

**Haida Gwaii Community Futures Development Corporation**

**Financial Statements**

**Year ended March 31, 2023**

# HAIDA GWAII COMMUNITY FUTURES DEVELOPMENT CORPORATION

## FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2023

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**INDEPENDENT PRACTITIONER'S REASONABLE ASSURANCE  
REPORT ON COMPLIANCE**

To Pacific Economic Development Canada

We have undertaken a reasonable assurance engagement of Haida Gwaii Community Futures Development Corporation's compliance during the period April 1, 2022 to March 31, 2023 with the interpretation of the agreement requirements criteria as disclosed in Note 7 of the financial statements ("the specified requirements") established in the Contribution Agreement dated April 1, 2021.

**Management's Responsibility**

Management is responsible for Haida Gwaii Community Futures Development Corporation's compliance with the specified requirements of the Agreement. Management is also responsible for such internal control as management determines necessary to enable Haida Gwaii Community Futures Development Corporation's compliance with the specified requirements.

**Our Responsibility**

Our responsibility is to express a reasonable assurance opinion on Haida Gwaii Community Futures Development Corporation's compliance based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Canadian Standard on Assurance Engagements 3531, Direct Engagements to Report on Compliance. This standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the entity complied with the specified requirements, in all significant respects.

Reasonable assurance is a high level of assurance, but is not a guarantee that an engagement conducted in accordance with this standard will always detect a significant instance of non-compliance with specified requirements when it exists. Instances of non-compliance can arise from fraud or error and are considered significant if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of our report. A reasonable assurance compliance reporting engagement involves performing procedures to obtain evidence about the entity's compliance with the specified requirements. The nature, timing and extent of procedures selected depends on our professional judgment, including an assessment of the risks of significant non-compliance, whether due to fraud or error.

We believe the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

**Our Independence and Quality Control**

We have complied with the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.



**INDEPENDENT PRACTITIONER'S REASONABLE ASSURANCE  
REPORT ON COMPLIANCE (continued)**

**Our Independence and Quality Control (continued)**

The firm applies Canadian Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Opinion**

In our opinion, Haida Gwaii Community Futures Development Corporation complied with the specified requirements established in their Contribution Agreement with Pacific Economic Development Canada during the period April 1, 2022 to March 31, 2023, in all significant respects.

We do not provide a legal opinion on Haida Gwaii Community Futures Development Corporation's compliance with the specified requirements.

**Restriction on Distribution and Use of Our Report**

Our report is intended solely for the Haida Gwaii Community Futures Development Corporation and Pacific Economic Development Canada and should not be distributed to or used by parties other than the Haida Gwaii Community Futures Development Corporation or Pacific Economic Development Canada.

July 31, 2023  
Prince George, BC

FBB Chartered Professional Accountants LLP

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of:  
Haida Gwaii Community Futures Development Corporation

### **Opinion**

We have audited the financial statements of the Haida Gwaii Community Future Development Corporation, which comprise the statement of financial position as at March 31, 2023 and the statements of operations, changes in net assets and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2023, and the results of its operations and cash flows for the year ended 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 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 these 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 fair presentation 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 relating 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 society's financial reporting process.

### **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.

**INDEPENDENT AUDITOR'S REPORT (continued)**

**Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

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 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 Society 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.

