

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

Financial Statements

Year Ended March 31, 2025

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

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Year Ended March 31, 2025**

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Community Futures Development Corporation of the Powell River Region

Report on the Financial Statements

Opinion

We have audited the financial statements of Community Futures Development Corporation of the Powell River Region (the "Corporation"), which comprise the statement of financial position as at March 31, 2025, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2025, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

We conducted our audit in accordance with Canadian 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 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 ASNPO, 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.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Other Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian Accounting Standards for Not-for-profit Organizations have been applied on a basis consistent with that of the preceding year.

Powell River, British Columbia
July 31, 2025

dmd

CHARTERED PROFESSIONAL ACCOUNTANTS

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

Statement of Financial Position

March 31, 2025

| | 2025 | 2024 <i>(Note 13)</i> |
|---|---------------------|--------------------------|
| ASSETS | | |
| CURRENT | | |
| Cash <i>(Note 3)</i> | \$ 1,341,943 | \$ 1,492,275 |
| Accounts receivable | 1,153 | 2,617 |
| Interest receivable | 45,143 | 48,322 |
| Prepaid expenses | 17,897 | 11,694 |
| Term deposits <i>(Note 4)</i> | 820,006 | 650,000 |
| Current portion of loans receivable <i>(Note 5)</i> | 832,026 | 788,492 |
| | 3,058,168 | 2,993,400 |
| LOANS RECEIVABLE <i>(Note 5)</i> | 4,187,910 | 3,871,523 |
| LONG TERM INVESTMENTS <i>(Note 4)</i> | - | 150,000 |
| TANGIBLE CAPITAL ASSETS <i>(Note 6)</i> | 11,735 | 14,681 |
| | \$ 7,257,813 | \$ 7,029,604 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 20,178 | \$ 26,286 |
| Wages payable | 6,436 | 10,705 |
| Deferred income <i>(Note 7)</i> | 5,838 | 97,734 |
| Current portion of long term debt <i>(Note 8)</i> | 10,200 | - |
| | 42,652 | 134,725 |
| LONG TERM DEBT <i>(Note 8)</i> | 205,412 | 277,300 |
| CONDITIONALLY REPAYABLE CONTRIBUTIONS <i>(Note 9)</i> | 820,000 | 820,000 |
| | 1,068,064 | 1,232,025 |
| NET ASSETS | 6,189,749 | 5,797,579 |
| | \$ 7,257,813 | \$ 7,029,604 |
| CONTINGENT LIABILITY <i>(Note 9)</i> | | |
| INTERFUND BALANCES <i>(Note 10)</i> | | |

ON BEHALF OF THE BOARD

Signed copy on file. *Director*

Director

The accompanying notes form an integral part of these financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

Statement of Revenues and Expenditures

Year Ended March 31, 2025

| | 2025 | 2024 <i>(Note 13)</i> |
|---|-------------------|--------------------------|
| REVENUES | | |
| Interest - loans | \$ 494,033 | \$ 378,212 |
| PacifiCan Grants | 370,370 | 314,896 |
| Interest - bank | 82,163 | 100,738 |
| Miscellaneous program revenue | 27,736 | 28,471 |
| Project funds | 3,000 | 8,720 |
| | <u>977,302</u> | <u>831,037</u> |
| EXPENSES | | |
| Advertising and promotion | 2,830 | 7,484 |
| Amortization | 5,399 | 4,254 |
| Bad debts | 27,289 | 8,412 |
| Business Facade Improvement project | 6,000 | 17,304 |
| Client workshops | - | 4,836 |
| Conferences | 6,098 | 9,781 |
| Directors | 1,104 | 2,382 |
| Dues and memberships | 3,454 | 3,020 |
| Insurance | 8,791 | 7,315 |
| Interest and bank charges | 73 | 132 |
| Interest to syndicate participants | 122,185 | 67,578 |
| Loan administration fees | - | 4,612 |
| Office | 27,586 | 19,179 |
| Professional fees | 17,268 | 21,632 |
| Rent and utilities | 35,875 | 36,195 |
| Sub-contracts | - | 9,193 |
| Telephone | 8,030 | 7,509 |
| Wages and benefits | 312,833 | 281,923 |
| | <u>584,815</u> | <u>512,741</u> |
| EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS | 392,487 | 318,296 |
| OTHER INCOME | | |
| Loss on disposal of tangible capital assets | <u>(317)</u> | <u>(963)</u> |
| EXCESS OF REVENUES OVER EXPENSES | \$ 392,170 | \$ 317,333 |

