Community Futures East Kootenay
Financial Statements
And Independent Auditors' Report thereon
March 31, 2026

RICE&CO.

Rice and Company LLP
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Nelson, BC V1L 6N5

Independent Auditor's Report

To the Board of Directors of Community Futures East Kootenay

Opinion

We have audited the non-consolidated financial statements of Community Futures East Kootenay (the "Corporation"), which comprise the non-consolidated statement of financial position as at March 31, 2026, and the non-consolidated statements of operations, changes net assets and cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2026, and its financial performance 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 auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the 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 we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the non-consolidated Financial Statements

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

Auditor's Responsibility for the Audit of the 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 on the basis of these non-consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management override of internal control.
- 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 non-consolidated 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Rice & Company LLP

Chartered Professional Accountants
Nelson, BC
June 26, 2026

Community Futures East Kootenay
Non-Consolidated Statement of Financial Position

As at March 31,	Note		General Fund	Investment Loan Fund	2026	2025
Assets						
Current assets						
Cash	4	$	566,480 $	4,854,709 $	5,421,189 $	3,994,544
Accounts receivable			14,552	-	14,552	21,874
Marketable securities	5		57,191	-	57,191	51,421
Loan interest and fees receivable	6		-	269,767	269,767	273,520
Prepaid Expenses			2,345	-	2,345	-
Due from related party			12	-	12	312
			640,580	5,124,476	5,765,056	4,341,671
Tangible capital assets	7		4,768	-	4,768	6,163
Loans receivable	8		-	3,702,438	3,702,438	4,314,512
Long term investments	9		500	1	501	501
Inter-fund receivable (payable)			44,732	(30,135)	14,597	-
		$	690,580 $	8,796,780 $	9,487,360 $	8,662,847
Liabilities and Fund Balances						
Current liabilities						
Accounts payable and accrued liabilities	10	$	43,579 $	- $	43,579 $	41,754
Deferred income	11		385,975	-	385,975	200,827
			429,554	-	429,554	242,581
Long term debt	12			211,346	211,346	248,890
			429,554	211,346	640,900	491,471
Fund Balances						
Contributed funds	13		-	2,875,000	2,875,000	2,875,000
Restricted loan funds			-	5,710,434	5,710,434	5,118,297
Invested in tangible capital assets			4,768	-	4,768	6,163
Unrestricted			256,258	-	256,258	171,916
			261,026	8,585,434	8,846,460	8,171,376
		$	690,580 $	8,796,780 $	9,487,360 $	8,662,847

See accompanying notes to the financial statements.

Approved by the Board of Directors,

______________________, Director ______________________, Director

Community Futures East Kootenay
Non-Consolidated Statement of Operations

For the year ended March 31, **2026** **2025**

	Note	General Fund	Investment Loan Fund	2026 Total	2025 Total
Revenue					
Pacific Economic Development Canada		$ 305,955	$ -	$ 305,955	$ 305,955
Provincial grants		484,181	-	484,181	370,668
Interest on investment funds and loans		-	282,085	282,085	365,727
Interest on deposits		22,434	102,994	125,428	130,240
Loan and administration fees		52,583	-	52,583	72,146
Other revenue	18	95,386	450,000	545,386	80,348
		960,539	835,079	1,795,618	1,325,084
Expenses					
Advertising and promotion		3,471	-	3,471	3,631
Amortization		1,395	-	1,395	814
Consulting fees		251,748	-	251,748	1,920
Economic development, projects and events		142,139	-	142,139	362,107
Insurance, licenses and dues		8,850	-	8,850	6,707
Interest, bank and service charges		1,320	3,089	4,409	4,701
Loan loss provision		-	24,853	24,853	174,339
Office and equipment rent		49,538	-	49,538	45,657
Office, supplies and miscellaneous		14,655	-	14,655	18,378
Professional fees		42,095	-	42,095	46,778
Purchase of equipment		2,989	-	2,989	4,323
Technical assistance		15,933	-	15,933	3,562
Training		7,418	-	7,418	12,519
Travel		24,744	-	24,744	17,588
Wages and benefits		532,067	-	532,067	523,522
		1,098,362	27,942	1,126,304	1,222,846
Excess (deficiency) of revenue over expenditures from operations		(137,823)	807,137	669,314	102,238
Other income					
Unrealized gain on marketable securities		5,770	-	5,770	1,567
Excess (deficiency) of revenue over		$ (132,053)	$ 807,137	$ 675,084	$ 103,805

See accompanying notes to the non-consolidated financial statements.