July 31, 2023  
Prince George, BC

FBB Chartered Professional Accountants LLP

# HAIDA GWAII COMMUNITY FUTURES DEVELOPMENT CORPORATION

## STATEMENT OF OPERATIONS

For the year ended March 31, 2023

	<u>2023</u>	<u>2022</u>
<b>REVENUE</b>		
Pacific Economic Development Canada	\$ 280,459	\$ 347,651
Other project funds (Schedule 7)	32,109	11,519
NACCA Indigenous Business Stabilization program (repayment)	(64,361)	(34,433)
Province of B.C. - Primary Care Paramedic program ("PCP")	(24,817)	229,700
Indigenous business development services (Schedule 5)	179,332	153,589
NDIT - business liaison	81,139	-
Deferred revenue from prior years (Note 13)	396,510	-
Interest and miscellaneous		
General	24,378	16,555
Gwaii Trust	3,408	10,697
Bank interest	7,684	10,993
Investment loan interest	65,512	47,160
	<u>981,353</u>	<u>793,431</u>
<b>EXPENSES</b>		
Accounting and legal	12,606	8,255
Advertising and promotion	2,005	2,309
Amortization	3,154	3,557
Bank charges and interest	2,231	4,019
Forgiveness on RRRF and NACCA IBS loans	68,791	30,000
Indigenous business development services (Schedule 5)	132,494	206,554
Insurance, dues and licences	16,845	16,665
Meetings	3,338	3,091
Office supplies and miscellaneous	7,886	8,769
PCP project costs	28,016	158,811
Rent and property costs	27,416	27,978
Special projects	44,986	44,401
Telephone	4,376	5,041
Training and development	2,853	3,918
Travel, board and lodging	22,005	30,524
Wages and benefits	285,313	310,253
	<u>664,315</u>	<u>864,145</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	317,038	(70,714)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>3,261,173</u>	<u>3,331,887</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 3,578,211</u>	<u>\$ 3,261,173</u>

# HAIDA GWAI COMMUNITY FUTURES DEVELOPMENT CORPORATION

## STATEMENT OF FINANCIAL POSITION

As at March 31, 2023

	Unrestricted			Restricted		2023	2022
	General Fund	Loan Invest-ment Funds	Disabled Funds			Total	Total
<b>ASSETS</b>							
<b>Current</b>							
Cash	\$ 398,918	\$ -	\$ -	\$ 398,918		\$ 443,173	
Restricted cash (Note 3)	951,607	579,168	80,155	1,610,930		1,620,366	
Accounts receivable	22,828	1,365	603	24,796		8,991	
Due from other funds	-	406,531	-	406,531		371,013	
Current portion of investment loans	81,858	174,203	-	256,061		123,259	
	1,455,211	1,161,267	80,758	2,697,236		2,566,802	
<b>Tangible capital assets (Note 4)</b>	9,278	-	-	9,278		10,930	
<b>Investment loans, net of allowance (Note 5)</b>	914,753	479,184	-	1,393,937		1,498,232	
	<u>\$ 2,379,242</u>	<u>\$ 1,640,451</u>	<u>\$ 80,758</u>	<u>\$ 4,100,451</u>		<u>\$ 4,075,964</u>	



# HAIDA GWAI COMMUNITY FUTURES DEVELOPMENT CORPORATION

## STATEMENT OF FINANCIAL POSITION

As at March 31, 2023

	Unrestricted	Restricted		2023	2022
	General Fund	Loan Invest- ment Funds	Disabled Funds	Total	Total
<b>LIABILITIES</b>					
<b>Current</b>					
Accounts payable and accrued liabilities	32,802	74,986	-	107,788	39,390
Due to other funds	406,531	-	-	406,531	371,013
Deferred contributions (Note 6)	7,921	-	-	7,921	404,388
	447,254	74,986	-	522,240	814,791
<b>NET ASSETS</b>					
Net assets invested in capital assets	9,278	-	-	9,278	10,930
Externally restricted net assets (Note 7)	450,000	1,565,465	80,758	2,096,223	2,214,566
Internally restricted net assets	5,560	-	-	5,560	5,560
Unrestricted net assets (Note 8)	1,467,150	-	-	1,467,150	1,030,117
	1,931,988	1,565,465	80,758	3,578,211	3,261,173
	\$ 2,379,242	\$ 1,640,451	\$ 80,758	\$ 4,100,451	\$ 4,075,964

