



COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA
Financial Statements
Year Ended March 31, 2021

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

Financial Statements

March 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Community Futures Development Corporation of Boundary Area:

Opinion

We have audited the accompanying non-consolidated financial statements of Community Futures Development Corporation of Boundary Area ("the Company"), which comprises the non-consolidated statement of financial position as at March 31, 2021, and the non-consolidated statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the 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 Company as at March 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 Non-Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in the schedules is presented for purposes of additional information and is not required as part of the financial statements. Such information has been subject to the auditing procedures applied, only to the extent necessary to express an opinion in the audit of the financial statements taken as a whole.

Responsibilities of Management and Those Charged with Governance for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's non-consolidated financial reporting process.

(continues)

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibility for the Audit of the Non-Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually, or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken of the basis of these non-consolidated 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 non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated 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.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, the accounting principles have been applied on a basis consistent with that of the preceding year.

CHARTERED PROFESSIONAL ACCOUNTANTS

Kelowna, Canada
July 20, 2021

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

Non-Consolidated Statement of Financial Position Year Ended March 31, 2021

ASSETS	Operating Fund	Portfolio Fund	Employment Labour Market (ELMS)	March 31 2021	March 31 2020
CURRENT	\$	\$	\$	\$	\$
Cash (Note 3)	933,264	1,218,000	173,626	2,324,890	2,452,606
Short term investments (Note 4)	645,494	-	-	645,494	629,497
Accounts receivable (Note 5)	148,608	2,248	-	150,856	130,978
Prepaid expenses	1,425	-	-	1,425	1,425
	1,728,791	1,220,248	173,626	3,122,665	3,214,506
LOANS RECEIVABLE, net of allowance for doubtful loans of \$131,022 (2020 - \$110,488) (Note 6)	-	2,489,428	-	2,489,428	2,149,273
INVESTMENT IN SUBSIDIARY (Note 7)	10	-	-	10	10
TANGIBLE CAPITAL ASSETS (Note 8)	93,752	-	14,168	107,920	136,668
	1,822,553	3,709,676	187,794	5,720,023	5,500,457
LIABILITIES AND FUND BALANCES					
CURRENT					
Accounts payable & accrued liabilities (Note 9)	14,300	-	14,816	29,116	34,837
Deferred revenue	155,334	3,600	40,000	198,934	330,797
Current portion of investment loans payable (Note 10)	-	35,207	-	35,207	35,082
	169,634	38,807	54,816	263,257	400,716
INVESTMENT LOANS PAYABLE (Note 10)	-	387,272	-	387,272	198,977
FUND BALANCES					
Investment in Tangible Capital Assets	93,752	-	14,168	107,920	136,668
Externally Restricted Funds (Note 11)	-	3,283,597	-	3,283,597	3,144,144
Unrestricted	1,559,167	-	118,810	1,677,977	1,619,952
	1,652,919	3,283,597	132,978	5,069,494	4,900,764
	1,822,553	3,709,676	187,794	5,720,023	5,500,457
LEASE COMMITMENTS (Note 12)					
ECONOMIC DEPENDENCE (Note 13)					

On behalf of the Board:

Director

Director

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

Non-Consolidated Statement of Operations and Changes in Fund Balances Year Ended March 31, 2021

	Operating Fund	Portfolio Fund	Employment Labour Market (ELMS)	2021	2020
REVENUE	\$	\$	\$	\$	\$
Project funding	276,129	-	619,418	895,547	1,024,324
Operating contributions	272,456	-	-	272,456	286,797
Fee for service	-	-	230,228	230,228	186,150
Interest from investments	-	124,011	-	124,011	124,115
Interest from banks	23,809	8,977	-	32,786	37,798
Other income	24,462	-	-	24,462	13,066
Loan administration fees	5,722	-	-	5,722	3,321
	602,578	132,988	849,646	1,585,212	1,675,571
EXPENSES					
Wages and benefits	294,489	-	371,105	665,594	708,332
Project expenses	4,217	-	308,805	313,022	351,831
Rent	29,403	-	55,065	84,468	75,105
Consulting	72,231	-	3,949	76,180	199,797
Advertising and promotion	47,378	-	2,790	50,168	31,853
Amortization	37,847	-	7,333	45,180	39,458
Repairs and maintenance	16,531	-	27,944	44,475	39,690
Office and sundry	9,744	-	27,994	37,738	38,122
Professional fees	6,118	-	16,989	23,107	13,854
Loan (collections recovered) and losses	-	20,534	-	20,534	7,882
Telephone	13,881	-	5,897	19,778	14,396
Directors' expenses	13,800	-	-	13,800	19,952
Training	1,645	-	5,474	7,119	10,449
Licences, dues and fees	2,315	-	4,134	6,449	4,905
Bank charges and interest	4,660	-	-	4,660	3,005
Insurance	688	-	2,098	2,786	2,728
Travel	1,424	-	-	1,424	9,003
Loan admin, insurance and registration	-	-	-	-	1,147
Bad debt	-	-	-	-	32
	556,371	20,534	839,577	1,416,482	1,571,541
EXCESS OF REVENUE OVER EXPENSES	46,207	112,454	10,069	168,730	104,030
FUND BALANCES, beginning of year	\$ 1,633,712	\$ 3,144,143	\$ 122,909	\$ 4,900,764	\$ 4,796,734
EXCESS OF REVENUE OVER EXPENSES	46,207	112,454	10,069	168,730	104,030
TRANSFER OF INTEREST TO INVESTMENTS	(27,000)	27,000	-	-	-
FUND BALANCES, end of year	1,652,919	3,283,597	132,978	5,069,494	4,900,764