The accompanying notes form an integral part of these financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

Statement of Changes in Net Assets

Year Ended March 31, 2025

| | 2024 Balance | Excess of revenues over expenses | Transfers | 2025 Balance |
|--|---------------------|--|-------------|---------------------|
| Administration Fund | \$ 48,486 | \$ (79,947) | \$ 79,947 | \$ 48,486 |
| Investment Fund | 3,154,703 | 218,559 | (79,947) | 3,293,315 |
| Disabled Entrepreneur Investment Fund | 329,275 | 24,661 | - | 353,936 |
| Community Business Loans Fund | 578,138 | 55,823 | - | 633,961 |
| Project Funds | 1,060,494 | 99,309 | - | 1,159,803 |
| Conditionally Repayable Investment Fund (Previously: Fisheries Legacy Investment Fund) | 624,590 | 66,582 | - | 691,172 |
| Regional Relief and Recovery Fund | 1,893 | 7,183 | - | 9,076 |
| | <u>\$ 5,797,579</u> | <u>\$ 392,170</u> | <u>\$ -</u> | <u>\$ 6,189,749</u> |
| | 2023 Balance | Excess of revenues over expenses | Transfers | 2024 Balance |
| Administration Fund | \$ 48,486 | \$ (73,419) | \$ 73,419 | \$ 48,486 |
| Investment Fund | 3,008,268 | 219,854 | (73,419) | 3,154,703 |
| Disabled Entrepreneur Investment Fund | 303,101 | 26,174 | - | 329,275 |
| Community Business Loans Fund | 531,970 | 46,168 | - | 578,138 |
| Project Funds | 1,030,320 | 30,174 | - | 1,060,494 |
| Conditionally Repayable Investment Fund (Previously: Fisheries Legacy Investment Fund) | 558,087 | 66,503 | - | 624,590 |
| Regional Relief and Recovery Fund | 14 | 1,879 | - | 1,893 |
| | <u>\$ 5,480,246</u> | <u>\$ 317,333</u> | <u>\$ -</u> | <u>\$ 5,797,579</u> |

The accompanying notes form an integral part of these financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

**Statement of Cash Flows
Year Ended March 31, 2025**

| | 2025 | 2024 <i>(Note 13)</i> |
|---|---------------------|---------------------------------|
| OPERATING ACTIVITIES | | |
| Excess of revenues over expenses | \$ 392,170 | \$ 317,333 |
| Items not affecting cash: | | |
| Amortization of tangible capital assets | 5,399 | 4,254 |
| Loss on disposal of tangible capital assets | 317 | 963 |
| | 397,886 | 322,550 |
| Changes in non-cash working capital: | | |
| Accounts receivable | 1,464 | 1,089 |
| Interest receivable | 3,179 | (7,744) |
| Prepaid expenses | (6,203) | 4,651 |
| Loans receivable | (363,127) | 175,923 |
| Accounts payable and accrued liabilities | (6,106) | 7,331 |
| Source deductions payable | - | (9,404) |
| Deferred income | (91,896) | 64,210 |
| Wages and deductions payable | (4,269) | (5,034) |
| | (466,958) | 231,022 |
| Cash flow from (used by) operating activities | (69,072) | 553,572 |
| INVESTING ACTIVITIES | | |
| Purchase of tangible capital assets | (2,770) | (9,339) |
| Proceeds on disposal of tangible capital assets | - | (150,000) |
| Term deposits matured | 500,000 | - |
| Term deposits purchased | (520,006) | - |
| | (22,776) | (159,339) |
| Cash flow used by investing activities | (22,776) | (159,339) |
| FINANCING ACTIVITIES | | |
| Proceeds from syndication participation payable | 220,000 | 525,000 |
| Repayment of syndication participation payable | (46,790) | (30,715) |
| Repayment of capital leases | - | (1,631) |
| Repayment of Regional Relief and Recovery Fund | (61,688) | (1,130,880) |
| | 111,522 | (638,226) |
| Cash flow from (used by) financing activities | 111,522 | (638,226) |
| INCREASE (DECREASE) IN CASH FLOW | 19,674 | (243,993) |
| Cash - beginning of year | 2,142,275 | 2,386,268 |
| CASH - END OF YEAR | \$ 2,161,949 | \$ 2,142,275 |
| CASH CONSISTS OF: | | |
| Cash | \$ 1,341,943 | \$ 1,492,275 |
| Term deposits | 820,006 | 650,000 |
| | \$ 2,161,949 | \$ 2,142,275 |