# HAIDA GWAI COMMUNITY FUTURES DEVELOPMENT CORPORATION

## STATEMENT OF CASH FLOWS

For the year ended March 31, 2022

	<u>2023</u>	<u>2022</u>
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ 317,038	\$ (70,714)
Item not affecting cash		
Amortization	3,154	3,557
	<u>320,192</u>	<u>(67,157)</u>
Change in non-cash working capital items		
Accounts receivable	(15,805)	18,141
Accounts payable and accrued liabilities	68,398	1,977
Deferred contributions	(396,467)	4,943
	<u>(23,682)</u>	<u>(42,096)</u>
<b>INVESTING ACTIVITY</b>		
Acquisition of tangible capital assets	(1,502)	(3,965)
Increase in investment loans	(28,507)	(219,395)
	<u>(30,009)</u>	<u>(223,360)</u>
<b>INCREASE IN CASH</b>	<u>(53,691)</u>	<u>(265,456)</u>
<b>CASH, BEGINNING OF YEAR</b>	<u>2,063,539</u>	<u>2,328,995</u>
<b>CASH, END OF YEAR</b>	<u>\$ 2,009,848</u>	<u>\$ 2,063,539</u>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 644,634	\$ 491,710
Term deposits	1,365,214	1,571,829
	<u>\$ 2,009,848</u>	<u>\$ 2,063,539</u>

# **HAIDA GWAII COMMUNITY FUTURES DEVELOPMENT CORPORATION**

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended March 31, 2023**

### **1. PURPOSE OF THE CORPORATION**

Haida Gwaii Community Futures Development Corporation is a regionally based organization whose purpose is to improve the quality of life on Haida Gwaii by facilitating meaningful economic action. The Corporation's mission is supporting Islands' entrepreneurial spirit to create a sustainable economic future for Haida Gwaii. The Corporation was initially incorporated under the Canada Business Corporations Act, however transitioned to the Canada Not-for-profit Corporations Act on November 7, 2013. The Corporation is a non-profit organization and as such is exempt from income tax under the Income Tax Act.

### **2. 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**

The Corporation follows the restricted method of accounting for contributions.

The Corporation's funds consist of the General Fund, Capital Fund and Restricted Funds.

The General Fund accounts for the Corporation's operating costs and general revenue. This fund reports unrestricted resources and restricted operating grants.

The Capital Fund reports all tangible capital asset purchases and related amortization.

The Restricted Funds include loan investment funds that are restricted resources 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 Disabled are limited to businesses owned and operated by disabled entrepreneurs.

#### **b) Revenue Recognition**

Restricted contributions related to general operations are recognized as revenue of the General 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 General Fund in the year received or receivable if the amount to be received or receivable can be reasonably estimated and collection is reasonably assured.

Investment income earned on restricted fund resources is recognized as revenue of the appropriate restricted fund. Unrestricted investment income earned is recognized as revenue of the General Fund. All investment income is recognized in the year received or receivable if it can be reasonably estimated and the collection is reasonably assured.

# HAIDA GWAII COMMUNITY FUTURES DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### c) Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided for on a straight line basis over the estimated useful life of the assets. Office equipment and computers are amortized over 10 years. Amortization expense is reported in the Capital Fund.

#### d) Financial Instruments

##### *Measurement*

The Corporation initially measure its financial assets and liabilities at fair value.

The Corporation subsequently measures all of its financial assets and liabilities at amortized cost. Financial assets measured at cost include cash, restricted cash, accounts receivable and investment loans. Financial liabilities measured at cost include accounts payable and accrued liabilities.

##### *Impairment*

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess of revenues over expenses. Any previously recognized impairment loss may be reversed to the extent of the improvement, either directly or adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been previously recognized. The amount of the reversal is recognized in excess of revenue over expenses.

#### e) Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are the provision for investment loan losses and amortization of tangible capital assets.

#### f) Cash and Cash Equivalents

Cash and cash equivalents include cash in chequing accounts and term deposits.

# HAIDA GWAII COMMUNITY FUTURES DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

### 3. RESTRICTED CASH

The amounts included in restricted cash are held in separate, interest bearing bank accounts established for the following specific programs:

	<u>2023</u>	<u>2022</u>
General Funds		
Community Business Loan Fund	\$ 20,384	\$ 159,124
Gwaii Trust	543,366	676,856
Fisheries Legacy Fund (Fish II)	379,695	275,091
Tourism Association	241	240
NACCA Indigenous Business Stabilization Program	171,699	26,701
Labour Market Partnership Forestry Skills/Training Project	7,921	7,883
	<u>1,123,306</u>	<u>1,145,895</u>
Pacific Economic Development Canada Restricted Funds		
General Investment Loan Funds	310,857	324,809
Regional Relief and Recovery Fund	96,612	69,684
	<u>407,469</u>	<u>394,493</u>
Entrepreneurs with Disabilities Program	<u>80,155</u>	<u>79,978</u>
	<u>\$ 1,610,930</u>	<u>\$ 1,620,366</u>

\$1,571,829 of the above restricted cash is invested in term deposits with an interest rate of 0.25% per annum under a 3-year rate step program, whereby the interest is reinvested to the principal annually.

