282	662
Wages and benefits	255,910	-	-	255,910	249,696
	<b>480,937</b>	<b>112,600</b>	<b>269,052</b>	<b>862,589</b>	<b>623,340</b>

See accompanying notes

## Community Futures Development Corporation of the Sunshine Coast

### Non-Consolidated Statement of Operations

March 31	Operating fund  (Schedule 3)	Loans Fund  (Schedule 1)	RRRF Loan Fund	Total 2021	Total 2020
<b>Other expenses/(income)</b>					
Foregiveness of debt (Note 16)	-	(3,540)	-	(3,540)	(14,324)
Writedown of investments (Note 7)	-	62,500	-	62,500	-
	-	<b>58,960</b>	-	<b>58,960</b>	<b>(14,324)</b>
<b>Net income (loss)</b>	<b>\$ 24,143</b>	<b>\$ 9,628</b>	<b>\$ (269,052)</b>	<b>\$ (235,281)</b>	<b>\$ 59,375</b>

## Community Futures Development Corporation of the Sunshine Coast

### Non-Consolidated Statement of Changes In Fund Balances

	Operating fund	Loans Fund (Schedule 1)	RRRF Loan Fund	March 31 2021	March 31 2020
<b>Balance, beginning of year</b>	\$ 51,501	\$ 3,432,715	\$ -	\$ 3,484,216	\$ 3,424,841
Net income (loss)	24,143	9,628	(269,052)	(235,281)	59,375
Interfund transfers (Note 21)	22,760	(22,760)	-	-	-
Interfund transfer of loan interest (Note 21)	(25,000)	25,000	-	-	-
<b>Balance, ending of year</b>	\$ 73,404	\$ 3,444,583	\$ (269,052)	\$ 3,248,935	\$ 3,484,216



# Community Futures Development Corporation of the Sunshine Coast

## Non-Consolidated Statement of Financial Position

	Operating Fund (Schedule 3)	Loans Fund (Schedule 2)	RRRF Loan Fund	March 31 2021	March 31 2020
<b>Assets</b>					
<b>Current</b>					
Cash (Note 5)	\$ 151,763	\$ 665,196	\$ 282,215	\$ 1,099,174	\$ 876,440
Term deposits (Note 6)	-	-	-	-	25,000
Accounts receivable	32,835	54,883	-	87,718	46,064
GST receivable	2,092	-	-	2,092	1,963
Prepaid expenses	5,862	-	-	5,862	6,910
Interfund receivable (Note 21)	-	207,310	-	-	-
Current portion of loans receivable (Note 11)	-	247,688	-	247,688	449,228
	<b>192,552</b>	<b>1,175,077</b>	<b>282,215</b>	<b>1,442,534</b>	<b>1,405,605</b>
<b>Loans receivable (Notes 11 &amp; 12)</b>	-	<b>3,288,163</b>	<b>2,248,733</b>	<b>5,536,896</b>	<b>2,987,107</b>
<b>Term deposits (Note 6)</b>	<b>210,310</b>	-	-	<b>210,310</b>	<b>205,174</b>
<b>Investments (Note 7)</b>	<b>2,500</b>	<b>437,500</b>	-	<b>440,000</b>	<b>502,500</b>
<b>Advances to subsidiary (Note 8)</b>	-	<b>24,949</b>	-	<b>24,949</b>	<b>24,949</b>
<b>Investment in subsidiary (Note 9)</b>	-	<b>51</b>	-	<b>51</b>	<b>51</b>
<b>Tangible capital assets (Note 10)</b>	<b>14,128</b>	-	-	<b>14,128</b>	<b>11,572</b>
	<b>\$ 419,490</b>	<b>\$ 4,925,740</b>	<b>\$ 2,530,948</b>	<b>\$ 7,668,868</b>	<b>\$ 5,136,958</b>


## Community Futures Development Corporation of the Sunshine Coast

### Non-Consolidated Statement of Financial Position

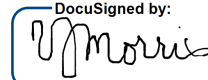
	Operating Fund (Schedule 3)	Loans Fund (Schedule 2)	RRRF Loan Fund	March 31 2021	March 31 2020
<b>Liabilities</b>					
<b>Current</b>					
Accounts payable and accrued liabilities	\$ 38,853	\$ 25,545	\$ -	\$ 64,398	\$ 24,448
Deferred revenue	-	-	-	-	23,692
Interfund payable (Note 21)	207,310	-	-	-	-
Deferred contributions (Note 14)	99,923	-	-	99,923	84,940
Bank loan	-	-	-	-	22,700
Current portion of long-term debt (Note 15)	-	51,464	-	51,464	50,862
	<b>346,086</b>	<b>77,009</b>	<b>-</b>	<b>215,785</b>	<b>206,642</b>
<b>Long-term debt (Note 15)</b>	<b>-</b>	<b>13,324</b>	<b>-</b>	<b>13,324</b>	<b>64,570</b>
<b>Repayable contributions</b>	<b>-</b>	<b>-</b>	<b>2,800,000</b>	<b>2,800,000</b>	<b>-</b>
<b>Conditionally repayable contributions (Note 16)</b>	<b>-</b>	<b>1,390,824</b>	<b>-</b>	<b>1,390,824</b>	<b>1,381,530</b>
	<b>346,086</b>	<b>1,481,157</b>	<b>2,800,000</b>	<b>4,419,933</b>	<b>1,652,742</b>
<b>Fund balances</b>					
<b>Contributed surplus (Note 18)</b>	<b>-</b>	<b>1,381,208</b>	<b>-</b>	<b>1,381,208</b>	<b>1,381,208</b>
<b>Invested in tangible capital assets</b>	<b>14,128</b>	<b>-</b>	<b>-</b>	<b>14,128</b>	<b>11,572</b>
<b>Externally restricted (Note 20)</b>	<b>-</b>	<b>2,063,375</b>	<b>(269,052)</b>	<b>1,794,323</b>	<b>2,051,507</b>
<b>Unrestricted</b>	<b>59,276</b>	<b>-</b>	<b>-</b>	<b>59,276</b>	<b>39,929</b>
	<b>73,404</b>	<b>3,444,583</b>	<b>(269,052)</b>	<b>3,248,935</b>	<b>3,484,216</b>
	<b>\$ 419,490</b>	<b>\$ 4,925,740</b>	<b>\$ 2,530,948</b>	<b>\$ 7,668,868</b>	<b>\$ 5,136,958</b>

#### Covid-19 Pandemic (Note 2)

Approved on behalf of the Board

  
John Sutherland  
Director

DocuSigned by:



