

2019/2020 Annual Report
Cornwall and the Counties
Community Futures Development Corporation

Presented to the Members at the November 4th, 2020
Annual General Meeting



mycommunityfutures.ca



Cornwall & The Counties
Community Futures
Development Corporation

Message from the Chair

It is my pleasure to share with you the 2019-2020 Cornwall and the Counties Community Futures Development Corporation annual report. Every year, the opportunity to write this message offers an opportunity to reflect on the accomplishments of the small but mighty team at our local CFDC.

Our loan portfolio indicates that we have offered assistance to 60 small/medium sized enterprises (SME) with 22 receiving loans. The staff continue to refine the delivery process for our loan program, including making the application process more streamlined allowing for quicker turnaround times in dispersing loans to our local entrepreneurs.

This year, we worked with 126 partners in delivering our programs including community planning, economic development, support for community-based projects, business information and planning services, access to capital for small and medium sized businesses and social enterprises within the United Counties of SD&G, City of Cornwall, and Akwesasne. As you can see, our small organization has a broad and impactful reach.

This year's annual report needs to have commentary about the COVID-19 pandemic that we currently find ourselves in. Very early when the State of Emergency was declared by the Ontario Government, the staff of our CFDC immediately reached out to current clients offering programs in the form of interest and payment deferral, business support, on-line sales support all the while pivoting to a work from home model. During these first days of the State of Emergency the CFDC released \$500,000 for loans specifically targeting SME's with support due to COVID related issues impacting their business. This offering was over-subscribed within 72 hours of being released. The CFDC team was brave and pivoted quickly to ensure that our clients were supported during these unprecedented times.

After our fiscal year end, the CFDC has received close to \$1,000,000 in capitalization funding through the Regional Development Agencies to support small business with a focus on assisting "main street" businesses, such as retail shops, restaurants and corner stores, etc., and businesses of strategic importance to their communities, with loans up to \$40,000. The success of this program will be felt for many years to come as these support programs make their way to support local entrepreneurs.

As this year comes to an end, I'd like to extend a thank you to the Board and Committee members who volunteer their time to help the community prosper. Through their thoughtful guidance and steady hand, the CFDC continues to execute on all programs. Finally thank you to our primary funding partner FedDev Ontario for their continued confidence in our organization in delivering programming in SD&G, Cornwall, and Akwesasne.

Dale Allen
Chair of the Board

Message from the Executive Director

The end of fiscal 2019 marked the beginning of a worldwide health pandemic. It is difficult to talk about this past fiscal year without having this challenge out front and centre. It is fortunate however, that the CFDC Board and staff had already prepared the organization to be able to operate effectively, remotely. Certainly, there were tweaks to our system, but we quickly got ourselves in order so that we could focus all our energy on supporting our clients and our business community through the economic aftershocks of the pandemic.

The CFDC's importance as a pillar of the community was perhaps never so well understood. As a community-minded, nimble and mighty organization, we were able to react quickly to issue COVID-19 Emergency Loans, interest forgiveness, and principal postponements to business owners before many other government measures were in place. We were later entrusted with additional funding through FedDev to deliver additional funds to struggling businesses. We were there with advice, key referrals, and an understanding ear for business owners who needed help navigating the complex and ever-growing system of emergency measures and supports put in place by federal, provincial and municipal governments.

It also became apparent when dealing with the economic ripples of the pandemic that those businesses who had embraced and adopted technology were faring better than those who had not. As sales went online and people relied on technologies that would support contactless payment processing and delivery of goods, some businesses were ill prepared and sought out additional support and advice.

It is timely that in early fiscal 2019, the Board and staff at the CFDC had sought out to fill a recognized gap in the business services market. With a changing global and national economic landscape, Canada's rural communities have been increasingly vulnerable to demographic, economic, technological and infrastructure challenges. Lack of broadband connectivity and affordable advice has hampered technology adaption and limited competitiveness in our Region. With the objective of helping to bridge this gap, the CFDC developed a plan to launch a Technology Innovation Program (TIP). This program was created to provide business with the expertise and support needed to identify and adopt the right technology solutions to boost sales and profit margins. TIP received funding through the Rural Economic Development program and the Rural Innovation Initiative of Eastern Ontario (RIIEO) and was launched spring of 2020, just in time to support businesses through COVID.