The accompanying notes form an integral part of these financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

Notes to Financial Statements

Year Ended March 31, 2025

1. DESCRIPTION OF BUSINESS

Community Futures Development Corporation of the Powell River Region ('the Corporation') is incorporated without share capital under the Canada Corporations Act. Its purpose is to plan and initiate development of the Region through the promotion and facilitation of cooperative activities dedicated to the social, environmental and economic well-being of our citizens and communities through education and developmental opportunities. It does this by providing technical, advisory and financial assistance to entrepreneurs and business ventures within the Region; assisting with the establishment of new business and the expansion and support of existing businesses; providing financial assistance in the form of loans, loan guarantees and equity participation to individuals and small businesses to assist in the creation or maintenance of long-term employment. The Corporation is a non-profit organization as described in paragraph 149(1)(l) of the Income Tax Act. The Corporation operates with funding from the Pacific Economic Development Agency of Canada (PacifiCan) under an agreement to March 31, 2026.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Fund accounting

Community Futures Development Corporation of the Powell River Region follows the deferral method of accounting for contributions. The Corporation reports its activities in accordance with fund accounting concepts whereby resources and activities are classified within funds associated with specified activities or objectives.

The Administration Fund (AF) reports all administration activities including grant funding for operations, and operating expenses.

The Investment Fund (IF) reports all activities related to the loans issued under PacifiCan's Investment Fund criteria.

The Disabled Entrepreneur Investment Fund (EDF) reports all activities related to the loans issued under PacifiCan's Disabled Entrepreneur Investment Fund criteria.

The Community Business Loans Investment Fund (CBL) reports all activities related to the loans issued under PacifiCan's Community Business Loans Investment Fund criteria.

The Project Fund (PF) reports all activities related to special projects, such as the Business Facade Improvement Program.

The Conditionally Repayable Investment Fund (previously: Fisheries Legacy Investment Fund) (CRF) reports all activities related to the loans issued under PacifiCan's The Conditionally Repayable Investment Fund (previously: Fisheries Legacy Investment Fund) criteria. The CRF changed its name on February 19, 2025.

The Regional Relief and Recovery Fund (RRRF) reports all activities related to the loans issued under PacifiCan's Regional Relief and Recovery Fund criteria related to the Canada Emergency Business Account program, including forgiveness provisions of the debt both to the borrower and forgiveness of the loan funds received from PacifiCan for this Fund. As this fund is also supported by grant funding, some administrative costs directly related to administration of this fund are allocated to it.

Financial instruments

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

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**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

Notes to Financial Statements

Year Ended March 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement uncertainty

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

Loans receivable

Loans receivable and assets in trust are carried at the principal amount less an allowance for impairment. Interest income is recorded on an accrual basis. Once a loan is considered impaired it is written down to the estimated recoverable amount which is the highest of: the present value of expected future cash flows discounted at the current market interest rate; or the fair value of the underlying security. Bad debts are recorded in the period they are determined.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

| | | |
|------------------------|---------|--------------------------|
| Computer equipment | 45% | declining balance method |
| Furniture and fixtures | 20% | declining balance method |
| Leasehold improvements | 5 years | straight-line method |

The Corporation regularly reviews its tangible capital assets to eliminate obsolete items.

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

Revenue recognition

Community Futures Development Corporation of the Powell River Region follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Bank and loan interest is recognized in the period earned. Shared costs recovered are recognized in the same period as the related expenses. Bad debt recoveries are recorded in the period received.