Director

## Community Futures Development Corporation of the Sunshine Coast

### Non-Consolidated Statement of Cash Flows

March 31	2021	2020
<b>Operating activities</b>		
Net Income (loss)	\$ (235,281)	\$ 59,375
Adjustments for		
Amortization	3,037	2,261
Interest on investments	(5,135)	(5,174)
Writedown of investments (Note 7)	62,500	-
FV adjustment of RRRF loans receivable	269,052	-
<b>Total adjustments</b>	<b>329,454</b>	<b>(2,913)</b>
	<b>94,173</b>	<b>56,462</b>
Change in non-cash working capital items		
Accounts receivable	(41,655)	3,845
GST payable/receivable	(129)	84
Prepaid expenses (and deposits)	1,048	(2,561)
Note receivable	-	85,340
Accounts payable and accrued liabilities	39,947	(4,503)
Unearned revenue	(23,692)	(2)
Deferred contributions	14,981	(400)
	<b>84,673</b>	<b>138,265</b>
<b>Investing activities</b>		
(Issuance) repayment of loans receivable	(2,617,296)	1,138
Purchase of tangible capital assets	(5,593)	(2,624)
Acquisition of investments	-	(150,000)
Redemption of term deposits	25,000	-
	<b>(2,597,889)</b>	<b>(151,486)</b>
<b>Financing activities</b>		
Repayment of long-term debt	(50,644)	(97,228)
Conditionally repayable contributions	9,294	10,839
Repayment of bank loan	(22,700)	-
RRRF repayable contributions	2,800,000	-
	<b>2,735,950</b>	<b>(86,389)</b>
<b>Increase (decrease) in cash</b>	<b>222,734</b>	<b>(99,610)</b>
<b>Cash, beginning of year</b>	<b>876,440</b>	<b>976,050</b>
<b>Cash, end of year</b>	<b>\$ 1,099,174</b>	<b>\$ 876,440</b>

# Community Futures Development Corporation of the Sunshine Coast

## Notes to the Non-Consolidated Financial Statements

---

March 31, 2021

---

### 1. Purpose of the Corporation

The Corporation was incorporated on February 9, 1996 under the Canada Corporation Act for the purpose of delivering service and funding programs developed by the Federal Government of Canada (Western Economic Diversification Canada (WD)), the Province of B.C., and/or other government organizations. The Corporation is a community based not-for-profit corporation focused on developing community and entrepreneurial capacity on the Sunshine Coast.

### 2. COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared a global pandemic. The outbreak of the novel strain of the coronavirus, COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruptions to businesses, government and other organizations resulting in an economic slowdown and increased volatility. Governments and central banks including Canadian federal, provincial, territorial and municipal governments have responded with significant monetary and fiscal interventions designed to stabilize economic conditions.

At the time of approval of these financial statements, in response to the COVID-19 pandemic, the Corporation has implemented remote work arrangements for its employees, as well as stringent health and safety procedures. The COVID-19 pandemic has led to a temporary disruption of the Corporation's operations - specifically related to the Corporation's small business loans. As a result of the current challenging economic climate, the Corporation has allowed for a temporary deferral of principal and/or interest payments scheduled for a significant number of loans outstanding.

During the year, the Government of Canada created a new fund called the Regional Relief and Recovery Fund, to support small-and-medium-sized enterprises (SMEs) to enable their recovery from economic disruptions associated with the COVID-19 outbreak. The funds were disbursed by Community Futures of British Columbia. The Corporation applied for and was successful in receiving funds for disbursement to SMEs in local communities.

The Corporation is also co-leading the Sunshine Coast Business and Economic Recovery Task Force which is a key component of the region's emergency response plan and includes participation from all business support organizations in our region.

The rapidly evolving event, including health and safety conditions, economic environment and resulting government measures, creates a high level of uncertainty and risk that may result in significant impacts to the corporation's activities, results of operations and financial condition. The duration and impact of COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions, as such it is not possible to estimate the length and severity of these development and the impact on the financial results and condition on the Corporation and its operations in future periods.

#### Measurement uncertainty

Management's estimates and judgments considered the uncertainties and economic implications of the COVID-19 pandemic on the corporation's operations, financial performance and financial position for the year ended March 31, 2021. The uncertainty surrounding the COVID-19 pandemic could generate, in future reporting periods, a significant risk of material adjustment to

# Community Futures Development Corporation of the Sunshine Coast

## Notes to the Non-Consolidated Financial Statements

---

March 31, 2021

---

### 2. COVID-19 Pandemic, continued

the carrying amounts of the following:

- impairment of financial assets, such as loans receivable and allowance for credit losses;
- impairment of subsidiaries and significant influence investments.

At the date of publication of these financial statements, it is not possible to reliably estimate the length and severity of these developments and their potential impact on the entity's financial results, conditions and cash flows.

### 3. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not for profit organizations. The significant policies are detailed as follows:

#### (a) Fund accounting

Community Futures Development Corporation of the Sunshine Coast follows the restricted fund method of accounting for contributions.

The Operating Fund accounts for the Corporation's operating costs and general revenues. This fund reports unrestricted resources and operating grants. The Regional Relief and Recovery Fund (RRRF) operating fund is included in the Corporation's Operating Fund and reports how operating funding received from WD was specifically spent. The statement of Operations of RRRF Operating Fund is presented in Schedule 3.

The Loan Investment Funds report restricted resources that are to be used for assistance to small businesses and entrepreneurs in the form of loans, loan guarantees or equity participation. Loans from the Loan Investment Fund for the Entrepreneurs with Disabilities Program Investment Fund are limited to businesses owned and operated by disabled entrepreneurs. The corporation is restricted in the type of loan that can be made according to its agreement with the Federal Government.

The Community Futures Regional Relief and Recovery Loan (RRRF) is a restricted fund providing emergency relief monies to support rural communities and small-and-medium-sized enterprises (SMEs) to enable their recovery from economic disruptions associated with the COVID-19 outbreak. It will provide financial support directly to SMEs to address COVID-19 impacts on rural and remote communities, contributing to their short-term stability. This access to financing is to support small enterprises including social enterprises that are struggling with working capital needs.

#### (b) Tangible capital assets

Tangible capital assets are recorded at cost. The Corporation provides for amortization using the straight-line method at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. The annual amortization rates are as follows:

# Community Futures Development Corporation of the Sunshine Coast

## Notes to the Non-Consolidated Financial Statements

---

March 31, 2021

---

### 3. Significant accounting policies, continued

#### (b) Tangible capital assets, continued

Furniture and fixtures	Straight-line	10 years
Leasehold improvements	Straight-line	5 years
Computer equipment	Straight-line	5 years

#### (c) Revenue recognition

Restricted revenue is comprised of interest generated in the loan investment funds.

Unrestricted revenue is comprised of Government funding, interest, program grants, and revenues generated from loan renewal fees, loan application fees, and other miscellaneous fees.