### 4. TANGIBLE CAPITAL ASSETS

	<u>Cost</u>	<u>Amort.</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Office furniture and equipment	\$ 37,886	\$ 33,477	\$ 4,409	\$ 5,056
Computer equipment	66,152	61,283	4,869	5,874
	<u>\$ 104,038</u>	<u>\$ 94,760</u>	<u>\$ 9,278</u>	<u>\$ 10,930</u>

# HAIDA GWAII COMMUNITY FUTURES DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

### 5. INVESTMENT LOANS

	<u>2023</u>	<u>2022</u>
Loan Investment Fund (PacifiCan) - General & CBL	\$ 526,522	\$ 310,968
Loan Investment Fund - Fisheries	438,382	484,884
Loan Investment Fund - IB Stabilization	-	204,275
Loan Investment Fund - RRRF	435,076	470,356
Loan Investment Fund - Gwaii Trust	136,350	-
Unrestricted Loan Fund - General	<u>113,667</u>	<u>151,007</u>
	1,649,997	1,621,490
Less current portion	<u>(256,061)</u>	<u>(123,259)</u>
	<u>\$ 1,393,936</u>	<u>\$ 1,498,231</u>

Outstanding loans to entrepreneurs are interest bearing at fixed rates varying from the greater of bank prime plus 2% or 6% to 7.5% with monthly blended principal and interest repayments amortized for terms between 14 and 240 months. Security is taken on these loans as appropriate to the situation and includes personal guarantees and general security agreements covering business assets and mortgage and land and buildings.

An allowance for losses on investment loans is made based on expected loan default rates, potential loss ratios and review of loan portfolios as determined by management. The provision for credit losses in the statement of operations and changes in net assets is charged with an amount sufficient to keep the balance in the allowance for credit losses adequate to absorb all credit related losses. Actual write-offs, net of recoveries, will be deducted from the allowance for credit losses. There was not a credit allowance made for the year ended March 31, 2023 (2022 - Nil).

During the year, the Corporation assisted in providing loans under the Regional Relief and Recovery Fund (RRRF) and provided loans of between \$40,000 with qualifying businesses and an extension amount of up to an additional \$20,000. The loans are non-interest bearing with no principal repayments until December 31, 2023. If 75% of the loans outstanding are repaid by December 31, 2023, the additional 25% of the principal will be forgiven. The Corporation will record this forgiveness as a deduction in the RRRF fund once the criteria for forgiveness has been met by the lendee.

During the year, the Corporation assisted in providing loans under the Indigenous Business Stabilization Program ("IB Stabilization") and provided loans to qualifying small to medium sized indigenous businesses of \$40,000 and an extension amount of up to an additional \$20,000. The loans are non-interest bearing with no principal repayments until December 31, 2022. If 75% of the loans outstanding are repaid by December 31, 2022, the additional 25% of the principal will be forgiven. The Corporation will record this forgiveness as a deduction in the IB Stabilization fund once the criteria for forgiveness has been met by the lendee.

# HAIDA GWAI COMMUNITY FUTURES DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

### 5. INVESTMENT LOANS (continued)

The estimated total forgiveness under both programs if all loans are repaid per the terms is \$111,788.