Forgiveness of RRRF debt of the Corporation is recognized in conjunction with the forgiveness of RRRF loans receivable when the criteria are met due to the borrower making payments within the period specified through the Canada Emergency Business Account program.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

Notes to Financial Statements

Year Ended March 31, 2025

3. CASH

| | 2025 | 2024 <i>(Note 13)</i> |
|---|---------------------|--------------------------|
| Cash - Administration Fund | \$ 49,685 | \$ 61,770 |
| Cash - Investment Fund | 270,710 | 348,529 |
| Cash - Disabled Entrepreneur Fund | 92,627 | 320,635 |
| Cash - Community Business Loans Investment Fund | 428,377 | 249,071 |
| Cash - Project Fund | 167,484 | 118,922 |
| Cash - Conditionally Repayable Fund (Previously: Fisheries Legacy Investment Fund) | 326,632 | 346,993 |
| Cash - Regional Relief and Recovery Fund | 6,428 | 46,355 |
| | \$ 1,341,943 | \$ 1,492,275 |

4. TERM DEPOSITS

| | 2025 | 2024 |
|---|-------------------|-------------------|
| <u>Project Fund</u> | | |
| First Credit Union term deposit bearing interest at 4.75% per annum, maturing July 16, 2025 | \$ 158,639 | \$ 150,000 |
| First Credit Union term deposit bearing interest at 4.50% per annum, maturing January 16, 2026 | 158,181 | 150,000 |
| First Credit Union term deposit bearing interest at 3.0% per annum, maturing January 22, 2026 | 150,838 | - |
| First Credit Union term deposit bearing interest at 3.6% per annum, maturing January 22, 2026 | 352,348 | - |
| First Credit Union term deposits, matured | - | 500,000 |
| | 820,006 | 800,000 |
| Less: long term portion | - | (150,000) |
| | \$ 820,006 | \$ 650,000 |

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

Notes to Financial Statements

Year Ended March 31, 2025

5. LOANS RECEIVABLE

| | 2025 | 2024 |
|---|--------------|--------------|
| <u>Loan funds</u> | | |
| Investment Fund | \$ 2,774,741 | \$ 2,751,478 |
| Disabled Entrepreneur Fund | 452,887 | 204,976 |
| Community Business Loans Investment Fund | 453,796 | 570,997 |
| Project Fund | 171,687 | 190,917 |
| Conditionally Repayable Investment Fund (previously: Fisheries Legacy Investment Fund) | 950,601 | 681,647 |
| Regional Relief and Recovery Fund | 216,224 | 260,000 |
| Subtotal | 5,019,936 | 4,660,015 |
| Less current portion | (832,026) | (788,492) |
| | 4,187,910 | 3,871,523 |

Loans receivable bear interest at rates ranging from 5.0% to 12.0%, have due dates ranging to February 17, 2040 and are secured by various forms of security ranging from promissory notes, personal guarantees and general security agreements, to land, buildings and equipment.

Loans with a principal balance of greater than \$150,000 are considered exceptional loans. Approval of such loans requires special consideration and the approval of the Board of Directors. As at March 31, 2025 the Corporation had five loans over \$150,000 each. The total balance of these loans were \$1,369,069.

Loan impairments

| | | |
|---------------------------------|-----------|-----------|
| Loans receivable | 5,088,936 | 4,729,015 |
| Allowance for doubtful accounts | (69,000) | (69,000) |
| | 5,019,936 | 4,660,015 |

Total loans that are subject to an allowance or write down for impairment are \$91,961 (2024 - \$78,097).

No allowance has been recognized on the RRRF loans receivable as these loans are not due until December 31, 2026, with no repayment provision until that date.

Allowance for doubtful accounts by Fund

| | | |
|----------------------------|--------|--------|
| Investment Fund | 45,000 | 54,000 |
| Disabled Entrepreneur Fund | 24,000 | 15,000 |
| | 69,000 | 69,000 |

Bad debts (recovery)

| | | |
|--|--------|----------|
| Current year provision for credit losses | - | (10,800) |
| Write offs less recoveries | 27,289 | 19,212 |
| | 27,289 | 8,412 |

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

Notes to Financial Statements

Year Ended March 31, 2025

6. TANGIBLE CAPITAL ASSETS

| | 2025 | | 2024 | |
|------------------------|-------------------|-----------------------------|-------------------|-----------------------------|
| | Cost | Accumulated amortization | Cost | Accumulated amortization |
| Computer equipment | \$ 23,187 | \$ 17,600 | \$ 26,027 | \$ 19,031 |
| Furniture and fixtures | 73,901 | 67,753 | 73,901 | 66,216 |
| Leasehold improvements | 41,822 | 41,822 | 41,822 | 41,822 |
| | \$ 138,910 | \$ 127,175 | \$ 141,750 | \$ 127,069 |
| Net book value | \$ 11,735 | | \$ 14,681 | |