Community Futures East Kootenay
Non-Consolidated Statement of Changes in Fund Balances

Year ended March 31, 2026, with comparative figures for 2025

Year ended March 31, 2026	Contributed Funds	Restricted Loan Funds	Invested in Capital	Unrestricted	Total
Fund Balances, March 31, 2025	$ 2,875,000	$ 5,118,297	$ 6,163	$ 171,916	$ 8,171,376
Excess (deficiency) of revenue over expenses	-	807,137	(1,395)	(130,658)	675,084
Transfer of fund balances:					
Administration and other fees	-	-	-	-	-
Loan interest transfer	-	(215,000)	-	215,000	-
Acquisition of tangible capital assets	-	-	-	-	-
Fund Balances, March 31, 2026	$ 2,875,000	$ 5,710,434	$ 4,768	$ 256,258	$ 8,846,460

Year ended March 31, 2025	Contributed Funds	Restricted Loan Funds	Invested in Capital	Unrestricted	Total
Fund Balances, March 31, 2024	$ 2,875,000	$ 5,036,063	$ -	$ 134,508	$ 8,045,571
Excess (deficiency) of revenue over expenses	-	312,234	(814)	(207,615)	103,805
Transfer of fund balances:					
Administration and other fees	-	-	-	22,000	22,000
Loan interest transfer	-	(230,000)	-	230,000	-
Acquisition of tangible capital assets	-	-	6,977	(6,977)	-
Fund Balances, March 31, 2025	$ 2,875,000	$ 5,118,297	$ 6,163	$ 171,916	$ 8,171,376

Community Futures East Kootenay
Non-Consolidated Statement of Cash Flows

For the year ended March 31,		General Fund	Investment Loan Fund	2026	2025
Cash provided by (used in):					
Cash flows from operating activities					
Excess of revenues over expenditures	$	(132,053)	807,137	675,084	103,805
Items not affecting cash:					
Amortization of tangible capital assets		1,395	-	1,395	814
Unrealized (gains) losses on marketable securities		(5,770)	-	(5,770)	(1,567)
Changes in non-cash working capital:					
Loan interest and fees receivable		-	3,753	3,753	91,332
Accounts receivable		7,322	-	7,322	(18,288)
Prepaid expenses		(2,345)		(2,345)	-
Inter-fund receivable (payable)		(12,497)	(2,100)	(14,597)	-
Accounts payable and accrued liabilities		1,825	-	1,825	(1,250)
Deferred income		185,148	-	185,148	(45,170)
Net cash provided by (used in) operating activities		43,025	808,790	851,815	129,676
Cash flows from investing activities					
Loans receivable (net)		-	612,074	612,074	650,136
Advances to related parties		300	-	300	(312)
Acquisition of capital assets		-	-	-	(6,977)
Net cash provided by investing activities		300	612,074	612,374	642,847
Cash flows from financing activities					
Provision for forgivable portion of loan repayment		-	(37,544)	(37,544)	(53,110)
Interfund transfers		215,000	(215,000)	-	-
Net cash provided by financing activities		215,000	(252,544)	(37,544)	(53,110)
Increase (Decrease) in cash		258,325	1,168,320	1,426,645	719,413
Cash, beginning of year		308,155	3,686,389	3,994,544	3,275,131
Cash, end of year	$	566,480 $	4,854,709 $	5,421,189 $	3,994,544

See accompanying notes to the non-consolidated financial statements.

1. Purpose of the Organization

Community Futures East Kootenay (the "Organization") was incorporated without share capital under Part II of the Canada Corporations Act by Letters Patent dated March 24, 1995. The Organization was subsequently registered as an extra-provincial society on September 15, 1995 under the British Columbia Societies Act.

The Organization promotes economic development and the creation of jobs and wealth in the East Kootenay region by providing small-business loans for start-up, expansion or the purchase of existing businesses.

The Organization is a not-for-profit organization and exempt from income tax under the Income Tax Act.

2. Basis of presentation

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

3. Summary of material accounting policies

Fund accounting

Community Futures East Kootenay follows the restricted fund method of accounting for contributions.

The General Fund accounts for the Organization's revenues and expenditures related to operating and administration activities, program deliveries and loan management and administration costs.