### 6. DEFERRED CONTRIBUTIONS

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 404,388	\$ 399,445
Amount recognized as revenue	-	-
Amount deferred to future periods	43	4,943
	<u>404,431</u>	<u>404,388</u>
Balance, end of year	<u>\$ 404,431</u>	<u>\$ 404,388</u>

The deferred contributions consist of the following:

Forest Renewal BC	\$ -	\$ 291,241
Business Skills Training	-	34,919
Northern Hardwood Initiative	-	2,250
Youth In Charge	-	5,287
Aboriginal Best	-	8,233
'A' Game	-	580
Hecate Strait EDS Entrepreneur	-	54,000
MIEDS Labour Market Partnership	7,921	7,878
	<u>7,921</u>	<u>7,878</u>
	<u>\$ 7,921</u>	<u>\$ 404,388</u>

### 7. EXTERNALLY RESTRICTED NET ASSETS

The Corporation has been operating under a contribution agreement with Western Economic Diversification Canada (now Pacific Economic Development Canada) that covers the period April 1, 2021 to March 31, 2026. Under the terms and conditions of the new agreement, as set out by the Department of Western Economic Diversification, the conditionally repayable loan funds are repayable if any of the following occur:

- i. The conditionally repayable investment fund is not administered according to the terms and conditions specified in this Agreement; or
- ii. Based on reviews and evaluations of the operations and the conditionally repayable investment fund of the Corporation, the conditionally repayable investment fund is not providing a satisfactory level of benefits in terms of employment creation, the development of community-owned or controlled businesses, and strengthening of the Western Canadian economy; or
- iii. In the opinion of the Minister, the conditionally repayable investment fund is no longer necessary or relevant to the development of the Western Canadian economy; or
- iv. The Agreement is terminated as described in Section 12; or

# HAIDA GWAI COMMUNITY FUTURES DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

### 7. EXTERNALLY RESTRICTED NET ASSETS (continued)

- v. An event of default occurs, as described in Section 7 of the Agreement; or
- vi. The Minister does not approve terms and conditions to extend the project beyond the completion date.

	<u>2023</u>	<u>2022</u>
General Loan Investment Funds		
General	\$ 1,565,465	\$ 1,684,521
Disabled	<u>80,758</u>	<u>80,045</u>
	<u>\$ 1,646,223</u>	<u>\$ 1,764,566</u>

### 8. UNRESTRICTED NET ASSETS

The balance in unrestricted net assets consists of accumulated income from non-government sources.

### 9. ECONOMIC DEPENDENCE

The Corporation its operating revenues from the federal government through the Pacific Economic Development Canada ("Pacifcan") and is economically dependent upon it. The contract was renewed and extended to March 31, 2026.

### 10. FINANCIAL INSTRUMENT RISK

#### 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 its loan portfolio clients. In order to reduce credit risk, the Corporation limits the amount of credit available to clients, performs credit checks on all loan applicants and ensures adequate security is provided. An allowance for credit loss is established based on factors surrounding the credit risk of specific accounts, historical trends and other information.

#### 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 changes in interest rates, the Corporation manages exposure through its normal operating and financing activities. The Corporation has established a policy that all investment loans receivable are to have a minimum interest rate of 6.0%. In addition, all restricted funds are invested in fixed interest bearing savings accounts or term deposits.



# HAIDA GWAI COMMUNITY FUTURES DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

### 12. CONTINGENT LIABILITIES

As disclosed in Note 5, the Corporation is contingently liable for loan forgiveness for its loans issued under the RRRF and IB Stabilization programs. If 75% of the initial advance is repaid by December 31, 2023, the additional 25% is forgiven. For those with extension loans of up to an additional \$20,000, if 50% of the extension is repaid by December 31, 2023, then the additional 50% of the extension is forgiven.

For example, if a lendee has taken \$40,000 and the \$20,000 extension, and repay \$40,000 of the total \$60,000 by December 31, 2023, the other \$20,000 will be forgiven.

RRRF maximum forgiveness	\$ 111,788
IB Stabilization maximum forgiveness	<u>-</u>
	<u>\$ 111,788</u>

The Corporation will record the forgiveness as an expense in the RRRF and IB Stabilization funds once the criteria for forgiveness has been met (once a sufficient payment on the loan has been made on or before December 31, 2023).

In February 2022, the Government of Canada announced an extension to December 31, 2023 for RRRF loans.

### 13. DEFERRED REVENUE FROM PRIOR YEARS

The Corporation has been holding revenues as deferred revenue from prior years and the conditions restricting the revenues have now been satisfied. As such, the Corporation has recorded the amount in revenue.