Interest revenues, loan renewal fees, loan application fees and other miscellaneous fees are recognized using the accrual basis. Restricted and unrestricted contributions are recognized as revenue in the appropriate funds in the year received or receivable, if the amount to be received can be reasonably estimated and the collection is reasonably certain.

#### (d) Financial instruments

##### (i) Measurement of financial instruments

The Corporation initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The Corporation subsequently measures its financial assets and financial liabilities at amortized cost, except for derivatives and equity securities quoted in an active market, which are subsequently measured at fair value. Forward exchange contracts and interest rate swaps that are not hedging items are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, term deposits, accounts receivable and loans receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, bank loan, conditionally repayable contributions and long-term debt.

# Community Futures Development Corporation of the Sunshine Coast

## Notes to the Non-Consolidated Financial Statements

---

March 31, 2021

---

### 3. Significant accounting policies, continued

#### (d) Financial instruments, continued

##### (ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- ♦ the present value of the cash flows expected to be generated by the asset or group of assets;
- ♦ the amount that could be realized by selling the assets or group of assets;
- ♦ the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

#### (e) Income taxes

As a registered not-for-profit organization, the Corporation is exempt from taxes under Section 149 of the Income Tax Act.

#### (f) Investments

The Corporation follows the cost method of accounting for its investments, written down for any impairment in value that is considered other than temporary.

#### (g) Investment in subsidiary

The Corporation follows the cost method of accounting for its investments in subsidiaries, written down for any impairment in value that is considered other than temporary.

#### (h) Loans receivable

Loans receivable consist of loans made out of the Corporation's restricted loan investment funds and are measured at amortized cost. The Corporation maintains an allowance for impaired loans as estimated by management based on their assessment of the net recoverable amount of the Corporation loans, which is determined on a loan by loan basis.

# Community Futures Development Corporation of the Sunshine Coast

## Notes to the Non-Consolidated Financial Statements

---

March 31, 2021

---

### 3. Significant accounting policies, continued

#### (i) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant areas requiring management estimates involve the net recoverable amounts of its small business investments. As the Corporation's small business investments consists of loans and equity investments in small businesses, including start-up or developing entities, the Corporation's small business investments are exposed to various risk factors which may impact their net recoverable amount. These factors include the overall business environment of the Sunshine Coast and British Columbia, Canadian interest rates and factors and risks specific to the relevant small businesses. Management regularly reviews and assesses the net recoverable amount of its small business investments and other estimates and, where necessary, makes adjustments prospectively. Actual results could differ from these estimates.

#### (j) Contributed services

Directors and owners volunteer their time to assist in the Corporation's activities. These services materially benefit the Corporation; however, a reasonable estimate of the time spent and its fair market value cannot be made and accordingly, these contributed services are not recognized in the financial statements.

### 4. Regional Relief and Recovery Fund (RRRF)

The Government of Canada established a \$2-billion fund to support small and medium size businesses that have been negatively impacted by the COVID-19 pandemic. As a result, the Government of Canada has made funds available to the CFs to provide support and assistance to small and medium-sized enterprises (SMEs) through the rural stream of the Regional Relief and Recovery Fund (RRRF). Small business owners impacted as a result of the COVID-19 pandemic can apply for loans up to \$60,000 through the Regional Relief and Recovery Fund (RRRF).

Western Economic Diversification Canada (WD) is collaborating with Community Futures Pan West to deliver the Fund in Western Canada. Accordingly, the Corporation established two new funds during the year:

#### RRRF Investment Fund

The Regional Relief and Recovery Fund provides funding to support businesses that have not been approved for supports through the Canada Emergency Business Account (CEBA) or the Emergency Loan Program delivered through Aboriginal Financial Institutions.

The capitalization funding provided by Community Futures Lending & Investment Pool of BC (CFLIP) distributed the loan funds to the eligible regional Community Futures within British Columbia



# Community Futures Development Corporation of the Sunshine Coast

## Notes to the Non-Consolidated Financial Statements

---

March 31, 2021

---

### 4. Regional Relief and Recovery Fund (RRRF) , continued

#### RRRF Operating fund

Costs attributable to the RRRF must be accounted for and reported on separately and may include costs associated with providing technical supports, training, mentoring, coaching, loan after care, and/or community economic development projects to address COVID-19 impacts on rural and remote communities. Any surplus from the operating funding under the RRRF must be deposited into the RRRF provincial CF Association Loan Pool by March 31, 2021.

This fund is being reported together with the Corporation's Operating Fund and is disclosed in Schedule 3 to these financial statements.

Loans advanced under the RRRF program are underwritten by the Government interest free to December 31, 2022 and include a forgivable component of 25% to 33 1/3% if the loan is repaid by December 31, 2022. The forgivable component is a contingent grant.

The RRRF Loan Fund program has two significant estimates:

- a) An allowance for credit losses on loans receivable; and
- b) A contingent grant (the 25% to 33 1/3% forgivable portion of the loan) provided the loan is repaid in full by December 31, 2022.

#### a) Loan credit losses

Management estimates an allowance for losses on loans based on expected loan default rates, potential loss ratios and reviews of loan portfolios. Management cannot estimate an allowance for losses on RRRF loans issued as the eligibility requirements of the RRRF program require limited client information to be collected.

#### b) Contingent grant

Management estimates and recognizes grant expense, representing the forgivable portion of the RRRF loan based on expected future payments, expected loan default rates, potential loss ratios and reviews of loan portfolios. Management cannot estimate and recognize grant expense on RRRF loans issued to clients as the eligibility requirements of the RRRF program require limited client information to be collected. The maximum grant expense that could be recognized on RRRF loans is \$699,446.

#### Measurement Uncertainty

Management cannot estimate a loan credit loss allowance and a contingent grant expense for as the information used to estimate these amounts is not available due to the limited information collected from clients who participate in the RRRF program and unprecedented nature of such loans and the impact of the global pandemic on future repayment, As the amounts cannot be estimated, they have not been recorded. Such provisions will be recorded when the corporation has the information available to estimate and measure these amounts.

# Community Futures Development Corporation of the Sunshine Coast

## Notes to the Non-Consolidated Financial Statements

March 31, 2021

### 5. Credit facility

The Corporation has a readvanceable commercial operating loan from the Sunshine Coast Credit Union in the amount of \$25,000 bearing interest of prime + 1.75% (March 31, 2021 - 4.20%). The facility is due on demand and is secured by a commercial security agreement. As at March 31, 2021, nothing has been drawn on this operating line of credit.