7. DEFERRED REVENUE

| | March 31, 2024 | Revenue recognized in the current year | Amounts received for subsequent year | March 31, 2025 Closing Balance |
|--|------------------|--|--|-----------------------------------|
| | balance | | | |
| Community Futures British Columbia | \$ 50,000 | \$ (50,000) | \$ - | \$ - |
| Community Futures Developmental Association of BC RRRF operating costs | 22,426 | (16,588) | - | 5,838 |
| PacifiCan Operational Contribution | 25,308 | (25,308) | - | - |
| | \$ 97,734 | \$ (91,896) | \$ - | \$ 5,838 |

8. LONG TERM DEBT

| | 2025 | 2024 |
|---|-------------------|-------------------|
| PacifiCan Regional Relief and Recovery Fund Loan (rounds 1, 2 and 3), non-interest bearing, repayable on January 18, 2024 if an amount of this loan payable has not been issued as a loan receivable. If a loan receivable has been issued in relation to these funds then repayable in equal monthly instalments starting January 19, 2024 so that the loan is repaid by December 31, 2026. The repayable balance will be reduced by loans receivable, made with these funds, forgiven or written off in accordance with the loans receivable terms. | \$ 215,612 | \$ 277,300 |
| Amounts payable within one year | (10,200) | - |
| | \$ 205,412 | \$ 277,300 |

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

Notes to Financial Statements

Year Ended March 31, 2025

9. **CONDITIONALLY REPAYABLE CONTRIBUTIONS AND CONTINGENT LIABILITIES**

Payable to the Minister of Pacific Economic Development Agency of Canada (PacifiCan)

| | 2025 | 2024 |
|---|------------|------------|
| <u>Section heading</u> | | |
| PacifiCan Conditionally Repayable Fund (previously: Fisheries Legacy Investment Fund) | \$ 420,000 | \$ 420,000 |
| Youth Investment Fund received | 200,000 | 200,000 |
| PacifiCan Conditionally Repayable Investment Fund (Youth portion) | 200,000 | 200,000 |
| | \$ 820,000 | \$ 820,000 |

Conditionally repayable contributions made by PacifiCan are non- interest bearing, unsecured, and repayable upon 60 days notice in the event of default, as defined in the contribution agreement.

If the original PacifiCan Conditionally Repayable Fisheries Legacy, Disabled Entrepreneur Investment (EDP) and Youth funds have not been written off, the interest and other assets credited to these investment funds will be used to repay the outstanding balances until the entire amount of the original investment funds are repaid.

When the original PacifiCan Conditionally Repayable Fisheries Legacy, EDP and Youth funds have been fully repaid, 50% of the remaining assets of the PacifiCan Conditionally Repayable Fisheries Legacy, EDP and Youth funds shall also be repaid. If the realizable assets, including earned interest, are insufficient to repay the full amount of the PacifiCan Conditionally Repayable Fisheries Legacy, EDP and Youth funds, the Corporation's requirement to repay the full amount will be terminated once the full value of the realized assets is repaid.

Payable to Community Business Loans

Upon termination of the agreement between Community Business Loans and the Corporation and receipt of written direction from Community Business Loans, the Corporation will pay to a corporation or agency approved by Community Business Loans an amount equal to 50% of the investment fund not lent out plus interest at an interest rate to be determined from the date of receipt of such written direction until the date of payment.