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

Non-Consolidated Statement of Cash Flows Year Ended March 31, 2021

	Operating Fund	Portfolio Fund	Employment Labour Market (ELMS)	2021	2020
	\$	\$	\$	\$	\$
CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES					
Operations:					
Excess of revenue over expenses	46,207	112,454	10,069	168,730	104,030
Amortization	37,847	-	7,333	45,180	39,458
	84,054	112,454	17,402	213,910	143,488
Net Change in Non-cash Working Capital Items (Note 16)	(167,755)	7,454	2,838	(157,463)	(116,885)
	(83,701)	119,908	20,240	56,447	26,603
CASH FLOWS (USED BY) FROM FINANCING ACTIVITIES					
Issuance (repayment) of investment loans payable	-	188,421	-	188,421	(124,293)
Interest transfer	(27,000)	27,000	-	-	-
	(27,000)	215,421	-	188,421	(124,293)
CASH FLOWS (USED BY) FROM INVESTING ACTIVITIES					
Tangible capital assets acquired	(5,537)	-	(10,895)	(16,432)	(35,899)
Short term investments acquired	(15,996)	-	-	(15,996)	(5,019)
Repayment of loans receivable	-	443,734	-	443,734	1,068,366
Disbursement of loans receivable	-	(783,890)	-	(783,890)	(1,268,116)
	(21,533)	(340,156)	(10,895)	(372,584)	(240,668)
NET INCREASE (DECREASE) IN CASH	(132,234)	(4,827)	9,345	(127,716)	(338,358)
CASH, beginning of year	1,065,498	1,222,827	164,281	2,452,606	2,790,964
CASH, end of year	933,264	1,218,000	173,626	2,324,890	2,452,606

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

Notes to Non-Consolidated Financial Statements Year Ended March 31, 2021

1. NATURE OF OPERATIONS AND IMPACTS OF COVID-19

The Community Futures Development Corporation of Boundary Area ("the Company") is incorporated under Part 2 of the Canada Corporations Act without share capital.

The Company has entered into agreements with Western Economic Diversification (WED) whereby investment funds and contributions are provided to support the community's plans for the generation of additional private sector employment through the provision of advisory counselling, technical services and investment services to small businesses and to individuals in accordance with the Community Futures Committee's overall economic development plan and strategy for employment growth and recovery.

The Company may administer investment funds in the form of loans, loan guarantees and equity participation to create small businesses and to expand, stabilize and protect existing businesses resulting in the generation and maintenance of permanent employment.

The Employment Labour Market Program (ELMS) is designed to assist individuals in becoming employed. The ELMS program targets employment insurance and social benefits recipients and provides job search services, training and workshops, consulting services, and financial support for self-employment and individuals.

The outbreak of a novel strain of coronavirus ("COVID-19") was declared a global pandemic by the World Health Organization in March 2020. COVID-19 has severely impacted many economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

Demand for the Company's services was heightened a result of the pandemic. The Company received additional funding to assist businesses in the region face the impacts of COVID-19. The Company has received funding from Western Economic Diversification Canada as a part of the Regional Relief and Recovery Fund (RRRF). This funding has been used to enhance support and services to small and medium sized businesses impacted by the COVID-19 pandemic.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These unconsolidated financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) in Part III of the CPA Canadian Handbook.

Financial instruments policy

The Company considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Company accounts for the following as financial instruments:

- Cash
- Short term investments
- Accounts receivable
- Loans receivable
- Accounts payable and accrued liabilities
- Investment loans payable

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

Notes to Non-Consolidated Financial Statements Year Ended March 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments policy (continued)

A financial assets or liability is recognized when the Company becomes party to contractual provisions of the instrument.

Measurement

The Company initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions. Financial assets and financial liabilities, which are not subsequently measured at fair value, are initially adjusted for transaction costs and financing fees directly attributable to their origination, acquisition, issuance or assumption. All other transaction costs are recognized in net income in the period incurred.