### 6. Term deposits

	2021	2020
Loan Fund	\$ -	\$ 25,000
Operating Fund	210,310	205,174
Total	\$ 210,310	\$ 230,174

The Operating fund holds an escalator redeemable term deposit of \$210,310 (2020 - \$205,174) which bears interest of 2.50% and matures on February 14, 2024. This term deposit is held as security for Rhiza Capital Corporation, a subsidiary (note 8) which obtained a line of credit through another lending institution. The purpose of this security is to provide confidence to the external lender that, in the event that the customer defaults on the loan, the Corporation will repay the loan. This loan security deposit is classified as long-term asset based on the expiration date of the underlying guarantee.

### 7. Investments

The Company has the following investments in the Non-Repayable Investment Fund:

	2021	2020
Preferred shares of Community Investment Corporation, net of impairment provision of \$62,500 (2020 - \$nil)	\$ 187,500	\$ 250,000
0987152 B.C. Ltd. 14% ownership, at cost	250,000	250,000
25 Membership shares of Community Investment Co-op, at cost	2,500	2,500
	\$ 440,000	\$ 502,500

0987152 B.C. Ltd. is a company that was incorporated under the laws of the province of British Columbia on December 2, 2013. The company owns the majority of a parcel of land that is leased to the Gibsons Community Building Society which operates the Gibsons Public Market. This long-term investment has been recorded at cost. This investment of \$100,000 was made from the Non-Repayable Investment Fund and has been recorded at cost. In addition to the investments made by the shareholders of 0987152 B.C. Ltd. the Town of Gibsons contributed a significant amount through a Bare Trust agreement to 0987152 B.C. Ltd. Thus, the resultant, respective ownership, with respect to control and operations of 0987152 B.C. Ltd., by the Corporation, is 14%. During 2019 the Corporation made another equity investment in 0987152 B.C. Ltd. by purchasing 71,429 Class E preferred shares.

# Community Futures Development Corporation of the Sunshine Coast

## Notes to the Non-Consolidated Financial Statements

---

March 31, 2021

---

### 7. Investments, continued

Venture Connect Inc. is a company incorporated under the laws of the Province of British Columbia on September 9, 2011. The company was created to provide fee for service consulting to small businesses in the region. An original investment of \$25,000 was made which represents 16.67% ownership of the company and has been recorded at cost less adjustment for impairment. In previous years impairment losses of \$25,000 were recorded on this investment such that it is currently being carried at \$Nil (2020 - \$Nil).

Rhiza Capital's Coast Community Investment Corporation (the "CIC") is a for-profit corporation, regulated by the provincial securities laws. The CIC a company incorporated pursuant to the laws of the Province of British Columbia. It is a subsidiary company of Rhiza Capital Corporation which is the sole shareholder of the CIC. Community Futures is a 51% shareholder of common shares in Rhiza Capital Corporation.

The CIC currently only uses the Private Issuers exemption, limiting its potential investors to 50 or fewer friends, family, close business associates and Accredited Investors.

A long-term investment of \$250,000 was made by purchasing Preferred Shares in the CIC, from the Non-Repayable Investment Fund. The organization has experienced a decline in value of its assets, as a consequence of the COVID-19 pandemic and of the measures put in place by public authorities. As a result, the Corporation has recorded a provision for impairment in the amount of \$62,500. The impairment loss was recognized in the statement of operations under Other income.

### 8. Advances to subsidiary

Advances to subsidiary are non interest-bearing and have no specific terms of repayment. Accordingly, this receivable has been classified as long-term as it is not management's intention to demand repayment of this advance within a year.

### 9. Investment in subsidiary

Rhiza Capital Corporation is a company incorporated under the laws of the Province of British Columbia on May 22, 2015. Rhiza Capital Corp. was created to address the need for local, equity based investment in ventures that will add economic, social and financial value to our communities. Three vehicles have been developed to support local investment: Venture Capital Corporation (Root 1, Root 2 and Root 3), Coast Community Investment Corporation and Coast Community Investment Co-op. An investment was made from the Non-Repayable Investment Fund and has been recorded at cost. There is a total of 3 key partners comprising Rhiza Capital Corporation of which the resultant ownership with respect to control and operations of Rhiza Capital Corporation, is 51%.

# Community Futures Development Corporation of the Sunshine Coast

## Notes to the Non-Consolidated Financial Statements

March 31, 2021

### 9. Investment in subsidiary, continued

	Operating fund	Loans Fund	RRRF Loan Fund	2021	2020
51% of Class A Common shares of Rhiza Capital Corporation	\$ -	\$ 51	\$ -	\$ 51	\$ 51

### 10. Tangible capital assets

	Cost	Accumulated Amortization	2021 Net Book Value	2020 Net Book Value
Furniture and fixtures	\$ 35,272	\$ 30,704	\$ 4,568	\$ 4,051
Computer equipment	68,750	59,190	9,560	7,521
<b>Total tangible capital assets</b>	<b>\$ 104,022</b>	<b>\$ 89,894</b>	<b>\$ 14,128</b>	<b>\$ 11,572</b>

### 11. Loans Receivable

Outstanding loans to entrepreneurs are interest bearing at fixed rates varying from Community Futures Development Corporation of the Sunshine Coast's base rate of 6% plus 0% to 4% with monthly blended principal and interest payments amortized for terms between twelve and one hundred and twenty months. Security is taken on these loans as appropriate to the situation and includes personal guarantees, general security agreements covering business assets and mortgages on land and building.

### 12. Allowance for credit loss

An allowance for losses on loans is made based on expected loan default rates, potential loss ratios and review of loans portfolio, as determined by management (shown below):

# Community Futures Development Corporation of the Sunshine Coast

## Notes to the Non-Consolidated Financial Statements

March 31, 2021

### 12. Allowance for credit loss, continued

	Beginning balance	Provision for credit loss - general	Privision for credit loss - specific	Recovery	Ending balance
Non-Repayable Fund	\$ 119,237	\$ 9,709	\$ 45,991	\$ (8,754)	\$ 166,183
Fisheries Legacy Fund	2,022	(187)	-	-	1,835
Forest Community Business Program	19,505	2,520	-	-	22,025
Disability Fund	8,678	(1,019)	12,434	(3,540)	16,553
Repayable Fund	45,632	5,471	-	-	51,103
Forest Community Business Program	17,842	1,529	-	-	19,371
	<b>\$ 212,916</b>	<b>\$ 18,023</b>	<b>\$ 58,425</b>	<b>\$ (12,294)</b>	<b>\$ 277,070</b>

Actual write-offs, net of recoveries, are deducted from the allowance for credit losses. The provision for credit losses in the statement of operations and changes in fund balances is charged with an amount sufficient to keep the balance in the allowance for credit losses adequate to absorb all credit related losses. For certain funds, actual write-offs are charged to the related long-term debt of the funds.

Consistent with the prior year, the Corporation continues to maintain a general provision for credit loss of 5% of total loans receivable, as a response to credit risk increase due to COVID-19 crisis.