In addition to advice, the CFDC supported businesses with 22 loans and 19 non-repayable funding contributions. All of the grants and many of the loans were to help businesses adopt innovative technologies to grow their businesses and remain competitive. We also supported companies through transitions, expansions and unfortunate and difficult life events which impacted their businesses. When no one else would support their business with funding, CFDC was there. The people behind the business that CFDC funding programs have the ability to impact are real. The entrepreneurs, the visionaries and the fighters are the ones who inspire us every day. We are indebted to them for being the economic engine of this economy and we will do everything we can to support them.

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Another way we have been able to impact people is through the Cross Border-Partnership. The impact the CBPP had on fostering economic prosperity of neighbouring municipalities and Akwesasne was highlighted in the Canada-wide Horizontal Review of the Community Future Program completed in June 2019. The report identified the CBPP as instrumental in increasing the understanding of the complex barriers to community economic development in the area. It further identified its successes in building capacity for joint community economic development planning and projects. Impacting Truth and Reconciliation through the CBPP continues to be the highest priority Community Economic Development initiative that the CFDC has endeavored upon. Significant work was done in 2019 in order to breath life into monumental community opportunities like the Port Lands Project. In July of 2020, much of that work was rewarded when the Akwesasne Harbourfront Development Corp. and the Cornwall Harborfront Development Corp. trusted the CBPP to act as Project Manager for the Development of the jointly owned Port Lands.

The Horizontal Review confirmed much of what we have already experienced, in that in our rural community, “economic development is complex and depends on a number of factors.” We are “diverse and face a range of challenges.” The Report found that “there is a strong need for continued federal economic development programming for the communities served by [CFDC’s]” and that “the [Community Futures Program] has contributed to the achievement of many of its intended outcomes...The achievement of these outcomes is facilitated by the program’s design, principally its flexibility, which allows [CFDC’s] to adapt their activities to best meet the needs of their communities.”

We are committed to remaining flexible and building customized programs and services so that we can meet the ever-changing needs of our local communities and entrepreneurs within Akwesasne, Cornwall and SD&G. In the face of challenges, never experienced before in our lifetime, The Board and staff, along with our communities and its residents have banded together in inspiring ways. We have supported one another, shopped local, and acted inventively to help one another navigate these uncharted waters, and to build a more resilient future together. We are committed to this too and we stand with you.

Thank you to the Board, our funders, our partners, our community, our clients and of course the stalwart staff for their ongoing support and dedication to creating a better world here in our part of Eastern Ontario.

Lesley Thompson
Executive Director

The CFDC Framework

Created in 1987, the Cornwall & The Counties Community Futures Development Corporation (CFDC) is a not-for-profit, independent organization, governed by a Board of Directors composed of volunteers from the community representing a cross-section of the makeup of the community. The CFDC's main programming is around the delivery of the Community Futures Program.

The Community Futures Program (CFP) supports economic development in primarily rural areas across Canada through a network of 256 Community Futures Organizations (CFOs). Through the CFP, CFDC provides direct support to local communities via four pillars: business financing, business support services, community economic development, and strategic planning.

The CFP is part of the ministerial portfolio of Innovation, Science and Economic Development Canada (ISED). It is administered by four Regional Development Agencies (RDAs). The RDA which CFDC reports to is named the Federal Economic Development Agency for Southern Ontario (FedDev).

Mission:

Cornwall & The Counties CFDC delivers financing, collaborative SME support, strategic community planning & economic development solutions to Akwesasne, Cornwall & the SDG Counties.

Vision:

Cornwall & the Counties CFDC is a catalyst, leader, and partner, working toward a sustainable, diversified and growing economy that builds on the assets of Akwesasne, Cornwall & the SDG Counties.

Values:

Integrity, Collaboration, Client focus, Community focus, and Teamwork

Strategic Goals:

Across the four pillars in which the CFDC operates, the Board has further defined overarching strategic goals within each:

1. Strategic Planning

- a) C&C CFDC plans are 100% aligned & integrated with all key stakeholder plans
- b) C&C CFDC is a key & trusted partner either leading or collaborating in regional strategic community planning work
- c) C&C CFDC's Board & staff reputation & credibility is strong everywhere in the region

2. Community Economic Development

- a) C&C CFDC is 100% aware &/or involved in the regions' highest priority economic development projects
- b) The Region has a fully functional Entrepreneur Innovation Centre established, growing & self-sustaining

3. Business Support Services

- a) Business information is relevant, timely, helpful and accurate
- b) Key Stakeholders are fully awareness of C&C CFDC's goals & programming and refer clients frequently
- c) C&C CFDC is recognized in the community as a reputable and helpful organization and is frequently visited by business owners wanting to start, grow or transition a business.