**HAIDA GWAII COMMUNITY FUTURES DEVELOPMENT CORPORATION**

Schedule 1

**STATEMENT OF OPERATIONS - GENERAL AND CAPITAL FUNDS**

For the year ended March 31, 2023

	General Fund				2023	2022
	Fisheries	WED Core	General	Capital	Total	Total
	Legacy	Funding	Non Core			
<b>REVENUE</b>						
Pacific Economic Development Canada		\$ 280,459	\$ -	\$ -	\$ 280,459	\$ 331,451
Other partnerships		-	123,873	-	123,873	11,519
Province of B.C. - Primary Care Paramedic program ("PCP")		-	(24,817)	-	(24,817)	229,700
Indigenous business development services		-	179,332	-	179,332	153,589
Interest and miscellaneous						
Bank and loan interest, other revenue	40,982	-	427,668	-	468,650	55,116
Gwaii Trust	-	-	3,408	-	3,408	10,697
	<u>40,982</u>	<u>280,459</u>	<u>709,464</u>	<u>-</u>	<u>1,030,905</u>	<u>792,072</u>
<b>EXPENDITURES</b>						
Accounting and legal	-	12,606	-	-	12,606	8,255
Advertising and promotion	-	2,005	-	-	2,005	2,330
Amortization	-	-	-	3,154	3,154	3,557
Bank charges and interest	-	2,231	-	-	2,231	4,026
Insurance, dues and licences	-	16,845	-	-	16,845	16,931
Meetings	-	3,338	-	-	3,338	3,091
Office supplies and miscellaneous	-	7,886	-	-	7,886	8,959
Rent and property costs	-	27,416	-	-	27,416	27,978
Special projects	-	-	150,991	-	150,991	345,478
Telephone	-	4,376	-	-	4,376	5,041
Training and development	-	2,853	-	-	2,853	3,918
Travel, board and lodging	-	22,005	-	-	22,005	35,404
Wages and benefits	-	285,313	54,505	-	339,818	369,177
	<u>-</u>	<u>386,874</u>	<u>205,496</u>	<u>3,154</u>	<u>595,524</u>	<u>834,145</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>\$ 40,982</u>	<u>\$ (106,415)</u>	<u>\$ 503,968</u>	<u>\$ (3,154)</u>	<u>\$ 435,381</u>	<u>\$ (42,073)</u>

**HAIDA GWAI COMMUNITY FUTURES DEVELOPMENT CORPORATION**

Schedule 2

**STATEMENT OF CHANGES IN NET ASSETS - GENERAL AND CAPITAL FUNDS**

For the year ended March 31, 2023

	General Fund			Capital	2023 Total	2022 Total
	Fisheries Legacy	WED Core Funding	General Non Core			
Net assets, beginning of year	\$ 787,528	\$ (324,984)	\$ 1,023,133	\$ 10,930	\$ 1,496,607	\$ 1,538,680
Investment in capital assets	-	(1,502)	-	1,502	-	-
Excess (deficiency) of revenue over expenses	40,982	(106,415)	503,968	(3,154)	435,381	(42,073)
Net assets, end of year	<u>\$ 828,510</u>	<u>\$ (432,901)</u>	<u>\$ 1,527,101</u>	<u>\$ 9,278</u>	<u>\$ 1,931,988</u>	<u>\$ 1,496,607</u>

**HAIDA GWAI COMMUNITY FUTURES DEVELOPMENT CORPORATION**

Schedule 3

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS - RESTRICTED FUNDS**

For the year ended March 31, 2023

	<u>NACCA IB Stabilization</u>	<u>WED RRRF</u>	<u>WED General Sub 001</u>	<u>WED Matching Sub 005</u>	<u>2023 Total</u>	<u>2022 Total</u>
<b>REVENUE</b>						
Loan funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (60,058)
Bank interest	-	-	477	855	1,332	3,220
Operational funding	10,625	-	-	-	10,625	41,825
Forgiveness	(59,971)	(8,820)	-	-	(68,791)	(30,000)
Repayable to funder	(74,986)	-	-	-	(74,986)	-
Investment interest	-	-	9,421	3,343	12,764	15,108
	<u>(124,332)</u>	<u>(8,820)</u>	<u>9,898</u>	<u>4,198</u>	<u>(119,056)</u>	<u>(29,905)</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>305,567</u>	<u>631,800</u>	<u>406,398</u>	<u>340,756</u>	<u>1,684,521</u>	<u>1,714,426</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 181,235</u></u>	<u><u>\$ 622,980</u></u>	<u><u>\$ 416,296</u></u>	<u><u>\$ 344,954</u></u>	<u><u>\$ 1,565,465</u></u>	<u><u>\$ 1,684,521</u></u>