### 13. RRRF loans receivable

The Regional Relief and Recovery Fund administers loans provided to small and medium-sized businesses on the Sunshine Coast, British Columbia, which have experienced a material adverse effect in business operations as a result of the COVID-19 pandemic. The loans are provided to a the maximum of \$60,000, bear no interest with no required principal payments until December 31, 2022. If the full outstanding balance is repaid on or before December 31, 2022, a portion of the loan is forgiven (25% on the first \$40,000 and 50% on amounts over \$40,000). In the event that the loan is not repaid by December 31, 2022, the loan is converted into a three-year term loan with interest rates up to 5%, effective January 1, 2023. The full balance must be repaid no later than December 31, 2025.

	2021	2020
Loans receivable, at face value	\$ 2,517,785	\$ -
Fair value adjustment - loan interest grant	(269,052)	-
	<b>\$ 2,248,733</b>	<b>\$ -</b>

# Community Futures Development Corporation of the Sunshine Coast

## Notes to the Non-Consolidated Financial Statements

March 31, 2021

### 13. RRRF loans receivable , continued

Although the loans receivable bear no interest, Canadian accounting standards for not-for-profit organizations require that such loans are initially recognized at their fair value, which management determined using an interest rate of 5%. The Corporation deems that the \$269,052 difference is assistance provided to the loan holders and recognized it in net income for the year as RRRF loan interest grant expense.

### 14. Deferred contributions

The BC Rural Dividend Program granted the corporation a grant in the amount of \$85,340 which is restricted for the purpose of supporting the Community Resource Lab: Building Capacity Together project to be executed during the period of August 1, 2019 to August 1, 2021.

	April 1, 2020	Contributions	Income	March 31, 2021
Community Resource Lab Program	\$ 84,940	\$ 51,885	\$ (62,426)	\$ 74,399
CO-OP Program	-	29,775	(4,263)	25,512
Rural Exit Strategy for Local Businesses	-	26,722	(26,710)	12
Total	\$ 84,940	\$ 108,382	\$ 93,399	\$ 99,873

### 15. Long term debt

	2021	2020
<b>Community Futures British Columbia</b>		
5-year term loan bearing interest of Prime +0.25% payable in monthly blended payments totalling \$4,355 , secured by general security agreement and due on demand	\$ 64,788	\$ 115,432
Less current portion	(51,464)	(50,862)
	\$ 13,324	\$ 64,570

All loan interest rates are fixed until the next March 31 after the date of authorization. Each April 1 the interest rate is adjusted to the current 5 year rate in effect on that date. During the year ended March 31, 2021, the interest rate in effect was 1.70%.

The loan would become callable on demand only under the following conditions:

- the Corporation has no need for the funds to continue its normal small loan activities for the foreseeable future. A review of the need for funds would be would automatically be initiated if year-end cash balances in repayable and non-repayable accounts exceed 25% of productive portfolio;
- the Corporation is managing its capital fund in a manner than has seriously eroded its portfolio and the security offered to the lender to obtain the advance.

The demand feature of the loan is not expected to be triggered during the next operating year and as such the term loan has been classified as long term, net of current portion.

# Community Futures Development Corporation of the Sunshine Coast

## Notes to the Non-Consolidated Financial Statements

March 31, 2021

### 16. Conditionally repayable contributions

Conditionally repayable contributions made by Western Economic Diversification Canada (WD) are non-interest bearing, unsecured, and repayable upon 60 days notice in the event of default, as defined in the contribution agreement. WD Conditionally Repayable Contributions are subject to certain conditions as stipulated in the contribution agreement.

	Original Principal	Accrued Interest	Accumulated Write-Offs	2021	2020
WD Fisheries Legacy Trust Fund	\$ 421,589	\$ -	\$ (239,249)	\$ 660,838	\$ 182,340
Stacked Licence Loans	415,000	-	-	415,000	415,000
WD Disability Fund	200,000	82,814	68,758	214,056	215,200
WD Repayable Investment Fund	450,000	400,449	272,556	577,892	567,362
Community Business Loan Fund	250,000	-	248,372	1,628	1,628
	<b>\$ 1,736,589</b>	<b>\$ 483,263</b>	<b>\$ 350,437</b>	<b>\$ 1,869,414</b>	<b>\$ 1,381,530</b>

The cash balances of the loan investment funds at the due dates will be paid to Western Economic Diversification. Principal repayment of investment loans receivable after the due dates will be forwarded to Western Economic Diversification. When all loans are collected, Western Economic Diversification is entitled to 50% of the net interest received on the restricted loan investment funds. Since March 31, 2005, 50% of the income from the loan investment funds has been included as a long-term accrued payable.

The Disabled Investment Fund balance includes \$82,814 (2020 - \$80,418) of accrued interest and the Repayable Investment Fund balance includes \$400,449 (2020 - \$389,919) of accrued interest.

Pursuant to the agreement with the lender, the amount of outstanding debt is reduced by the actual bad debts incurred. During the year, the balance of long-term debt was reduced by the total amount of bad debts of \$3,540 (2020 - \$14,324).

# Community Futures Development Corporation of the Sunshine Coast

## Notes to the Non-Consolidated Financial Statements

March 31, 2021

### 17. Repayable contributions

The Corporation and the Community Futures Lending & Investment Pool of BC (CFLIP) are parties to the Community Futures British Columbia Investment Pool Regional Relief and Recovery Fund Loan Agreement, which lends capital to the Community Futures Development Association of BC to be used to make loans or provide loan support to help small and medium-sized enterprises (SMEs) recover from the impacts of the COVID-19 pandemic, pursuant to the Regional Relief and Recovery Fund requirements, as established by the Government of Canada.

As at March 31, 2021, under the RRRF agreement, the Corporation was granted maximum interest-free credit facility of \$4,520,000, of which \$2,800,000 were drawn. The funds may only be used to make RRRF loans and are available in advances. The RRRF credit facility with Community Futures Development Association of BC is secured by a Promissory Note in the amount of \$4,520,000 and is repayable on December 31, 2025.

Pursuant to the terms of Contribution Agreement, the repayment terms are as follows: From disbursement and to December 31, 2022, no repayment is required. On December 31, 2022, any portion of the repayable contribution, which has not been loaned to SMEs shall be repaid. As of January 1, 2023, the advance remains interest free, however; the Corporation shall make equal monthly payments on January 31, 2023 and the last day of each month thereafter, until December 31, 2025. On December 31, 2025, the Corporation must repay the entire outstanding amount in full.

The repayable balance of the advance is calculated as the total amount owing as at January 1, 2023 less SME loans that have been forgiven, less credit losses for which write-off has occurred and less reasonable collection costs. As at March 31, 2021 the maximum possible forgivable component is \$699,446.