Financial assets or liabilities obtained in related party transactions are measured in accordance with the accounting policy for related party transactions except for those transactions that are with a person or entity whose sole relationship with the Company is in the capacity of management in which case they are accounted for in accordance with accounting policies for financial instruments. The Company subsequently measures all of its financial assets and financial liabilities at cost or amortized cost less any reduction for impairment.

Financial assets measured at cost or amortized cost less any reduction for impairment include cash, short term investments, loans receivable and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and investment loans payable.

Financing fees and transaction costs related to the origination, acquisition, issuance or assumption of financial assets and financial liabilities, subsequently measured at cost or amortized cost, are included as part of the adjusted fair value of the financial asset or financial liability on initial measurement. Subsequent to initial measurement the fees and costs are amortized into net income on a straight-line basis over the term of the related debt. All other transaction costs are recognized in net income in the period incurred.

The Company removes financial liabilities, or a portion thereof, when the obligation is discharged, cancelled or expires.

A financial asset (or group of similar financial assets) measured at cost or amortized cost are tested for impairment when there are indicators of impairment. Impairment losses are recognized in the statement of operations. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

Short term investments

Short term investments are investments in mutual funds, GIC's, and highly liquid investments.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

Notes to Non-Consolidated Financial Statements Year Ended March 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Loans receivable

All interest income is recorded on an accrual basis. The Company ceases to accrue interest on doubtful loans.

An allowance for doubtful loans is determined in the following manner:

Loans in Default - If there is a significant doubt as to the ultimate collection of principal, a specific provision is established at a level sufficient to provide for the estimated impairment of the loan principal.

Loans not in Default - A general provision of 5% has been established.

The establishment of the allowance for doubtful loans relies on the judgment of management, on historical precedent and expectations as to the future collections. It is reasonably possible that changes in future conditions could require a material change in the recognized amount of the allowance for doubtful loans.

Investment in subsidiary

The investment in the subsidiary is recorded using the cost method.

Tangible capital assets

Tangible capital assets are recorded at cost. When an asset no longer contributes to services, its carrying amount is written down to its residual value. Amortization is provided over the estimated useful life of the capital property using the straight-line method at the following annual rates:

Leasehold improvements	10 years straight line
Computer equipment	33 months straight line
Equipment	4 years straight line
Furniture and fixtures	4 years straight line
Computer software	33 months straight line

Impairment of tangible capital assets

The Company tests tangible capital assets, or groups of tangible capital assets, for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

Notes to Non-Consolidated Financial Statements Year Ended March 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

The Company follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

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

Revenue earned on term loans is accrued on a daily basis. Revenue earned on equity loans is deferred until the date of maturity of the loan.

Fund accounting

The Operating Fund accounts for the Company's operating costs and general revenues. This fund reports unrestricted resources and restricted operating grants.

The Portfolio Fund reports 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 Portfolio Fund for the Disabled are limited to businesses owned and operated by disabled entrepreneurs. The Company is restricted in the types of loans that can be made according to its agreement with the federal government.

The Employment Labour Market (ELMs) reports restricted resources that are to be used for labour assistance workshops and training.

Income Tax

The Company is exempt from income tax under Section 149(1) of the Income Tax Act.

Measurement uncertainty

Management reviews the carrying amounts of items in the financial statements at each reporting date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to net income, as appropriate, in the year they become known.

Items subject to significant management estimates include tangible capital assets useful lives and amortization rates, as well as, the allowance for doubtful loans.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

Notes to Non-Consolidated Financial Statements Year Ended March 31, 2021

3. CASH

	Cash	Interfund transfers	2021	2020
	\$	\$	\$	\$
Cash and chequing - Operating Fund	1,109,323	(176,059)	933,264	1,065,498
Portfolio Fund				
Portfolio A , Microloans and Growthstart	455,586	163,497	619,083	499,685
Portfolio B and Youth	375,104	167,907	543,011	770,117
Disabled Entrepreneur	4,334	20,163	24,497	151,417
Community Business Loans Program	380,405	(352,372)	28,033	(201,630)
COVID Loans	138	-	138	-
Syndicate loans	-	3,238	3,238	3,238
	1,215,567	2,433	1,218,000	1,222,827
Cash and chequing - Employment Services	-	173,626	173,626	164,281
	2,324,890	-	2,324,890	2,452,606

4. SHORT-TERM INVESTMENTS

	2021	2020
	\$	\$
CI Prestige	353,964	-
Wellington-Altus Private Wealth	290,530	288,637
WKB Investment Co-op Shares	1,000	1,000
Sun Life Financial	-	339,860
	645,494	629,497

The market value of the CI Prestige Investment at March 31, 2021 is \$342,360 (2020 - \$nil). The market value of the Wellington-Altus Private Wealth at March 31, 2021 is \$313,354 (2020 - \$273,164). The market value of the Sun Life Financial Investment at March 31, 2021 is \$nil (2020 - \$315,342).