4. Business Financing

- a) C&C's CFDC lending activities have measurable impact on regional economic development
- b) C&C's CFDC is capable to meet all requests for financing from qualified applicants directly or through strategic funding partnerships
- c) Loan losses at an acceptable level ranging from 5-8% of portfolio balance
- d) 85-95% of funds are invested 5-15% are available to lend at any given time
- e) Bankable Clients graduate to other mainstream lenders to free up cash to lend

Investment Fund Activity - Lending

The purpose of the Investment Fund is to provide repayable financial assistance in the form of loans to small and medium-sized businesses and social enterprises. Typically, available to those experiencing difficulty in securing tradition bank financing, eligibility for CFDC borrowing is essentially confined to activity relating to the creation, development, stabilization, expansion or restructuring of business operations.

Subject to a structured examination of information and documentation requested of a client, the CFDC will favour funding applications which:

- Promote the creation and/or retention of jobs and opportunities;
- Demonstrate that the CFDC's involvement will lead to economic benefits or net gain within the community;
- Attract capital investment to the community;
- Afford the prospect of involving multiple funding partners (granting and lending) towards effective leveraging and optimization; and,
- Reveal a reasonable expectation of profitability and debt servicing capacity.

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Lending Activity – Investment Fund	
April 1, 2019 to March 31, 2020	
No. of Completed Applications Received	60
No. of Loans Disbursed	22
Dollar Value of Disbursements	\$969,231
Dollars Leveraged	\$4,114,620
No. of Jobs Created/Maintained	84
No. of New Businesses Started	8
No. of Businesses Maintained/Expanded	14
Total Active Loans	74
Total Dollar Value of Portfolio	\$4,410,474.52
Business Counselling	
No. of businesses assisted	235
No. of Jobs Created/Maintained	138

Cornwall & The Counties CFDC has seen many business ideas come to fruition through responsible funding to local businesses. One great example amongst the many comes in the form of an Equity Investment made in Fieldless Farms located in Cornwall, ON.

2019/2020 Success Story

Like their name suggests, Fieldless Farms is a new kind of farm. Known as Controlled Environment Agriculture (CEA), they grow all of their produce indoors, which allows them to create an ideal climate all year 'round (pretty handy for our Canadian weather). They use renewable energy and automated systems to make the perfect growing and harvesting environments for their crops.

Canada imported \$48 billion of food last year. But there are rising issues challenging foreign food supply. In order to feed growing global populations, in less than 30 years, food production will have to increase by 70% in developed countries and by 100% in developing ones. On top of that, commercial agriculture is a major cause of greenhouse gas emissions, yet extreme weather events are increasingly disrupting agriculture. In short, Canadians rely on other countries to feed us the folks at Fieldless believe that needs to change.

All of Fieldless produce is safe to eat right out of the box, no washing needed. Controlled environment means no herbicides, no pesticides and no chemical baths. It means they also don't have to worry about environmental contaminants (like runoff from livestock farms). Fieldless is a certified Canada GAP facility, but they also go well beyond compliance to ensure all our products are safe.

The group was originally planning for their first farm to be located in Gatineau, with Cornwall being the future of the business. After discussions with local community leaders and discovering the potential for strategic partnerships and financial support, the group has since opted to make Cornwall the inaugural Farm location. Primary interest in the Cornwall area is also due to its geographical proximity to major metropolitan sectors and the substantially lower costs of energy, and land acquisition.

The CFDC participated in an equity round and supported the company with a \$100,000 investment to launch its first Farm. The company's establishment in our area also created 10 FTE positions and with a projected expansion, it will create 1 FT position for every 2 containers.

The company closed a first round of funding for \$3M in 2019 from local investors and Farm Credit Canada. In 2020 they announced that they landed a deal with Farm Boy who will be carrying its ready-to-eat, no-need-to wash 'Northern Crunch' and 'Ontario Sweet' lettuce mixes, starting with 15 stores in Ottawa, Kingston, and Cornwall. They are also located in Massine's Your Independent Grocer and at the Burrow Shop in Ottawa.