	2021	2020
Repayable to CFLIP	\$ 2,800,000	\$ -

### 18. Contributed Surplus

The contributed surplus of the corporation was provided by funding from the Federal Government of Canada to fund the general investment loan portfolio and there is no repayment requirement.

### 19. Investment in Tangible Capital Assets

	2021	2020
Balance, opening	\$ 11,572	\$ 11,209
Acquisitions	5,593	2,624
	17,165	13,833
Amortization	(3,037)	(2,261)
	\$ 14,128	\$ 11,572



# Community Futures Development Corporation of the Sunshine Coast

## Notes to the Non-Consolidated Financial Statements

---

March 31, 2021

---

### 20. Externally Restricted Net Assets

Major categories of externally imposed restrictions on net assets are as follows:

#### Loan Investment Funds

Loan Investment Funds are restricted to loans and equity investments to entrepreneurs as defined under criteria for each loan program.

#### Special Program Funds

Special Program Funds are restricted to delivery of services as defined by the program.

### 21. Interfund transfers and debt

With the new 3 year contract (Attachment "B" Statement of Work), up to a total of \$50,000 of Investment Fund interest may be transferred annually, in the 12 month period from April 1 – March 31 of any given year as follows: interest to be transferred from Non-repayable firstly and secondly, from Repayable. Interest transfers from EDP must be used in support of EDP activities. Interest transfers in excess of \$100,000 annually, in the 12 month period from April 1 – March 31, must receive prior written approval by WD.

During the year the corporation reimbursed \$25,000 interest transfers made in the previous operating year, from the Loan Investment Funds to the Operating Fund.

Additionally, the Corporation transferred \$22,760 from DFO SLL loan fund to the Core Operating fund for the purposes of repaying its bank loan.

As at March 31, 2021 the Non-repayable Investment Fund owed the FLTF WD98 Fund \$300,000 related to a FLTF WD98 client with an existing loan from the Non-repayable fund. Additionally, the CBLP Fund owed \$250,000 to the Non-repayable Investment Fund which was the matching of the FRBC contribution as per the amendment agreement dated April 30, 1999, Section 2.2. The FLTF WD98 Fund owed the FLTF SLL Fund \$161,488. Additionally, Operating fund owes \$100,000 each plus accrued interest to Non-Repayable and FLTF WD 98 fund as it holds restricted term deposits for these loan funds (note 6).

### 22. Related party transactions

The Corporation is related to its subsidiary Rhiza Capital Inc. During the year ended March 31, 2021, the corporation recorded administrative fee revenue of \$1,000 (2020 - \$4,000) pursuant to an operating agreement with Rhiza Capital Corporation, as well as total program costs of \$nil (2020 -\$Nil).

Additionally, the Corporation holds an escalator redeemable term deposit of \$200,000 plus accrued interest as a guarantee for Rhiza Capital Corporation's line of credit through another lending institution (note 5 & 6).

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

# Community Futures Development Corporation of the Sunshine Coast

## Notes to the Non-Consolidated Financial Statements

---

March 31, 2021

---

### 23. Economic dependence

The Corporation's Investment Funds, including Disability Entrepreneur, Fisheries, Repayable Investment, and Operating funding are economically dependent on the continued support of the Western Economic Diversification Canada. The Community Business Loans Program is economically dependent on the continued support of the Province of B.C.

### 24. Capital disclosure

The Corporation's objectives when managing capital are:

To safeguard the Corporation's ability to continue as a going concern, so that it can continue to provide returns for members and benefits for the community.

To provide an adequate return on investment capital by pricing services commensurately with the level.

- (a) The Corporation is authorized to make loans to individuals, groups of individuals, partnerships, cooperatives, companies or societies, the activities of which are deemed to contribute positively to the community economic development with the region; or are deemed to contribute positively to the community economic development within other CFDC regions in the Province of BC, provided that such loans are made in accordance with the Syndication of Loans Policy.
- (b) The Corporation is authorized to guarantee loans made by individuals, groups of individuals, partnerships, cooperatives, companies, or societies, the activities of which contribute positively to community economic development within the region.
- (c) The Corporation is authorized to invest in the share capital of any limited liability corporation or to participate in the equity of a project undertaken by a limited partnership provided the funds so invested contribute positively to the community economic development with the region and are invested in accordance with the Equity Investment Policy.
- (d) The Loan Committee meets routinely and has the authority to implement loan review and adjudication policy as set out by the Board. Such process is outlined in Investment and Loan Committee Terms of Reference, section 1.04. The Corporation is not subject to any externally imposed capital requirements. As at March 31, 2021, the Corporation's capital was \$3,248,935 (2020 - \$3,484,216) which included \$3,444,583 (2020 - \$2,051,507) of restricted capital.

### 25. Loan commitments

As at March 31, 2021, the Corporation has loan commitments of \$120,000 (2020 - \$15,000) with respect to pre-approved loans which have not yet been disbursed.

	2021	2020
Non-repayable Investment Fund	\$ -	\$ 15,000
RRRF Loan Fund	<b>120,000</b>	-
	<b>\$ 120,000</b>	<b>\$ 15,000</b>

---

# Community Futures Development Corporation of the Sunshine Coast

## Notes to the Non-Consolidated Financial Statements

---

March 31, 2021

---

### 26. Lease commitments

The Corporation's commitment under its office operating lease, exclusive of occupancy costs, is \$22,215 per year until April 1, 2022, at which date the operating lease expires and is subject to renewal.

### 27. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of non-consolidated financial statements in assessing the extent of risk related to financial instruments.

#### (a) Credit risk

The Corporation does have credit risk in accounts receivable of \$87,718 (2020 - \$46,063). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation reduces its exposure to credit risk by performing credit valuations on a regular basis; granting credit upon a review of the credit history of the applicant and creating an allowance for bad debts when applicable. The Corporation maintains strict credit policies and limits in respect to counterparties. In the opinion of management the credit risk exposure to the Corporation is low and is not material.

COVID-19 had resulted in an increase in credit risk for the organization. If counterparties experience financial difficulty, which may occur as the COVID-19 pandemic continues, this could result in significant financial loss to the Corporation.

#### (b) Liquidity risk

The Corporation does have a liquidity risk in the bank indebtedness and accounts payable and accrued liabilities of \$64,398 (2020 - \$24,447). Liquidity risk is the risk that the Corporation cannot repay its obligations when they become due to its creditors. The Corporation reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due. In the opinion of management the liquidity risk exposure to the Corporation is low and is not material.