5. ACCOUNTS RECEIVABLE

	2021	2020
	\$	\$
Trade receivable	133,837	112,886
GST receivable	17,019	18,092
	150,856	130,978

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

Notes to Non-Consolidated Financial Statements Year Ended March 31, 2021

6. LOANS RECEIVABLE

	Loans receivable	Less: Allowance for doubtful accounts	2021	2020
	\$	\$	\$	\$
Portfolio B and Youth	1,619,950	(80,999)	1,538,951	972,530
Portfolio A and Microloans	374,488	(18,722)	355,765	519,761
Community Business Loans Program	325,652	(16,282)	309,369	598,561
Disabled Entrepreneur	300,363	(15,019)	285,343	58,421
	<u>2,620,453</u>	<u>(131,022)</u>	<u>2,489,428</u>	<u>2,149,273</u>

During the year, there were the following changes in the allowance for doubtful accounts:

	Beginning Balance	Provisions	Reversals	2021
	\$	\$	\$	\$
Portfolio B and Youth	51,186	80,997	(51,186)	80,997
Portfolio A and Microloans	24,724	18,724	(24,724)	18,724
Community Business Loans Program	31,503	16,283	(31,503)	16,283
Disabled Entrepreneur	3,075	15,018	(3,075)	15,018
	<u>110,488</u>	<u>131,022</u>	<u>(110,488)</u>	<u>131,022</u>

The loans receivable are due in monthly payments including interest at rates varying from 5% to 10% and are secured by one, or a combination of debentures, personal guarantees, promissory notes, mortgages and other charges on property.

A significant portion of the loans are to individuals or corporations involved in or starting a small business and as such, the Company is exposed to all of the risks associated with that segment of the industry. The allowance as a percentage of total loans is 5.00% (2020 - 5.00%).

There are a total of 5 (2020 - 5) loans receivable over \$150,000 totaling \$1,419,081 (2020 - \$896,881).

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

Notes to Non-Consolidated Financial Statements Year Ended March 31, 2021

7. INVESTMENT IN SUBSIDIARY

Grand Forks & Boundary Enterprise Holdings Centre Ltd., a wholly owned subsidiary, is incorporated under the British Columbia Business Corporations Act and is a non-profit organization not subject to income tax under Section 149(1) of the Income Tax Act. The subsidiary's principal business activity consists of the rental of real property principally to CFDC of Boundary area.

Grand Forks & Boundary Enterprise Holdings Centre Ltd. has not been consolidated into the Company's financial statements. Financial summaries of this unconsolidated entity as at March 31, 2021 and 2020 and for the years then ended have been presented below. The following supplementary information has not been subject to audit procedures; however, as the investment in this wholly owned subsidiary is recorded at cost, there is no impact on the value of the investment.

Financial position:

	<u>2021</u>	<u>2020</u>
	\$	\$
Total assets	603,780	539,722
Total liabilities	660	648
Total net assets	<u>603,120</u>	<u>539,074</u>

Results of operations:

	<u>2021</u>	<u>2020</u>
	\$	\$
Total revenue	74,448	52,954
Total expenses	(10,402)	(14,833)
Excess of revenues over expenses	<u>64,046</u>	<u>38,121</u>

Cash flows:

	<u>2021</u>	<u>2020</u>
	\$	\$
Cash from operations	68,123	42,319
Increase in cash	<u>68,123</u>	<u>42,319</u>

Investment in Grand Forks & Boundary Enterprise Holdings Centre Ltd.:

	<u>Percent owned</u>	<u>Shares</u>	<u>Advances</u>	<u>2021</u>	<u>2020</u>
		\$	\$	\$	\$
Grand Forks and Boundary Enterprise Centre Holdings Ltd.	100%	10	-	<u>10</u>	<u>10</u>

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

Notes to Non-Consolidated Financial Statements Year Ended March 31, 2021

8. TANGIBLE CAPITAL ASSETS AND INVESTMENT IN TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value	
			2021	2020
	\$	\$	\$	\$
OPERATING FUND				
Leasehold improvements	299,814	226,375	73,439	95,249
Computer equipment	45,114	29,987	15,127	27,783
Equipment	19,565	15,711	3,854	1,536
Furniture and fixtures	52,966	51,634	1,332	1,494
Computer software	4,426	4,426	-	-
	421,885	328,133	93,752	126,062
EMPLOYMENT LABOUR MARKET (ELMS)				
Leasehold improvements	24,474	19,041	5,433	7,881
Computer equipment	64,761	56,026	8,735	2,551
Furniture and fixtures	1,926	1,926	-	174
	91,161	76,993	14,168	10,606
	513,046	405,126	107,920	136,668

	Operating Fund	Portfolio Fund	Employment Labour Market (ELMS)	2021	2020
	\$	\$	\$	\$	\$
INVESTMENT IN TANGIBLE CAPITAL ASSETS, beginning of year	126,062	-	10,606	136,668	140,227
Amortization of tangible capital assets	(37,847)	-	(7,333)	(45,180)	(39,458)
Purchase of tangible capital assets	5,537	-	10,895	16,432	35,899
INVESTMENT IN TANGIBLE CAPITAL ASSETS, end of year	93,752	-	14,168	107,920	136,668