The CFDC is proud to have had the opportunity to assist this dynamic group of entrepreneurs make a difference in this community and in the Canadian Food System as a whole.

The Rural Innovation Initiative of Eastern Ontario (RIIEO)

In 2019, Community Futures across Ontario East were successful in their application to FedDev to deliver was named as The Rural Innovation Initiative of Eastern Ontario (RIIEO). This 2-year program was built to support the transition and growth of traditional SMEs, manufacturers and communities into the new rural economy, driving direct investments by private companies in innovation capital producing aggregate local and regional effects.

Supported projects will strengthen competitiveness, productivity, business growth, process innovation, new market access, creation and retention of employment opportunities, the re-skilling of the industrial workforce, incremental sales and increased profitability, and as a result, diversify and transform our local communities and economy.

In 2019-2020 the Cornwall & The Counties CFDC received and reviewed 29 applications.

Total Contribution amount for 2019-2020	\$ 450,000
Total Number of projects funded	19
Total Number of jobs created	27
Total Number of jobs maintained	51

There are two categories of RIIEO. For Profit organizations, and Non-Profit, or known as, Fourth Pillar projects.

Contribution amount for 2019-2020 in “For Profit”	\$ 375,000
Number of projects funded	16

Contribution amount for 2019-2020 in “Fourth Pillar”	\$ 75,000
Number of projects funded	3

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The Cornwall & The Counties CFDC has witnessed significant success of RIIEO. One such example is represented through a joint press release, outlined below.

News Release

For Immediate Release

Two local companies to increase productivity, client service and efficiency and make their businesses greener

March 6th, 2020

Alexandria, ON

Formax Plastics Inc. and Papeterie Alexandria Stationery / Glengarry Printing will benefit from an investment announced today by [Cornwall & the Counties Community Futures Development Corporation](#) (Cornwall & the Counties CFDC) and Francis Drouin Member of Parliament for Glengarry, Prescott, and Russell.

Formax Plastics Inc. will receive \$25,000 under the [Rural Innovation Initiative Eastern Ontario \(RIIEO\)](#). This funding will support the purchase of injection-molding equipment that will enable them to be more efficient in terms of energy use, production costs and competitive advantage. This equipment will help to maintain their current clients and acquire significantly more. This new focus will assist the organization in moving away from single-use plastic products that had been a past revenue stream, which will benefit the environment, the community of Alexandria, and Eastern Ontario.

Papeterie Alexandria Stationery / Glengarry Printing will also receive \$25,000 under the RIIEO. The funding will support the purchase of new equipment, which will allow the organization to do more jobs in-house and provide more consistent print quality to clients. This maximizes productivity, resulting in shorter wait times, and with shorter more manageable turnaround times they can focus on improving quality, cutting back on waste and saving energy.

Recognizing the vital role rural communities play in the region's economy, the [Federal Economic Development Agency for Southern Ontario \(FedDev Ontario\)](#) is providing a total of \$15 million over two years for the CFDCs in Eastern Ontario to deliver the RIIEO.

Quotes

“These projects will position these two Alexandria companies to increase productivity and serve their clients better, all while finding environmental benefits. Through investments like this, we are proud to support our local communities and boost rural businesses. We’ve got your back.”

The Honourable Mélanie Joly, Minister of Economic Development and Official Languages

“On behalf of the CFDC staff and the Board of Directors, I would like to commend Formax Plastics Inc. and Papeterie Alexandria Stationery/Glengarry Printing on the addition of this equipment and the expansions of their businesses. Supporting the transition of traditionally ran

Cornwall & The Counties Community Futures Development Corporation

business into industry 4.0 was one of the overarching goals of this program. We recognize that this type of innovation is critical to increasing the economic growth of the region. Their continued investment in their business benefits the community greatly and we are proud to have the opportunity to support their growth.” **Lesley Thompson, Executive Director Cornwall & The Counties Community Futures Development Corporation**

“Maintaining a competitive edge and keeping ahead of technological innovation can be challenging for small and medium-sized businesses. Today we are happy to report that the Rural Innovation Initiative will be helping two Alexandria businesses invest in new technology. This will help Formax Plastics Inc. and Papeterie Alexandria Stationary to expand their business growth, while adopting advanced business innovation processes. Formax Plastics will be investing in new injection-molding machines that will enable them to be more efficient. These more energy-efficient machines will be “greener”, more cost effective and will afford them a competitive edge.