#### (c) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market.

# Community Futures Development Corporation of the Sunshine Coast

## Notes to the Non-Consolidated Financial Statements

---

March 31, 2021

---

### 27. Financial instruments, continued

#### (d) Interest rate risk

The Corporation is exposed to interest rate risk. Interest rate risk is the risk that the Corporation has interest rate exposure on its bank indebtedness, which are variable based on the bank's prime rates. This exposure may have an effect on its earnings in future periods. The Corporation reduces its exposure to interest rate risk by regularly monitoring published bank prime interest rates which have been relatively stable over the period presented. There are some loans payable that are at fixed term rates, or zero interest rates and do not affect interest rate risk. The Corporation does not use derivative instruments to reduce its exposure to interest rate risk. In the opinion of management the interest rate risk exposure to the Corporation low and is not material.

#### (e) Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation has no foreign currency transactions and therefore is not exposed to currency risk.

### 28. Comparative figures

The non-consolidated financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

## Community Futures Development Corporation of the Sunshine Coast

### Loan Investment Funds - Non-Consolidated Statement of Operations and Changes in Fund Balances

March 31, 2021

#### Schedule 1

	Non- Repayable Investment Fund	FLTF WD 98 Fund	FLTF SLL Fund	CBLP Fund	Disability Entrepreneur Fund	Repayable Investment Fund	Total 2021	Total 2020
<b>Revenue</b>								
Interest income	\$ 4,554	\$ 2,802	\$ 2,601	\$ 1,962	\$ 1,679	\$ 2,133	\$ 15,729	\$ 22,457
Dividend income	14,000	-	3,000	10,500	-	-	27,500	14,000
Interest - loans	76,870	1,583	13,923	14,237	3,070	18,927	128,609	260,267
Other income/grants	4,520	-	30	4,500	210	90	9,350	17,819
	<b>99,944</b>	<b>4,385</b>	<b>19,554</b>	<b>31,199</b>	<b>4,959</b>	<b>21,150</b>	<b>181,188</b>	<b>314,543</b>
<b>Expenses</b>								
Administration fees	15,317	-	-	3,000	-	334	18,651	43,070
Bad debts (recovery)	46,825	(187)	(134)	4,184	11,415	5,471	67,574	182,394
Interest and bank charges	360	-	-	-	-	-	359	580
Interest on long-term debt	1,611	-	-	1,500	2,374	10,530	16,016	29,072
Professional fees	4,000	-	-	3,000	-	3,000	10,000	14,000
	<b>68,113</b>	<b>(187)</b>	<b>(134)</b>	<b>11,684</b>	<b>13,789</b>	<b>19,335</b>	<b>112,600</b>	<b>269,116</b>
	<b>31,831</b>	<b>4,572</b>	<b>19,688</b>	<b>19,515</b>	<b>(8,830)</b>	<b>1,815</b>	<b>68,588</b>	<b>45,427</b>
<b>Other items</b>								
Forgiveness of debt (Note 15)	-	-	-	-	(3,540)	-	(3,540)	(14,324)
Write down of investments (Note 7)	62,500	-	-	-	-	-	62,500	-
	<b>62,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,540)</b>	<b>-</b>	<b>58,960</b>	<b>(14,324)</b>
<b>Net income (loss)</b>	<b>(30,669)</b>	<b>4,572</b>	<b>19,688</b>	<b>19,515</b>	<b>(5,290)</b>	<b>1,815</b>	<b>9,628</b>	<b>59,751</b>
<b>Fund balances, opening</b>	<b>2,564,606</b>	<b>114,424</b>	<b>292,170</b>	<b>316,119</b>	<b>11,528</b>	<b>133,867</b>	<b>3,432,715</b>	<b>3,397,964</b>
<b>Interfund transfers (Note 21)</b>	<b>-</b>	<b>-</b>	<b>(22,760)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(22,760)</b>	<b>-</b>
<b>Interfund transfer of loan interest (Note 21)</b>	<b>25,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,000</b>	<b>(25,000)</b>
<b>Fund balances, closing</b>	<b>\$ 2,558,937</b>	<b>\$ 118,996</b>	<b>\$ 289,098</b>	<b>\$ 335,634</b>	<b>\$ 6,238</b>	<b>\$ 135,682</b>	<b>\$ 3,444,583</b>	<b>\$ 3,432,715</b>

See accompanying notes

## Community Futures Development Corporation of the Sunshine Coast

### Loan Investment Funds - Non-Consolidated Statement of Financial Position

March 31, 2021

#### Schedule 2

	Non- Repayable Investment Fund	FLTF WD 98 Fund	FLTF SLL Fund	CBLP Fund	Disability Entrepreneur Fund	Repayable Investment Fund	Total 2021	Total 2020
<b>Assets</b>								
<b>Current</b>								
Cash	\$ 183,290	\$ 22,621	\$ 142,694	\$ 35,174	\$ 154,019	\$ 127,398	\$ 665,196	\$ 716,784
Term deposit	-	-	-	-	-	-	-	25,000
Accounts receivable	884	-	-	-	-	-	883	884
Interfund receivable/payable (Note 21)	105,155	105,155	-	(3,000)	-	-	-	-
Dividends receivable	43,500	-	1,500	9,000	-	-	54,000	34,500
Current portion of loans receivable (Note 11)	127,671	3,727	23,945	16,330	16,922	59,094	247,688	449,228
Interfund balance	(50,000)	138,552	161,448	(250,000)	-	-	-	-
	<b>410,500</b>	<b>270,055</b>	<b>329,587</b>	<b>(192,496)</b>	<b>170,941</b>	<b>186,492</b>	<b>967,767</b>	1,226,396
<b>Long-term assets</b>								
Advances to Subsidiary (Note 8)	24,949	-	-	-	-	-	24,949	24,949
Investments (Note 7)	287,500	-	25,000	125,000	-	-	437,500	500,000
Investment in subsidiary (Note 9)	51	-	-	-	-	-	51	51
	<b>312,500</b>	<b>-</b>	<b>25,000</b>	<b>125,000</b>	<b>-</b>	<b>-</b>	<b>462,500</b>	525,000
<b>Loans receivable</b>								
Investment loans receivable (Note 11)	2,183,951	36,709	387,412	440,502	82,385	636,474	3,767,433	3,626,855
Accrued interest	30,173	133	5,415	5,612	350	3,806	45,488	22,396
Allowance for credit loss (Note 12)	(166,183)	(1,835)	(19,371)	(22,026)	(16,552)	(51,103)	(277,070)	(212,916)
Net Investment loans receivable	2,047,941	35,007	373,456	424,088	66,183	589,177	3,535,851	3,436,335
Current portion of loans (Note 11)	(127,671)	(3,727)	(23,945)	(16,330)	(16,922)	(59,094)	(247,688)	(449,228)
Total Investments	<b>1,920,270</b>	<b>31,280</b>	<b>349,511</b>	<b>407,758</b>	<b>49,261</b>	<b>530,083</b>	<b>3,288,163</b>	2,987,107
	<b>\$ 2,643,270</b>	<b>\$ 301,335</b>	<b>\$ 704,098</b>	<b>\$ 340,262</b>	<b>\$ 220,202</b>	<b>\$ 716,575</b>	<b>\$ 4,718,430</b>	\$ 4,738,503