The Investment Loan Fund reports restricted resources that are to be used to provide assistance to small business and entrepreneurs in the form of loans, loan guarantees or equity participation. The Organization is restricted in the types of loans than can be made according to its agreement with the Federal Government. Loans from the Loan Investment Fund for the Disabled are limited to businesses owned and operated by disabled entrepreneurs.

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in cashable terms are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than 180 days. Management has classified these as cash equivalents as they can be cashed at the Organization's discretion.

3. Summary of material accounting policies *(continued)*

Marketable securities

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of statement of revenues and expenditures.

Investments with significant influence

The Organization's investment in 1069666 B.C. Ltd. includes 33.33% of the outstanding voting shares and the ability to appoint 2 of 6 members on the board of directors. The Organization exercises significant influence over 1069666 B.C. Ltd and accounts for the investment by the equity method. Accordingly, the investment is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and dividends received.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a straight-line basis at the following rates and methods:

Leasehold improvements	5 years straight-line method
Furniture & Equipment	5 years straight-line method

The Organization regularly reviews its tangible capital assets to eliminate obsolete items. Government grants are treated as a reduction of cost.

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

Allowance for impaired loans

The Organization maintains an allowance for impaired loans in the amount management considers adequate to absorb losses in its loan portfolio. The allowance is determined on a loan by loan basis. This allowance is the amount required to reduce the carrying value of each loan to its estimated realizable amount.

Revenue recognition

Unrestricted and restricted contributions of the Investment Loan Fund are recognized as revenue of the appropriate fund when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Restricted contributions related to the General Fund are recognized as revenue of the General Fund in the year in which the related expenses are incurred.

3. Summary of material accounting policies *(continued)*

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

Deferred revenue consists of funds received under such agreements for which the related expenses have not been incurred. They will be recognized as revenue in the year in which the related expenses are incurred.

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.

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, including provision for loan losses and amortization 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.

4. Cash and cash equivalents

Cash balances are held in multiple accounts with one financial institution earning interest at 1.90%-2.49%. Included in cash are amounts restricted of $4,854,709 (2025 - $3,686,389) in the Investment Loan fund and represent amounts to be used to provide loans in the future.

The Canada Deposit Insurance Corporation (CDIC) insures each of the Canadian Chartered Bank current accounts up to $100,000. The aggregate funds held in one account may exceed the CDIC insured limit from time to time and funds held by the institution may not be covered by CDIC insurance. Management does not anticipate any material effect on the financial position of the Organization as a result to this concentration.

The bank account in the General Operating Fund carries overdraft protection of $40,000. As at March 31, 2026, the overdraft is unused (2025 - 40,000).

5. Marketable securities

	2026	2025
BMO Nesbitt Burns	$ 61,888	$ 58,255
Allowance for excess (reduction) of cost over market value	(4,697)	(10,859)
	$ 57,191	$ 47,396

6. Loans interest and fees receivable

		2026		2025
Interest receivable	$	234,509	$	231,816
Fees receivable		35,258		41,704
	$	269,767	$	273,520

7. Tangible capital assets

		Cost		Accumulated amortization		**2026** Net book value		2025 Net book value
Leasehold improvements	$	65,053	$	65,053	$	-	$	-
Furniture & Equipment		6,977		2,209		4,768		6,163
	$	72,030	$	67,262	$	4,768	$	4,768

8. Loans receivable

The loans receivable consist of small business loans under a variety of programs in the Investment Loan Fund. Loans are normally repayable on a monthly basis at fixed interest rates ranging from 5% to 11.00% per annum compounded semi-annually, not in advance. The rate offered to a client varies with prime rate, the term of the loan, type of security offered and clients credit worthiness. In general, security for loans are obtained by one or more of chattel and real property mortgages and personal and a third party guarantees.

		Loan receivable		Allowance for Doubtful Accounts		**2026**		2025
Repayable	$	426,317	$	(33,200)	$	393,117	$	498,887
Non-repayable		2,287,379		(1,278)		2,286,101		2,455,442
Community Business Loan Program		769,968		(40,107)		729,861		1,036,511
Disability		138,639		-		138,639		124,409
RRRF		154,720		-		154,720		199,263
	$	3,777,023	$	(74,585)	$	3,702,438	$	4,314,512

The allowance for loan impairment is made based on expected loan default rates, potential loss ratios and review of loan portfolios, as determined by management. During the year loan losses of $24,854 (2025 - $174,339) were recorded which include changes in the allowance for impaired loans.