At Papeterie Alexandria Stationary, innovation remains key to better-serving existing and expanding clients, by offering a wider-array of print products. With the purchase of a new commercial printer, their aim is to make themselves a one-stop shop for all of your business needs. We congratulate both of these businesses and wish them all the best in continuing to grow in North Glengarry,” **Jamie MacDonald, Mayor North Glengarry**

Quick Facts

The Cornwall & the Counties CFDC is one of the 15 Community Futures Development Corporations (CFDCs) in Eastern Ontario that received funding through FedDev Ontario’s Rural Innovation Initiative of Eastern Ontario (RIIEO)

- CFDCs deliver a wide variety of programs and services to support community economic development and small business growth. They employ local staff and are each governed by a volunteer board of directors, made up of local residents representing the community.

Associated Links

- [FedDev Ontario](#)
- [Rural Innovation Initiative of Eastern Ontario](#)
- [My Community Futures](#)

Contacts

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Cornwall & The Counties CFDC

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Cornwall & The Counties Community Futures Development Corporation



Representatives from Formax Inc., Papeterie Alexandria Stationery / Glengarry Printing, North Glengarry Council, Mayor Jamie MacDonald, CFDC Executive Director Lesley Thompson, and MP Francis Drouin.

The Cross Border Partnership Program (CBPP)



CROSS BORDER
PARTNERSHIP PROGRAM
Stronger Together

The Cross-Border Partnership Program continued its success in 2019. Our motto is “Stronger Together” and we continue to remain the conduit for economic development projects between Akwesasne and the surrounding municipalities. A large focus of 2019 has been researching and developing a strategic plan toward self-sustainability. We have been planting a lot of seeds in 2019 for some large-scale projects in 2020 which we are very confident will come to fruition, taking the CBPP to the next level as not only an asset to our communities but as a revenue generator for the CFDC as an organization.

This year once again solidified our position as the “connector” between communities. We have engaged in multiple projects around workforce and economic development. Helping Akwesasne agencies liaise with other organizations such as the Eastern Ontario Training board and local employers with a vision to continue to maximize agencies ability to place members of the Akwesasne workforce into positions off-reserve. We also provided various training sessions to these organizations to help facilitate long-term success. The CBPP has helped facilitate the first ever jointly supported tourism funding application in the region between the Mohawk Council of Akwesasne (MCA), The City of Cornwall, the United Counties of Stormont Dundas and Glengarry and the Seaway International Bridge Corporation. This marks a significant step forward in these relationships.

2019 also saw us assist various federal agencies on tours and facilitated introductions to key stakeholders in Akwesasne. Executives from Fed Dev and Innovation Canada utilized the CBPP as the connector to elected and non-elected leaders in the community with a long-term goal to bring significant investment into Akwesasne that previously may not have been available. We also helped align Akwesasne with Bizpal Canada and a community member is now on the national steering committee for the project. Our goal is to create more opportunities for Akwesasne with regional and national organizations so more doors can open where they may not have in the past.

In 2019 the CBPP was selected as an evaluation metric for the Ministry of Innovation, Science and Economic Development’s Horizontal Evaluation of the Community Futures Program. Further signifying the importance of the program to Fed Dev’s Economic Development project portfolio. The review was favourable and a great honour for us to be considered in the company of so many other great projects across Canada. “The CBPP Demonstrates the importance of partnership, how the CFP can meet the needs of different target groups (in this case, Indigenous people) and of surrounding counties, and the skill of CFOs in fostering collaboration”.

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2019 also saw a long-term project come together and we proudly announced we will be managing a disbursement of funding from Fed Dev Ontario to assist Mohawk Council of Akwesasne with the associated costs of starting an economic development corporation. This will assist MCA with their future plans to increase on reserve business development and potential future capacity for on reserve lending. This project will be ongoing into and past 2020.

As we move from 2019 into 2020 we are thrilled with some of the longer-term projects on the horizon while continuing to offer our services to better the joint collaborative efforts of our key local stakeholders. Once again, this success wouldn't be possible without the support of our Board and funders, so our thanks again are extended to them and the communities we serve.