In addition:

- a) If the Corporation continues in operation, additional payments equal to 50% of any receipt of principal and interest payments on the loans after the date of termination of the agreement, net of all reasonable costs, up to 15% of the balance of the fund at the date of termination, will be payable to Community Business Loans.
- b) If the Corporation discontinues operations, the Corporation will provide to Community Business Loans a first assignment of and security interest in 50% of the principal and interest payments owing or that may become owing and a first assignment of and security interest in a 50% undivided beneficial interest in all security obtained for outstanding loans.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

Notes to Financial Statements

Year Ended March 31, 2025

10. INTERFUND BALANCES

| | 2025 | 2024 |
|--|------------------|------------------|
| <u>Administration Fund (AF)</u> | | |
| Due from IF | \$ 13,129 | \$ 13,329 |
| Due from EDF | 75 | - |
| Due from CBL | - | 200 |
| Due from (to) RRRF | <u>(1,103)</u> | <u>6,865</u> |
| | 12,101 | 20,394 |
| <u>Investment Fund (IF)</u> | | |
| Due to AF | <u>(13,129)</u> | <u>(13,329)</u> |
| Due from CBL | 250,000 | 250,000 |
| Due to CBL | (311) | - |
| Due from CRF | <u>171,822</u> | <u>-</u> |
| | 408,382 | 236,671 |
| <u>Disabled Entrepreneur Fund (EDF)</u> | | |
| Due to AF | <u>(75)</u> | <u>-</u> |
| | (75) | - |
| <u>Community Business Loans Investment Fund (CBL)</u> | | |
| Due to AF | - | (200) |
| Due from IF | 311 | - |
| Due to IF | <u>(250,000)</u> | <u>(250,000)</u> |
| | (249,689) | (250,200) |
| <u>Conditionally Repayable Investment Fund (previously: Fisheries Legacy Investment Fund) (CRF)</u> | | |
| Due to IF | <u>(171,822)</u> | <u>-</u> |
| | (171,822) | - |
| <u>Regional Relief and Recovery Fund</u> | | |
| Due from (to) AF | <u>1,103</u> | <u>(6,865)</u> |
| | 1,103 | (6,865) |
| | \$ - | \$ - |

The Project Fund has \$Nil due to or from other funds as at March 31, 2025 (2024: \$Nil).

11. FINANCIAL INSTRUMENTS

The Corporation 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 Corporation's risk exposure and concentration as of March 31, 2025.

Credit risk

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

(continues)

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

Notes to Financial Statements

Year Ended March 31, 2025

11. FINANCIAL INSTRUMENTS *(continued)*

Liquidity risk

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

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Corporation is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through its normal operating and financing activities. The Organization is exposed to interest rate risk through its fixed-rate loans receivable, variable rate loans with one year renewals, fixed-rate term deposits and variable rate interest on uninvested cash balances.

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

12. ECONOMIC DEPENDENCE

The Corporation is economically dependent upon the Pacific Economic Development Agency of Canada as the Corporation received 38% (2024 - 38%) of revenues from the Agency.

13. COMPARATIVE FIGURES

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

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

**Administration Fund
Year Ended March 31, 2025**

(Schedule 1)

| | 2025 | 2024 |
|---|--------------------|--------------------|
| REVENUES | | |
| PacifiCan - RRRF funding | \$ 303,782 | \$ 303,798 |
| Miscellaneous program revenue | 27,736 | 24,695 |
| Interest - bank | 1,607 | 2,777 |
| | <u>333,125</u> | <u>331,270</u> |
| EXPENSES | | |
| Advertising and promotion | 2,833 | 7,483 |
| Amortization | 5,399 | 4,254 |
| Client Workshops | - | 4,836 |
| Conferences | 6,098 | 9,781 |
| Directors | 1,104 | 2,382 |
| Dues and memberships | 3,454 | 3,020 |
| Insurance | 8,791 | 7,315 |
| Interest and bank charges | 73 | 122 |
| Losses on disposal of assets | 317 | 963 |
| Office | 27,586 | 18,999 |
| Professional fees | 17,268 | 20,232 |
| Rent and utilities | 35,875 | 36,195 |
| Sub-contracts | - | 500 |
| Telephone | 8,030 | 6,684 |
| Wages and benefits | 296,244 | 281,923 |
| | <u>413,072</u> | <u>404,689</u> |
| DEFICIENCY OF REVENUES OVER EXPENSES | <u>\$ (79,947)</u> | <u>\$ (73,419)</u> |

The accompanying notes form an integral part of these financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