The Organization along with other Community Futures organizations, have provided syndicated loans to private companies of which the original principal of the loans outstanding at the end of the year is $1,110,897 (2025 - $1,286,694). The partners have agreed to each participate in varying amounts ranging from 11.16% up to 50% of the respective loans. The Organization has accounted for only its proportionate share of the syndicated loans of which are included in the Non-Repayable Fund loans receivable balance.

8. Loans receivable *(Continued)*

The Organization, in accordance with their agreement with Pacific Economic Development Canada, is required to disclose loans issued where CFEK's portion of the outstanding balance is in excess of $150,000. As at March 31, 2026 CFEK is obliged to disclose 7 such loans with a total outstanding balance owing to CFEK of $1,723,410.

RRRF Loans:

The RRRF loans were provided to businesses with up to $60,000 each to finance qualifying expenses during COVID-19. The loans are non-interest bearing with no scheduled payments until December 31, 2023. If the balance of the loan has been repaid by that date, 25% of the first $40,000 and 50% of the amounts above $40,000 and up to $60,000 will be forgiven. If the full amount of the loan payments have not been made by December 31, 2023, the full outstanding balance of the loan will be converted to a 5% interest bearing loan to be repaid in monthly installments over a two year period ending December 31, 2026.

The loans were financed through the conditionally repayable loan from Community Futures British Columbia (CFBC) (Note 12).

9. Long term investments

		2026		2025
Investment in 1069666 B.C. Ltd.	$	1	$	1
Invest in EK Columbia Community Investment Co-op		500		500
	$	501	$	501

The shares held in the private company relate to 33% of total voting shares. The company is related by way of the shareholdings and ability to appoint 2 of 6 members to the board of directors.

The membership share in EKCCIC does not carry significantly influence and is accounted for using the cost method.

10. Accounts payable and accrued liabilities

		2026		2025
Trade payables and accrued liabilities	$	26,009	$	25,046
Government remittances payable		10,003		9,288
Accrued wages and vacation pay payable		7,567		7,420
	$	43,579	$	41,754

11. Deferred revenue

	2026	2025
Rural Dividend Grant	$ 21,867	$ 28,754
CFBC Regional Relief and Recovery Funds	-	19,000
CED	26,057	1,172
Other	-	61,051
Community Workforce Response	-	75,850
HFT Project	-	15,000
KCI	62,722	-
I4I	268,686	-
Catalyst	6,643	-
	$ 385,975	$ 200,827

12. Long term debt

The Organization has received $2,210,000 in funding from Community Futures BC (CFBC) to provide RRRF loans.

As of March 31, 2026, $1,448,419 has been repaid and $575,000 forgiven leaving a balance of $157,264 outstanding that remains distributed as RRRF loans. The balance due to CFBC is noninterest bearing with no principal payments due until December 31, 2026. The balance to be repaid to CFBC will be reduced to the extent that the loans receivable are forgiven (Note 8) and by any loans that are not collectible and costs associated with attempts to collect loans in arrears.

As the Organization records financial liabilities at fair value, the balance outstanding has been recorded net of the $575,000 forgivable portion of the loans receivable that have been repaid prior to March 31, 2025 and the Borrower's are entitled to the forgivable portion. The extent to which all Borrowers will repay to receive the forgivable portion is unknown at the date of these financial statements and as such no provision has been taken.

13. Contributed funds

	2026	2025
Non-repayable:		
Investment fund	$ 1,450,000	$ 1,450,000
Forest Renewal British Columbia	525,000	525,000
Conditionally repayable:		
Pacific Economic Development Canada (P.E.D.)	700,000	700,000
Pacific Economic Development Canada (P.E.D)	200,000	200,000
	$ 2,875,000	$ 2,875,000

13. Contributed funds *(Continued)*

Non-repayable:

The Organization entered into an investment fund agreement on June 1, 1994 whereby the Organization received a grant over time totaling $1,450,000 to be used to assist in creating new small business and to expand, stabilize and protect existing businesses, resulting in the generation and maintenance of permanent employment. Financial assistance may be in the form of loans, loan guarantees and equity participation.

The Organization also entered into an agreement on May 21, 1996 with Forest Renewal British Columbia whereby the Organization received a $400,000 grant, which was matched by the Organization with existing loans and cash. The funds must be used to provide loans, business counselling and training to small and medium size forest sector enterprises in British Columbia. An additional $125,000 was provided on January 25, 2001 for a total of $525,000. Forest Renewal British wound up in 2003 and has ceased operations. The fund is now administered by the Community Business Loans Programs (CBLP).