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
	\$	\$
Accounts payable and accruals	22,835	31,267
Wages payable	6,281	3,570
	29,116	34,837

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

Notes to Non-Consolidated Financial Statements Year Ended March 31, 2021

10. INVESTMENT LOANS PAYABLE

	<u>2021</u>	<u>2020</u>
	\$	\$
Community Futures Development Corporation of Central Kootenay participation loan #3.	285,089	
Community Futures Development Corporation of Central Kootenay participation loan #2.	104,864	109,095
West Kootenay Boundary Community Investment CO-OP participation loan #1.	23,549	25,000
West Kootenay Boundary Community Investment CO-OP participation loan #2.	8,977	-
Community Futures Development Corporation of Central Kootenay participation loan #1.	-	99,964
	<u>422,479</u>	<u>234,059</u>
Amounts payable within one year	<u>(35,207)</u>	<u>(35,082)</u>
	<u>387,272</u>	<u>198,977</u>

Principal repayment terms are approximately:

2022	35,207
2023	37,721
2024	40,322
2025	41,748
2026	36,286
Thereafter	<u>231,195</u>
	<u>422,479</u>

Central Kootenay Participation Loan #1

The Company entered into a participation loan and administration agreement with Community Futures Development Corporation of Central Kootenay in order to advance a loan amount of \$418,000. As per the agreement, the Company provided a portion of the loan to be advanced in the amount of \$209,000 and administered the loan. The loan was repaid in full in May 2020.

Central Kootenay Participation Loan #2

The Company entered into a participation loan and administration agreement with Community Futures Development Corporation of Central Kootenay in order to advance a loan amount of \$250,000. As per the agreement, the Company will provide a portion of the loan to be advanced in the amount of \$125,000 and will administer the loan. The Company has granted and assigned an undivided interest in the security held in respect of the loan proportionate to the respective shares of the participants under a General Security Agreement over the assets of the corporations. The participants' share of the loan is repayable to the participants in blended monthly payments bearing interest at 6.70%. The loan matures on August 1, 2035, with renewals every 5 years.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

Notes to Non-Consolidated Financial Statements Year Ended March 31, 2021

10. INVESTMENT LOANS PAYABLE *(continued)*

Central Kootenay Participation Loan #3

The Company entered into a participation loan and administration agreement with Community Futures Development Corporation of Central Kootenay in order to advance a loan amount of \$603,000. As per the agreement, the Company will provide a portion of the loan to be advanced in the amount of \$301,500 and will administer the loan. The Company has granted and assigned an undivided interest in the security held in respect of the loan proportionate to the respective shares of the participants under a General Security Agreement over the assets of the corporations. The participants' share of the loan is repayable to the participants in blended monthly payments bearing interest at 6.7%; reassigned each subsequent year at prime at March 1st + 3.25%. The loan matures on June 1, 2030, with renewals every 5 years.

West Kootenay Participation Loan #1

The Company entered into a participation loan and administration agreement with West Kootenay Boundary Community Investment Coop in order to advance a loan amount of \$52,520. As per the agreement, the Company will provide a portion of the loan to be advanced in the amount of \$26,260 and will administer the loan. The Company has granted and assigned an undivided interest in the security held in respect of the loan proportionate to the respective shares of the participants under a General Security Agreement over the assets of the corporations. A guarantee was also granted by the company shareholder as guarantor. The participants' share of the loan is repayable to the participants in blended monthly payments bearing interest at 6.45%. The loan matures on August 15, 2024.

West Kootenay Participation Loan #2

The Company entered into a participation loan and administration agreement with West Kootenay Boundary Community Investment Coop in order to advance a loan amount of \$17,920. As per the agreement, the Company will provide a portion of the loan to be advanced in the amount of \$8,980 and will administer the loan. The Company has granted and assigned an undivided interest in the security held in respect of the loan proportionate to the respective shares of the participants under a General Security Agreement over the assets of the corporations. A guarantee was also granted by the company as guarantor. The participants' share of the loan is repayable to the participants in blended monthly payments bearing interest at 7.95%. The loan matures on April 1, 2025.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

Notes to Non-Consolidated Financial Statements Year Ended March 31, 2021

11. EXTERNALLY RESTRICTED FUNDS

	Original Contribution	Balance outstanding 2021	Balance outstanding 2020
Non-repayable:	\$	\$	\$
Portfolio A, Microloans and Growthstart	500,000	966,196	920,110
Conditionally repayable:			
Portfolio B and Youth Investment	1,000,000	1,771,336	1,722,692
Community Business Loans Program	250,000	337,678	288,111
Disabled Entrepreneur	200,000	205,011	209,993
Syndicate Loans	-	3,238	3,238
COVID Loans	-	138	-
	1,950,000	3,283,597	3,144,144