More about The Cross Border Partnership Program:

The Cross Border Partnership Program is dedicated to building stronger relationships between Akwesasne and the municipalities that surround it.

Objectives:

1. A stronger unified voice for engaging with business and other levels of government.
2. Stronger regional identity, relationships and sense of place.
3. Cost savings when providing services due to higher efficiencies and less duplication.
4. More opportunities for local business development and jobs.
5. Ability to leverage the unique financial, human and physical capabilities of each partner
6. Coordinated planning efforts to improve land use and land management (making room for growing populations and to attract new investors and citizens.)
7. Coordinated planning efforts to aid in protecting resources and natural environments that are important to partner communities.
8. A stronger knowledge of our communities through a coordinated educational effort and through community workshops.

Composition of the Board of Directors

Executive Committee:

Dale Allen - Chair

Martin Zimmer- Vice Chair

Lila Romanko– Secretary/Treasurer

Current Board Members:

Nikki Dignard

Patricia Remillard

Sean Helmkey

Dale Allen

Christina Russell

Beatrice Johnson Tarbell

Martin Zimmer

Lila Romanko

Vanessa Metcalfe

Garrett VanderBurg

Tim Mills

Community Advisors:

Bill Madden

Allan Bell

Governance

Consistent with generally accepted principles of good governance and provisions of the Cornwall & The Counties CFDC's agreements with its funders, a concerted commitment has been made to deliver Board governance and development opportunities with the intent of strengthening Board performance and accountability.

The CFDC Staff

Lesley Thompson, Executive Director

Binal Bhavsar, Account Manager

Brittany MacDonald, Project Officer

Simon McLinden, Project Manager

Louise Pilon, Office Administrator

FedDev Liaison

The Cornwall & The Counties Community Futures Development Corporation continued to benefit from the support and interaction of Grace Hodder, Community Economic Development Officer of the Federal Economic Development Agency for Southern Ontario.

Cornwall & The Counties Community Futures Development Corporation
Financial Statements
March 31, 2020

Cornwall & The Counties Community Futures Development Corporation

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For the year ended March 31, 2020

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Independent Auditor's Report

To the Board of Directors of Cornwall & The Counties Community Futures Development Corporation:

Opinion

We have audited the financial statements of Cornwall & The Counties Community Futures Development Corporation (the "Organization"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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. 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 Organization'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 Organization'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 Organization 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.

Cornwall, Ontario

September 29, 2020

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Cornwall & The Counties Community Futures Development Corporation

Statement of Financial Position

As at March 31, 2020

	<i>Feddev Fund</i>	<i>Investment Fund</i>	<i>Project Fund</i>	<i>General Fund</i>	2020	2019
Assets						
Current						
Cash	-	-	-	157,214	157,214	100,586
Restricted cash	-	1,222,092	-	-	1,222,092	1,176,932
Accounts receivable	-	-	-	14,629	14,629	7,560
Prepaid expenses	-	-	-	854	854	798
Interest receivable	-	12,247	-	-	12,247	12,249
Due from other funds	50,000	-	-	8,890	58,890	645
	50,000	1,234,339	-	181,587	1,465,926	1,298,770
Capital assets (Note 3)	-	-	-	1,885	1,885	2,356
Long-term investments (Note 4)	-	4,014,058	-	-	4,014,058	4,342,355
Investment in CVCF Trust #1 (Note 5)	-	2,064,292	-	-	2,064,292	2,394,784
	50,000	7,312,689	-	183,472	7,546,161	8,038,265
Liabilities						
Current						
Accounts payable and accruals	50,000	2,450	-	7,256	59,706	10,302
Due to other funds	-	8,890	-	50,000	58,890	645
Deferred contributions	-	-	-	9,972	9,972	7,459
	50,000	11,340	-	67,228	128,568	18,406
Fund balances						
Reserve	-	-	-	7,000	7,000	7,000
Unrestricted	-	-	-	109,244	109,244	88,989
Restricted	-	7,301,349	-	-	7,301,349	7,923,870
	-	7,301,349	-	116,244	7,417,593	8,019,859
	50,000	7,312,689	-	183,472	7,546,161	8,038,265