Conditionally repayable:

In 1997, $700,000 was received from Pacific Economic Development Canada ("P.E.D."), which was formerly known as Western Economic Diversification Canada, as a conditionally repayable contribution to provide for the funding of loans, loan guarantees and equity investments in businesses. In 1998, $200,000 was received from P.E.D. to provide similar funding for disabled entrepreneurs (as defined in the funding agreement) for a total of $900,000. The contribution is conditionally repayable upon 30 days written notice from the Minister of P.E.D. under the following circumstances:

1. it is the Minister's opinion that the Conditionally Repayable Investment Funds are not providing satisfactory levels of benefits in terms of employment creation, the development of community-owned or controlled businesses, and strengthening of the Western Canadian economy

2. it is the Minister's opinion that the Conditionally Repayable Investment Fund is no longer necessary or relevant to the development of the Western Canadian economy; or

3. the Organization is in default of the terms of the agreement(s).

Rocky Mountain Business Development Centre Society

The Organization controls Rocky Mountain Business Development Society (RMBDCS), an organization related by way of a common board of directors and management team. RMBDCS is incorporated under the Societies Act of British Columbia and was established to acquire or lease a building which, in turn, it leases to the Organization to carry out it operations. Compiled financial information of RMBDCS is available on request.

13. Contributed funds *(Continued)*

Unaudited financial summaries of RMBDCS as at March 31, 2026, and the for year then ended, are as follows:

	2026	2025
Statement of Financial Position		
Current assets	$ 99,614	$ 78,601
Tangible capital assets	6,709	7,826
	106,323	86,427
Current liabilities	25,916	13,367
Net assets	80,407	73,060
	106,323	86,427

14. Related parties

Statement of Revenues and Expenditures		
Total revenues	323,881	336,077
Total expenditure	(316,533)	(336,556)
	7,348	(479)

The Organization earned interest and loan fees of $nil (2025 - $nil), management Fees of $39,600 (2025 - $35,714) and for janitorial services and supplies of $18,000 (2025 - $16,800). In addition, the Organization paid office and equipment rent of $49,538 (2025 - $45,575). These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

As at March 31, 2026, the RMBDCS has a loan with the Organization with an outstanding balance of $nil plus accrued interest and loan fees of $nil (2025 - $nil).

1069666 B.C. Ltd.

The Organization owns 33.33% of the outstanding voting shares and has the ability to appoint 2 of 6 board members

	2026	2025
Interest earned on loan	$ 7,552	$ 7,268

As at March 31, 2026, 1069666 B.C. Ltd. has a loan with the Organization with an outstanding balance of $151,036 (2025 - $152,036) plus accrued interest of $8,504 (2025 - $3,869).

14. Related parties *(Continued)*

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

While the Organization has significant influence with respect to this investment, the compiled financial information of 1069666 B.C. Ltd. for the year ended March 31, 2026 reports a profit of $6,502 (2025 - deficit of $23,440). These amounts represent the full results of 1069666 B.C. Ltd., not the Organization’s 33.33% share. As such, there is no equity pickup in these financial statements.

15. Economic dependence

The Organization received the majority of its operating revenues from the provincial and federal governments and is accordingly economically dependent on them.

16. Financial instruments

The Organization 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 Organization's risk exposure and concentration as of March 31, 2026.

Credit risk

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

The Organization is exposed to credit risk resulting from its accounts and loans receivable.

Liquidity risk

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

16. Financial instruments *(Continued)*

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 primarily through its floating interest rate bank indebtedness and credit facilities.

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

17. Remuneration of employees

The Societies Act of British Columbia requires certain information to be reported with regards to remuneration of employees, contractors and directors.

During the year, the Organization had one employee who made greater than $75,000. The salary paid to this individual was $87,550 (Contracted start date of July 30, 2024). No compensation was paid to any Directors of the Organization during the year.

18. Other revenue

The organization received a $450,000 capital injection approved by PacifiCan to increase the non-repayable investment fund administered by the organization. This funding represents a top-up to existing Community Futures investment and loan funds and is subject to the terms and conditions of the relevant contribution agreements with Canada.