Externally restricted funds are repayable if the following conditions occur:

- i) The Conditionally Repayable Fund ("Fund") is not administered according to the terms and conditions specified in the Agreement; or
- ii) Based on reviews and evaluations of the operations and the Fund of the Corporation, the Fund is not providing a satisfactory level of benefits in terms of employment creation, the development of Community-owned or controlled business, and strengthening of the Western Canadian economy; or
- iii) In the opinion of the Minister, the Fund is no longer necessary or relevant to the development of the Western Canadian economy; or
- iv) The Agreement is terminated; or
- v) An event of default occurs, as described in the Agreement; or
- vi) The Minister does not approve terms and conditions to extend the Project beyond the Completion Date.

Portfolio A, Microloans and Growthstart

This amount is restricted for the purpose of assisting small businesses and entrepreneurs in the form of loans, loan guarantees or equity participation.

Portfolio B

The Company received \$800,000 from Western Economic Diversification, Government of Canada for the purpose of creating an investment fund to assist eligible local businesses in the form of loans, loan guarantees and equity participation. Related investment loans written off as bad debts are recorded as a reduction to the restricted fund. At the termination of the agreement, the Company is required to repay any amount uncommitted, thereafter the loan principal and interest collected until the original principal is repaid and then 50% of the remaining interest collected.

Youth Investment

The Company received \$200,000 from Western Economic Diversification, Government of Canada for the purpose of creating an investment fund to assist youths (persons under the age of 30) to own and operate a business in the form of loans, loan guarantees and equity participation. Related investment loans written off as bad debts are recorded as a reduction to the restricted fund. At the termination of the agreement, the Company is required to repay any amount uncommitted, thereafter the loan principal and interest collected until the original principal is repaid and then 50% of the remaining interest collected.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

Notes to Non-Consolidated Financial Statements Year Ended March 31, 2021

11. EXTERNALLY RESTRICTED FUNDS *(continued)*

Community Business Loans Program (Formerly Forest Renewal BC)

The Company received \$250,000 from Community Business Loans Program which the Corporation matched creating an investment fund of \$500,000. The purpose of the fund is to loan funds to forest sector enterprises. One half of the related investment loans written off as bad debts are recorded as a reduction to the restricted fund. At the termination of the agreement, the Company is required to repay one half of any amount uncommitted, thereafter one half of the principal and interest collected until the original principal is repaid.

Disabled Entrepreneur

The Company received \$200,000 from Western Economic Diversification, Government of Canada for the purpose of creating an investment fund to assist disabled individuals to own and operate a business in the form of loans, loan guarantees and equity participation. Related investment loans written off as bad debts are recorded as a reduction to the restricted fund. At the termination of the agreement, the Company is required to repay any amount uncommitted, thereafter the loan principal and interest collected until the original principal is repaid and then 50% of the remaining interest collected.

12. LEASE COMMITMENTS

The Company has entered into two long term lease agreements with respect to its premises. The leases contain renewal options and provide for payment of utilities, property taxes and maintenance costs.

Future minimum lease payments as at March 31, 2021 are as follows:

2022	55,830
2023	52,800
	<u>108,630</u>

13. ECONOMIC DEPENDENCE

The Employment Services Program is entirely dependant on the Provincial Ministry of Social Development. The Company received 53.5% of its total funding from the Province of BC (2020 - 49.4%).

The Company receives a substantial portion of its funding from Western Economic Diversification. The Company received 21.1% of its total funding from the Western Economic Diversification (2020 - 17.1%).

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

Notes to Non-Consolidated Financial Statements Year Ended March 31, 2021

14. RELATED PARTY TRANSACTIONS

Related Party	Relationship	Type of Transaction	2021	Paid 2020
			\$	\$
Grand Forks and Boundary Enterprise Centre Holdings Ltd.	Subsidiary	Rent	(54,120)	(54,120)

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

15. EMPLOYEE REMUNERATION

Under the new Societies Act, the Company is required to disclose any remuneration to directors as well as remuneration to employees and contractors over \$75,000. During the year, the General Manager received remuneration over this threshold.

16. NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	Operating Fund	Portfolio Fund	Employment Labour Market (ELMS)	2021	2020
	\$	\$	\$	\$	\$
Decrease in:					
Accounts receivable	(25,551)	5,669	-	(19,882)	67,930
Increase (decrease) in:					
Accounts payable and accrued liabilities	(1,841)	(15)	(3,862)	(5,718)	(15,713)
Deferred revenue	(140,363)	1,800	6,700	(131,863)	(169,102)
	(167,755)	7,454	2,838	(157,463)	(116,885)

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

Notes to Non-Consolidated Financial Statements Year Ended March 31, 2021

17. FINANCIAL INSTRUMENTS

The Company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Company's risk exposure and concentration as of March 31, 2021.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Company is exposed to credit risk from customers. In order to reduce its credit risk, the Company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful loans is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Company has a significant number of clients, to whom loans are issued, thus minimizing concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to this risk mainly in respect of its loans receivable.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

**SCHEDULE 1 - Non-Consolidated Statement of Financial Position by Fund - Operating
Year Ended March 31, 2021**

ASSETS	Operating Fund	Other Programs	WD RRRF Operating Fund	2021	2020
	\$	\$	\$	\$	\$
CURRENT					
Cash	285,024	647,710	530	933,264	1,065,498
Short-term investments	645,494	-	-	645,494	629,497
Accounts receivable	148,608	-	-	148,608	123,057
Prepaid expenses	1,425	-	-	1,425	1,425
	<u>1,080,551</u>	<u>647,710</u>	<u>530</u>	<u>1,728,791</u>	<u>1,819,477</u>
 INVESTMENT IN SUBSIDIARY	 10	 -	 -	 10	 10
 TANGIBLE CAPITAL ASSETS	 93,076	 676	 -	 93,752	 126,062
	<u>1,173,637</u>	<u>648,386</u>	<u>530</u>	<u>1,822,553</u>	<u>1,945,549</u>
 LIABILITIES AND FUND BALANCES					
CURRENT					
Accounts payable and accrued liabilities	12,973	797	530	14,300	16,140
Deferred revenue	14,340	140,994	-	155,334	295,697
	<u>27,313</u>	<u>141,791</u>	<u>530</u>	<u>169,634</u>	<u>311,837</u>
 FUND BALANCES					
Investment in Tangible Capital Assets	93,076	676	-	93,752	126,062
Unrestricted	1,053,248	505,919	-	1,559,167	1,507,650
	<u>1,146,324</u>	<u>506,595</u>	<u>-</u>	<u>1,652,919</u>	<u>1,633,712</u>
	<u>1,173,637</u>	<u>648,386</u>	<u>530</u>	<u>1,822,553</u>	<u>1,945,549</u>

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

**SCHEDULE 2 - Non-Consolidated Statement of Operations by Fund - Operating
Year Ended March 31, 2021**

	Operating Fund	Other Programs	WD RRRF Operating Fund	2021	2020
	\$	\$	\$	\$	\$
REVENUE					
Project funding	-	243,534	32,595	276,129	381,302
Operating contributions	272,457	-	-	272,456	286,797
Other income	(3,489)	12,271	15,680	24,462	13,066
Interest from banks	23,809	-	-	23,809	5,654
Loan administration fees	5,722	-	-	5,722	3,321
	<u>298,499</u>	<u>255,805</u>	<u>48,275</u>	602,578	<u>690,140</u>
EXPENSES					
Wages and benefits	144,273	119,870	30,346	294,489	339,371
Consulting	-	65,690	6,541	72,231	189,951
Advertising and promotion	4,681	41,301	1,396	47,378	29,949
Amortization	37,847	-	-	37,847	34,220
Rent	20,403	9,000	-	29,403	23,215
Repairs and maintenance	16,134	-	397	16,531	13,917
Telephone	4,500	423	8,958	13,881	5,383
Directors' expenses	13,134	666	-	13,800	19,952
Office and sundry	9,599	95	50	9,744	14,126
Professional fees	6,118	-	-	6,118	3,764
Bank charges and interest	4,660	-	-	4,660	2,688
Project expenses	996	3,221	-	4,217	54,738
Licences, dues and fees	2,315	-	-	2,315	2,805
Training	1,058	-	587	1,645	6,076
Travel	1,424	-	-	1,424	9,003
Insurance	688	-	-	688	682
Bad debt	-	-	-	-	32
	<u>267,830</u>	<u>240,266</u>	<u>48,275</u>	556,371	<u>749,872</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	30,669	15,539	-	46,207	(59,732)

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

SCHEDULE 3 - Non-Consolidated Statement of Financial Position by Fund - Portfolio Year Ended March 31, 2021

	Portfolio A, Microloans & Growthstart	Portfolio B & Youth	Disabled Entrepreneur	Community Business Loans	Syndicate Loans	COVID Loans	2021	2020
ASSETS								
CURRENT	\$	\$	\$	\$	\$	\$	\$	\$
Cash	619,083	543,011	24,497	28,033	3,238	138	1,218,000	1,222,827
Accounts receivable	326	1,612	34	276	-	-	2,248	7,921
	619,409	544,623	24,531	28,309	3,238	138	1,220,248	1,230,748
LOANS RECEIVABLE	355,765	1,538,951	285,343	309,369	-	-	2,489,428	2,149,273
	975,174	2,083,574	309,874	337,678	3,238	138	3,709,676	3,380,021
LIABILITIES AND FUND BALANCES								
CURRENT								
Accounts payable and accrued liabilities	-	-	-	-	-	-	-	18
Deferred revenue	-	3,600	-	-	-	-	3,600	1,800
Current portion of loans payable	2,367	28,397	4,443	-	-	-	35,207	35,082
	2,367	31,997	4,443	-	-	-	38,807	36,900
INVESTMENTS LOANS PAYABLE	6,611	280,241	100,420	-	-	-	387,272	198,977
FUND BALANCES								
Externally Restricted Funds	966,196	1,771,336	205,011	337,678	3,238	138	3,283,597	3,144,144
	975,174	2,083,574	309,874	337,678	3,238	138	3,709,676	3,380,021