**Investment Fund
Year Ended March 31, 2025**

(Schedule 2)

| | 2025 | 2024 |
|---|-------------------|-------------------|
| REVENUES | | |
| Interest - loans | \$ 336,751 | \$ 265,278 |
| Interest - bank | 10,797 | 22,355 |
| Miscellaneous program revenue | - | 300 |
| | <u>347,548</u> | <u>287,933</u> |
| EXPENSES | | |
| Bad debts (recovery) | 16,601 | (800) |
| Interest to syndicate participants | 112,388 | 67,579 |
| Loan administration fees | - | 1,300 |
| | <u>128,989</u> | <u>68,079</u> |
| EXCESS OF REVENUES OVER EXPENSES | <u>\$ 218,559</u> | <u>\$ 219,854</u> |

The accompanying notes form an integral part of these financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

Disabled Entrepreneur Investment Fund

(Schedule 3)

Year Ended March 31, 2025

| | 2025 | 2024 |
|---|------------------|------------------|
| REVENUES | | |
| Interest - loans | \$ 39,692 | \$ 11,523 |
| Interest - bank | 5,453 | 14,651 |
| | <u>45,145</u> | <u>26,174</u> |
| EXPENSES | | |
| Bad debts | 10,688 | - |
| Interest to syndicate participants | 9,796 | - |
| | <u>20,484</u> | <u>-</u> |
| EXCESS OF REVENUES OVER EXPENSES | <u>\$ 24,661</u> | <u>\$ 26,174</u> |

The accompanying notes form an integral part of these financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

Community Business Loans Investment Fund

(Schedule 4)

Year Ended March 31, 2025

| | 2025 | 2024 |
|---|------------------|------------------|
| REVENUES | | |
| Interest - loans | \$ 47,276 | \$ 40,140 |
| Interest - bank | 8,547 | 15,219 |
| Miscellaneous program revenue | - | 30 |
| | <u>55,823</u> | <u>55,389</u> |
| EXPENSES | | |
| Bad debts | - | 9,212 |
| Interest and bank charges | - | 9 |
| | <u>-</u> | <u>9,221</u> |
| EXCESS OF REVENUES OVER EXPENSES | <u>\$ 55,823</u> | <u>\$ 46,168</u> |

The accompanying notes form an integral part of these financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

Project Fund

(Schedule 5)

Year Ended March 31, 2025

| | 2025 | 2024 |
|---|-------------------------|-------------------------|
| REVENUES | | |
| PacifiCan grant | \$ 50,000 | \$ - |
| Interest - bank | 46,023 | 31,786 |
| Interest - loans | 6,286 | 6,972 |
| Project funds | <u>3,000</u> | <u>8,720</u> |
| | 105,309 | 47,478 |
| EXPENSES | | |
| Business Facade Improvement project | <u>6,000</u> | <u>17,304</u> |
| EXCESS OF REVENUES OVER EXPENSES | <u>\$ 99,309</u> | <u>\$ 30,174</u> |

The accompanying notes form an integral part of these financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

Conditionally Repayable Investment Fund (previously: Fisheries Legacy Investment Fund)

(Schedule 6)

Year Ended March 31, 2025

| | 2025 | 2024 |
|---|------------------|------------------|
| REVENUES | | |
| Interest - loans | \$ 56,846 | \$ 52,420 |
| Interest - bank | 9,736 | 13,949 |
| Miscellaneous program revenue | - | 3,446 |
| | <u>66,582</u> | 69,815 |
| EXPENSES | | |
| Loan administration fees | - | 3,312 |
| | <u>-</u> | <u>3,312</u> |
| EXCESS OF REVENUES OVER EXPENSES | \$ 66,582 | \$ 66,503 |

The accompanying notes form an integral part of these financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

Regional Relief and Recovery Fund

(Schedule 7)

Year Ended March 31, 2025

| | 2025 | 2024 |
|---|-----------------|-----------------|
| REVENUES | | |
| PacifiCan funding | \$ 16,588 | \$ 11,098 |
| Interest - loans | 7,183 | 1,879 |
| | <u>23,771</u> | <u>12,977</u> |
| EXPENSES | | |
| Office | - | 180 |
| Professional fees | - | 1,400 |
| Sub-contracts | - | 8,693 |
| Telephone | - | 825 |
| Wages and benefits | 16,588 | - |
| | <u>16,588</u> | <u>11,098</u> |
| EXCESS OF REVENUES OVER EXPENSES | <u>\$ 7,183</u> | <u>\$ 1,879</u> |

The accompanying notes form an integral part of these financial statements.