Approved on behalf of the Board

Director

Director

The accompanying notes are an integral part of these financial statements

Cornwall & The Counties Community Futures Development Corporation
Statement of Operations
For the year ended March 31, 2020

	<i>Feddev Fund</i>	<i>Investment Fund</i>	<i>Project Fund</i>	<i>General Fund</i>	<i>2020</i>	<i>2019</i>
Revenue						
FedDev Ontario - EODP contributions	-	-	500,000	-	500,000	500,000
FedDev Ontario - contributions	449,194	-	-	-	449,194	386,131
Investment income	-	311,244	-	5,451	316,695	308,158
Other income	-	30,969	-	102,465	133,434	117,874
Other contributions	-	-	-	10,959	10,959	24,841
	449,194	342,213	500,000	118,875	1,410,282	1,337,004
Expenses						
Adjustment to provision for doubtful loans <i>(Note 4)</i>	-	623,878	-	-	623,878	139,001
EODP/RIIEO	-	-	450,000	-	450,000	450,000
Loss on long-term investment	-	330,492	-	-	330,492	48,402
Salaries and benefits	232,259	-	45,437	23,865	301,561	255,263
Community based project	150,726	-	-	461	151,187	103,422
Rent	8,228	-	3,600	15,776	27,604	25,210
CED projects	-	-	-	20,320	20,320	2,695
Official Language	20,000	-	-	-	20,000	20,000
Meetings - directors and others	3,615	-	-	7,513	11,128	12,724
Trillium Grant	-	-	-	10,959	10,959	24,841
Loan management expenses	-	-	-	9,888	9,888	15,771
Management fees	-	8,890	-	-	8,890	-
Professional fees	5,489	-	-	2,154	7,643	9,132
Telephone	7,003	-	-	391	7,394	5,144
Insurance	4,158	-	-	793	4,951	5,375
Travel	3,058	-	145	714	3,917	4,052
Advertising	2,600	-	78	1,199	3,877	6,799
Office supplies	2,706	-	530	241	3,477	4,397
Equipment rental	3,302	-	-	-	3,302	3,405
Bank charges and interest	1,142	1,474	-	-	2,616	2,798
RED Grant	-	-	-	2,413	2,413	15,591
Director's travel	900	-	-	1,214	2,114	4,006
Repairs and maintenance	1,225	-	210	248	1,683	4,465
Training and education	1,462	-	-	-	1,462	1,036
Membership fees	1,321	-	-	-	1,321	1,318
Amortization	-	-	-	471	471	471
Consulting	-	-	-	-	-	3,235
	449,194	964,734	500,000	98,620	2,012,548	1,168,553
Excess (deficiency) of revenues over expenses	-	(622,521)	-	20,255	(602,266)	168,451

The accompanying notes are an integral part of these financial statements

Cornwall & The Counties Community Futures Development Corporation
Statement of Changes in Net Assets

For the year ended March 31, 2020

	<i>Feddev Fund</i>	<i>Investment Fund</i>	<i>Project Fund</i>	<i>General Fund</i>	2020	2019
Fund balances, beginning of year	-	7,923,870	-	95,989	8,019,859	7,851,408
Excess (deficiency) of revenue over expenses	-	(622,521)	-	20,255	(602,266)	168,451
Fund balances, end of year	-	7,301,349	-	116,244	7,417,593	8,019,859

The accompanying notes are an integral part of these financial statements

Cornwall & The Counties Community Futures Development Corporation
Statement of Cash Flows
For the year ended March 31, 2020