Community Futures East Kootenay
Non-Consolidated Detailed Statement of Financial Position
General Fund
March 31, 2026

Schedule 1

	Operating	Invested in Capital	Makerspace	RRRF Operating	Paramedic Course	Discretionary Fund	CED	HFT Project	KCI	I4I	Catalyst	Total 2026	Total 2025
Assets													
Cash	$ 123,161	$ -	$ 18,486	$ -	$ -	$ 63,912	$ 23,350	$ -	$ 68,005	$ 263,264	$ 6,302	$ 566,480	$ 308,155
Accounts receivable	8,832	-	2,520	-	-	-	3,200	-	-	-	-	14,552	21,874
Marketable securities	-	-	-	-	-	57,191	-	-	-	-	-	57,191	51,421
Prepaid expenses	2,345	-	-	-	-	-	-	-	-	-	-	2,345	-
Due from related party	-	-	12	-	-	-	-	-	-	-	-	12	312
Tangible capital assets	-	4,768	-	-	-	-	-	-	-	-	-	4,768	6,163
Long term investments	500	-	-	-	-	-	-	-	-	-	-	500	500
Inter-fund receivable (payable)	70,754	-	-	-	-	(25,240)	(782)	-	-	-	-	44,732	32,235
Total assets	$ 205,592	$ 4,768	$ 21,018	$ -	$ -	$ 95,863	$ 25,768	$ -	$ 68,005	$ 263,264	$ 6,302	$ 690,580	$ 420,660
Liabilities													
Accounts payable and accrued liabilities	$ 45,197	$ -	$ (849)	$ -	$ -	$ -	$ (289)	$ -	$ 5,283	$ (5,422)	$ (341)	$ 43,579	$ 41,754
Deferred income	-	-	21,867	-	-	-	26,057	-	62,722	268,686	6,643	385,975	200,827
	45,197	-	21,018	-	-	-	25,768	-	68,005	263,264	6,302	429,554	242,581
Net Assets													
Unrestricted	160,395	-	-	-	-	95,863	-	-	-	-	-	256,258	171,916
Invested in tangible capital assets	-	4,768	-	-	-	-	-	-	-	-	-	4,768	6,163
	$ 205,592	$ 4,768	$ 21,018	$ -	$ -	$ 95,863	$ 25,768	$ -	$ 68,005	$ 263,264	$ 6,302	$ 690,580	$ 420,660

Community Futures East Kootenay
Non-Consolidated Detailed Statements of Financial Position
Investment Loan Fund
March 31, 2026

Schedule 2

	Repayable	Non-Repayable	Community Business Loans	Disability	RRRF	Total 2026	Total 2025
Assets							
Cash	$ 928,177	$ 2,221,065	$ 1,351,326	$ 281,290	$ 72,851	$ 4,854,709	$ 3,686,389
Accounts receivable	9,797	135,978	120,781	667	2,544	269,767	273,520
Loans receivable	393,117	2,286,101	729,861	138,639	154,720	3,702,438	4,314,512
Long term investments	1	-	-	-	-	1	1
Inter-fund receivable (Payable)	(3,931)	(25,485)	(15,676)	(13,251)	28,208	(30,135)	(32,235)
Total assets	1,327,161	4,617,659	2,186,292	407,345	258,323	8,796,780	8,242,187
Liabilities							
Long term debt	-	-	-	-	211,346	211,346	248,890
	-	-	-	-	211,346	211,346	248,890
Net Assets							
Contributed funds	700,000	1,450,000	525,000	200,000	-	2,875,000	2,875,000
Restricted loan funds	627,161	3,167,659	1,661,292	207,345	46,977	5,710,434	5,118,297
	$ 1,327,161	$ 4,617,659	$ 2,186,292	$ 407,345	$ 258,323	$ 8,796,780	$ 8,242,187

Community Futures East Kootenay
Non-Consolidated Detailed Statement of Revenue and Expenditures
General Fund
Year ended March 31, 2026