See accompanying notes

## Community Futures Development Corporation of the Sunshine Coast

### Loan Investment Funds - Non-Consolidated Statement of Financial Position

March 31, 2021

#### Schedule 2

	Non- Repayable Investment Fund	FLTF WD 98 Fund	FLTF SLL Fund	CBLP Fund	Disability Entrepreneur Fund	Repayable Investment Fund	Total 2021	Total 2020
<b>Liabilities</b>								
<b>Current</b>								
Accounts payable and accrued liabilities	19,545	-	-	3,000	-	3,000	<b>25,545</b>	14,000
Current portion of long- term debt (Note 15)	51,464	-	-	-	-	-	<b>51,464</b>	50,862
	<b>71,009</b>	-	-	<b>3,000</b>	-	<b>3,000</b>	<b>77,009</b>	64,862
<b>Long-term</b>								
Long-term debt (Note 15)	13,324	-	-	-	-	-	<b>13,324</b>	64,570
Conditionally repayable contributions (Note 16)								
CBLP	-	-	-	-	-	-	-	1,628
Fisheries and Oceans	-	-	-	-	-	-	-	415,000
WD - Principal & accumulated write-offs	-	182,339	415,000	1,628	131,150	177,444	<b>907,561</b>	494,543
WD - Loan Accrued Interest	-	-	-	-	82,814	400,449	<b>483,263</b>	470,359
	<b>13,324</b>	<b>182,339</b>	<b>415,000</b>	<b>1,628</b>	<b>213,964</b>	<b>577,893</b>	<b>1,404,148</b>	1,446,100
<b>Fund Balances</b>								
Contributed Surplus (Note 18)	1,381,208	-	-	-	-	-	<b>1,381,208</b>	1,381,208
Externally Restrictcd (Note 20)	1,177,729	118,996	289,098	335,634	6,238	135,682	<b>2,063,377</b>	2,051,507
	<b>2,558,937</b>	<b>118,996</b>	<b>289,098</b>	<b>335,634</b>	<b>6,238</b>	<b>135,682</b>	<b>3,444,583</b>	3,432,715
	<b>\$ 2,643,270</b>	<b>\$ 301,335</b>	<b>\$ 704,098</b>	<b>\$ 340,262</b>	<b>\$ 220,202</b>	<b>\$ 716,575</b>	<b>\$ 4,925,740</b>	\$ 4,943,677

See accompanying notes

# Community Futures Development Corporation of the Sunshine Coast

## Operating Fund Statement of Financial Position

March 31, 2021

### Schedule 3

	Core fund	RRRF operating	Total Operating fund 2021	Total Operating fund 2020
<b>Assets</b>				
Cash (Note 5)	\$ 142,158	\$ 9,605	\$ 151,763	\$ 159,656
Accounts receivable	32,835	-	32,835	10,680
GST receivable	2,092	-	2,092	1,963
Prepaid expenses	5,862	-	5,862	6,910
	<b>182,947</b>	<b>9,605</b>	<b>192,552</b>	<b>179,209</b>
Term deposits (Note 6)	210,310	-	210,310	205,174
Investments (Note 7)	2,500	-	2,500	2,500
Tangible capital assets	14,128	-	14,128	11,572
	<b>226,938</b>	<b>-</b>	<b>226,938</b>	<b>219,246</b>
	<b>409,885</b>	<b>9,605</b>	<b>419,490</b>	<b>398,455</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	29,248	9,605	38,853	10,450
Deferred revenue	-	-	-	23,692
Interfund balance (Note 21)	207,310	-	-	-
Deferred contributions (Note 14)	99,923	-	99,923	84,940
	<b>336,481</b>	<b>9,605</b>	<b>138,776</b>	<b>119,082</b>
<b>Fund balances</b>				
Invested in tangible capital assets	14,128	-	14,128	11,572
Unrestricted	59,276	-	59,276	62,627
	<b>73,404</b>	<b>-</b>	<b>73,404</b>	<b>74,199</b>
	<b>\$ 409,885</b>	<b>\$ 9,605</b>	<b>\$ 212,180</b>	<b>\$ 193,281</b>



## Community Futures Development Corporation of the Sunshine Coast

### Operating Fund Statement of Operations

March 31, 2021

#### Schedule 3

March 31, 2021	Core fund 2021	RRRF operating 2021	Operating fund 2021	Operating fund 2020
<b>Sales</b>				
Other income/grants (Note 22)	\$ 129,626	\$ 87,280	\$ 216,906	\$ 67,429
WD Contribution	284,304	-	284,304	284,308
Interest income	826	-	826	2,111
Dividend income	3,000	44	3,044	-
	<b>417,756</b>	<b>87,324</b>	<b>505,080</b>	<b>353,848</b>
<b>Expenses</b>				
Advertising and promotion	4,146	2,969	7,115	1,926
Amortization	3,037	-	3,037	2,261
Interest and bank charges	477	8,171	8,648	1,160
Board/staff & AGM	2,014	-	2,014	3,222
Insurance	4,196	-	4,196	3,968
Janitorial	1,920	-	1,920	2,160
Loan operations in Core	3,203	-	3,203	7,550
Memberships	1,107	100	1,207	1,137
Office rent	25,743	-	25,743	26,138
Office	7,335	3,692	11,027	7,202
Professional fees	7,504	9,000	16,504	6,013
Program costs	60,520	52,580	113,099	25,450
Repairs and maintenance	7,678	9,343	17,021	6,113
Telephone and utilities	6,200	-	6,200	6,581
Training and conferences	2,341	1,469	3,811	2,984
Travel and automotive	282	-	282	662
Wages and benefits	255,910	-	255,910	249,696
	<b>393,613</b>	<b>87,324</b>	<b>480,937</b>	<b>354,223</b>
<b>Net income (loss)</b>	<b>24,143</b>	<b>-</b>	<b>24,143</b>	<b>(375)</b>
<b>Balance, beginning of year</b>	<b>51,501</b>	<b>-</b>	<b>51,501</b>	<b>26,875</b>
<b>Interfund transfers (Note 21)</b>	<b>22,760</b>	<b>-</b>	<b>22,760</b>	<b>-</b>
<b>Interfund transfer of loan interest (Note 21)</b>	<b>(25,000)</b>	<b>-</b>	<b>(25,000)</b>	<b>25,000</b>
<b>Balance, end of year</b>	<b>\$ 73,404</b>	<b>\$ -</b>	<b>\$ 73,404</b>	<b>\$ 51,501</b>