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

SCHEDULE 4 - Non-Consolidated Statement of Operations by Fund - Portfolio Year Ended March 31, 2021

	Portfolio A, Microloans & Growthstart	Portfolio B & Youth	Disabled Entrepreneur	Community Business Loans	Syndicate Loans	COVID Loans	2021	2020
REVENUE	\$	\$	\$	\$	\$	\$	\$	\$
Interest from investments	20,365	75,397	5,226	22,885	-	138	124,011	124,115
Interest from banks	3,520	3,059	1,736	662	-	-	8,977	32,144
	23,885	78,456	6,962	23,547	-	138	132,988	156,259
EXPENSES								
Loan (collections recovered) and losses	(6,000)	29,812	11,943	(15,221)	-	-	20,534	7,882
Loan admin, insurance and registration	-	-	-	-	-	-	-	1,147
	(6,000)	29,812	11,943	(15,221)	-	-	20,534	9,029
EXCESS OF REVENUE OVER EXPENSES	29,885	48,644	(4,981)	38,768	-	138	112,454	147,230

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

**SCHEDULE 5 - Non-Consolidated Statement of Financial Position by Fund - ELMS
Year Ended March 31, 2021**

ASSETS	Operating Fund	Variable	Fixed	2021	2020
	\$	\$	\$	\$	\$
Cash	167,293	-	6,333	173,626	164,281
	167,293	-	6,333	173,626	164,281
TANGIBLE CAPITAL ASSETS	8,736	5,432	-	14,168	10,606
	176,029	5,432	6,333	187,794	174,887
LIABILITIES AND FUND BALANCES					
CURRENT					
Accounts payable and accrued liabilities	14,816	-	-	14,816	18,679
Deferred revenue	40,000	-	-	40,000	33,300
	54,816	-	-	54,816	51,979
FUND BALANCES					
Investment in Tangible Capital Assets	8,736	5,432	-	14,168	10,606
Unrestricted	112,477	-	6,333	118,810	112,302
	121,213	5,432	6,333	132,978	122,908
	176,029	5,432	6,333	187,794	174,887

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

SCHEDULE 6 - Non-Consolidated Statement of Operations by Fund - ELMS Year Ended March 31, 2021

	Operating Fund	Variable	Fixed	2021	2020
	\$	\$	\$	\$	\$
REVENUE					
Project funding	304,312	-	315,106	619,418	643,022
Fee for service	230,228	-	-	230,228	186,150
	534,540	-	315,106	849,646	829,172
EXPENSES					
Wages and benefits	371,105	-	-	371,105	368,961
Project expenses	1,182	-	307,623	308,805	297,093
Rent	55,065	-	-	55,065	51,890
Office and sundry	27,994	-	-	27,994	23,996
Repairs and maintenance	27,944	-	-	27,944	25,773
Professional fees	16,989	-	-	16,989	10,090
Amortization	4,886	2,447	-	7,333	5,238
Telephone	5,897	-	-	5,897	9,013
Training	5,474	-	-	5,474	4,373
Licences, dues and fees	4,134	-	-	4,134	2,100
Consulting	3,949	-	-	3,949	9,846
Advertising and promotion	2,790	-	-	2,790	1,904
Insurance	2,098	-	-	2,098	2,046
Bank charges and interest	-	-	-	-	317
	529,507	2,447	307,623	839,577	812,640
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	5,033	(2,447)	7,483	10,069	16,532

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF BOUNDARY AREA

SCHEDULE 7 - Non-Consolidated Statement of Financial Position by Fund - RRRF Investment Loan Fund Year Ended March 31, 2021

ASSETS	2021
CURRENT	<u>\$</u>
Cash	<u>133,942</u>
	133,942
LOANS RECEIVABLE	<u>1,646,058</u>
	1,780,000
LIABILITIES AND FUND BALANCES	
Inter-fund balances	
Advances from related parties	
INVESTMENTS LOANS PAYABLE	<u>1,780,000</u>
	1,780,000
	<u>1,780,000</u>

The RRRF fund is comprised of amounts received through Western Economic Diversification Canada ("WD") to provide COVID Loan funding to clients and as a result are considered off balance sheet. During the year, the Company received \$1,780,000 of funds from WD and disbursed \$1,682,675 in COVID loans and received repayments of \$36,617. These funds administered by the Company have not been included in the statement of financial position.