Schedule 3

	Operating	Invested in Capital	Makerspace	RRRF Operating	Paramedic Course	Discretionary Fund	CED	HFT Project	KCI	I4I	Catalyst	Total 2026	Total 2025
Revenues													
Pacific Economic Development Canada	$ 305,955	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 305,955	$ 305,955
Provincial grants	40,394	-	6,747	-	69,078	-	16,515	25,250	30,000	249,542	46,655	484,181	370,668
Interest on deposits	21,340	-	540	-	-	554	-	-	-	-	-	22,434	9,963
Loan and administration fees	33,583	-	-	19,000	-	-	-	-	-	-	-	52,583	72,146
Other revenue	57,849	-	8,430	-	-	4,024	-	-	25,083	-	-	95,386	80,348
	459,121	-	15,717	19,000	69,078	4,578	16,515	25,250	55,083	249,542	46,655	960,539	839,080
Expenditures													
Advertising and promotion	3,361	-	110	-	-	-	-	-	-	-	-	3,471	3,631
Amortization	-	1,395	-	-	-	-	-	-	-	-	-	1,395	814
Consulting fees	-	-	-	-	-	-	-	-	11,601	226,822	13,325	251,748	1,920
Economic development, projects and events	38,939	-	500	-	69,078	-	27,900	5,250	-	-	472	142,139	362,107
Insurance, licenses and dues	5,775	-	-	-	-	-	3,075	-	-	-	-	8,850	6,707
Interest, bank and service charges	1,320	-	-	-	-	-	-	-	-	-	-	1,320	1,570
Office and equipment rent	49,538	-	-	-	-	-	-	-	-	-	-	49,538	45,657
Office, supplies and miscellaneous	14,424	-	-	-	-	-	199	-	32	-	-	14,655	18,378
Professional fees	42,095	-	-	-	-	-	-	-	-	-	-	42,095	46,778
Purchase of equipment	-	-	2,989	-	-	-	-	-	-	-	-	2,989	4,323
Technical assistance	15,918	-	15	-	-	-	-	-	-	-	-	15,933	3,562
Training	7,418	-	-	-	-	-	-	-	-	-	-	7,418	12,519
Travel	14,681	-	464	-	-	-	5,341	-	-	-	4,258	24,744	17,588
Wages and benefits	502,739	-	10,328	19,000	-	-	-	-	-	-	-	532,067	523,522
Unrealized gain (loss) on marketable securities	-	-	-	-	-	(5,770)	-	-	-	-	-	(5,770)	(1,567)
	696,208	1,395	14,406	19,000	69,078	(5,770)	36,515	5,250	11,633	226,822	18,055	1,092,592	1,047,509
Excess of revenue over expenditures	(237,087)	(1,395)	1,311	-	-	10,348	(20,000)	20,000	43,450	22,720	28,600	(132,053)	(208,429)
Fund balance, beginning of year	62,472	6,163	(1,311)	-	-	110,755	-	-	-	-	-	178,079	134,508
Transfer of fund balances:													
Administration and other transfers	120,010	-	-	-	-	(25,240)	20,000	(20,000)	(43,450)	(22,720)	(28,600)	-	22,000
Loan interest transfer	215,000	-	-	-	-	-	-	-	-	-	-	215,000	230,000
Acquisition of capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	$ 160,395	$ 4,768	$ -	$ -	$ -	$ 95,863	$ -	$ -	$ -	$ -	$ -	$ 261,026	$ 178,079

The information in this schedule is derived from the Corporation's annual audited financial statements and were subject to audit procedures performed on the financial statements as a whole

Community Futures East Kootenay
Non-Consolidated Detailed Statement of Revenue and Expenditures
Investment Loan Fund
Year ended March 31, 2026

Schedule 4

	Repayable	Non-Repayable	Community Business Loans	Disability	RRRF	Total 2026	Total 2025
Revenues							
Interest on investment funds and loans	$ 18,545	$ 180,973	$ 72,155	$ 6,301	$ 4,111	$ 282,085	$ 365,727
Other revenue	-	450,000	-	-	-	450,000	
Interest on deposits	22,827	47,410	24,882	6,722	1,153	102,994	120,277
	41,372	678,383	97,037	13,023	5,264	835,079	486,004
Expenditures							
Interest, bank and service charges	558	670	628	610	623	3,089	3,131
Loan loss provision	16,775	(1,756)	7,973	-	1,861	24,853	174,339
Loans forgiven	-	-	-	-	-	-	(3,700)
	17,333	(1,086)	8,601	610	2,484	27,942	173,770
Excess of revenue over expenditures	24,039	679,469	88,436	12,413	2,780	807,137	312,234
Fund balance, beginning of year	603,122	2,653,190	1,622,856	194,932	44,197	5,118,297	5,036,063
Transfer of fund balances:							
Loan interest transfer	-	(165,000)	(50,000)	-	-	(215,000)	(230,000)
	$ 627,161	$ 3,167,659	$ 1,661,292	$ 207,345	$ 46,977	$ 5,710,434	$ 5,118,297