**Haida Gwaii Community Futures Development Corporation**

Schedule 4

**Statement of Financial Position - Restricted Funds**

As at March 31, 2023

	NACCA IB Stabilization	WED RRRF	WED General Sub 001	WED Matching Sub 005	2023 Total	2022 Total
<b>ASSETS</b>						
<b>Current assets</b>						
Restricted cash	\$ 171,699	\$ 96,612	\$ 146,962	\$ 163,895	\$ 579,168	\$ 421,194
Accounts receivable	-	-	403	962	1,365	152
Due from general fund	84,522	91,292	155,264	75,453	406,531	343,723
Current portion of investment loans	-	111,788	40,916	21,499	174,203	55,415
	<u>256,221</u>	<u>299,692</u>	<u>343,545</u>	<u>261,809</u>	<u>1,161,267</u>	<u>820,484</u>
<b>Investment loans</b>	-	323,288	72,751	83,145	479,184	864,037
<b>Repayable to funder</b>	<u>(74,986)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(74,986)</u>	<u>-</u>
<b>Net assets</b>	<u>\$ 181,235</u>	<u>\$ 622,980</u>	<u>\$ 416,296</u>	<u>\$ 344,954</u>	<u>\$ 1,565,465</u>	<u>\$ 1,684,521</u>

**HAIDA GWAI COMMUNITY FUTURES DEVELOPMENT CORPORATION**  
**STATEMENT OF OPERATIONS - INDIGENOUS BUSINESS DEVELOPMENT SERVICES**  
For the year ended March 31, 2023

Schedule 5

	<u>2023</u>	<u>2022</u>
<b>REVENUE</b>		
PacifiCan funding	\$ 179,332	\$ 153,589
<b>EXPENSES</b>		
Community futures partners	35,000	60,000
Events	35,225	10,689
Marketing	100	3,361
Office supplies and miscellaneous	1,112	484
Training and development	4,550	18,970
Travel, board and lodging	1,916	4,880
Wages and benefits	54,505	58,924
WOK	87	49,246
	<u>132,495</u>	<u>206,554</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>\$ 46,837</u>	<u>\$ (52,965)</u>

**HAIDA GWAI COMMUNITY FUTURES DEVELOPMENT CORPORATION**  
**STATEMENT OF OPERATIONS - PRIMARY CARE PARAMEDIC PROGRAM**  
For the year ended March 31, 2023

Schedule 6

	<u>2023</u>	<u>2022</u>
<b>REVENUE</b>		
Province of B.C. - Primary Care Paramedic program ("PCP")	\$ (24,817)	\$ 229,700
<b>EXPENSES</b>		
Training - Columbia Paramedic Academy	-	139,644
Travel expenses	<u>28,016</u>	<u>19,167</u>
	<u>28,016</u>	<u>158,811</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u><u>\$ (52,833)</u></u>	<u><u>\$ 70,889</u></u>

**HAIDA GWAI COMMUNITY FUTURES DEVELOPMENT CORPORATION**

Schedule 7

**STATEMENT OF OPERATIONS - Other projects**

For the year ended March 31, 2023

	<u>2023</u>	<u>2022</u>
<b>Other Project Revenue</b>		
Cyber Security Upgrade	\$ 6,486	\$ -
HG Law Society Student	9,493	-
Tacobiz DREIA Training	15,600	-
Community Futures - Cariboo Chilcotin GM Strategic Planning	-	11,519
Other	530	-
	<u>\$ 32,109</u>	<u>\$ 11,519</u>

<b>Other Project Revenue and Expenditures</b>	<u>2023</u>	<u>2022</u>
<b>Tacobiz DREIA Training</b>		
Grant received	15,600	-
Tacobiz training expenses	(14,640)	-
	<u>960</u>	<u>-</u>