	<i>Feddev Fund</i>	<i>Investment Fund</i>	<i>Project Fund</i>	<i>General Fund</i>	2020	2019
Cash from operating activities						
Surplus (deficit) for the year	-	(622,521)	-	30,227	(602,266)	168,451
Amortization	-	-	-	471	471	471
Provision for doubtful loans	-	381,201	-	-	381,201	82,928
Loss (gain) on long-term investment	-	330,492	-	-	330,492	(827,246)
	-	89,172	-	30,698	109,898	(575,396)
Changes in working capital accounts						
Accounts receivable	(8,220)	-	-	1,151	(7,069)	(7)
Prepaid expenses	(56)	-	-	-	(56)	501
Interest receivable	-	2	-	-	2	1,401
Accounts payable and accruals	49,404	-	-	-	49,404	(1,047)
Deferred contributions	-	-	-	(7,459)	2,513	7,459
	41,128	89,174	-	24,390	154,692	(567,089)
Investing						
Advances of long-term investments	-	(1,407,620)	-	-	(1,407,620)	(34,526)
Repayment of long-term investments	-	1,354,716	-	-	1,354,716	-
	-	(52,904)	-	-	(52,904)	(34,526)
Increase (decrease) in cash	41,128	36,270	-	24,390	101,788	(601,615)
Cash, beginning of year	-	1,176,932	-	100,586	1,277,518	1,879,133
Interfund adjustments	(41,128)	8,890	-	32,238	-	-
Cash, end of year	-	1,222,092	-	157,214	1,379,306	1,277,518
Represented by:						
Cash	-	-	-	157,214	157,214	100,586
Restricted cash	-	1,222,092	-	-	1,222,092	1,176,932
	-	1,222,092	-	157,214	1,379,306	1,277,518

The accompanying notes are an integral part of these financial statements

Cornwall & The Counties Community Futures Development Corporation

Notes to the Financial Statements

For the year ended March 31, 2020

1. Purpose of the organization

Cornwall & The Counties Community Futures Development Corporation (the "Organization") is incorporated without share capital under the laws of Ontario as a non-profit organization with the principal purpose to encourage job creation in the Stormont, Dundas, and Glengarry area. Upon dissolution of the corporation, and after payment of all debts and liabilities, the remaining property and assets of the corporation shall be transferred to some other organization with similar objects approved by Her Majesty the Queen in Right of Canada as represented by the Minister. The corporation is exempt from income taxes under the Income Tax Act of Canada.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Fund accounting

The Organization follows the deferral method of accounting for contributions utilizing the following funds.

The FedDev fund accounts for the corporation's FedDev program delivery funded by FedDev Ontario. This fund reports restricted operating contributions.

The investment fund was established as outlined in the Contribution Agreement with FedDev to provide financing for new and existing enterprises in order to protect or create new jobs. The fund is restricted pursuant to the agreement.

The project fund accounts for the specific programs undertaken by the corporation. This fund reports restricted contributions.

The general fund accounts for the corporation's program delivery and administrative activities. This fund reports unrestricted resources.

Revenue recognition

Contributions from FedDev Ontario are recognized as revenue in the year of receipt except for the following:

- i) Contributions relating to capital assets are credited to deferred capital contribution and recognized as revenue on the same basis as amortization on the related asset is charged against operations.
- ii) Contributions relating to approved expenditures not yet incurred are recorded as deferred contributions.
- iii) Unexpended funds at the end of the year may be refundable to the contributor. Repayable amounts reduce contribution revenue for the year. Excess expenditures may not be reimbursed by FedDev Ontario.

Other contributions are recognized as revenue in the year of receipt except for contributions relating to approved expenditures not yet incurred that are recorded as deferred contributions.

Other income includes administrative and management fees which are recognized when the fees are earned or services are performed.

Interest and dividend revenue in the investment fund are recognized when received or receivable. The corporation accrues interest on loans and mortgages in arrears until collection becomes doubtful.

Capital assets

Capital assets are recorded at cost. Amortization is based on the estimated useful life of the asset and is provided at the following rates and methods:

Leaseholds	- greater of 5 years or length of the lease
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Cash and cash equivalents

Cash and cash equivalents is defined as cash on hand and cash on deposit.

Cash subject to restrictions that require its use for specified purposes is included in restricted cash.

Cornwall & The Counties Community Futures Development Corporation

Notes to the Financial Statements

For the year ended March 31, 2020

2. Significant accounting policies (Continued from previous page)

Long-term investments

Long-term investments are comprised of loans receivable and equity investments with set redemption values.

- i) Loans receivable consists of loans made out of the Organization's investment fund and are measured at amortized cost. The Organization maintains an allowance for impaired loans as estimated by management based on their assessment of the net recoverable amount of the Organization's loans, which is determined on a loan by loan basis.
- ii) Equity investments consist of non-controlling share interests in Canadian private small business corporations. The equity investments are recorded at amortized cost. Management assesses its equity investments for impairment on a periodic basis and, at least, annually.

Investment in CVCF Trust #1

The investment in CVCF Trust #1 is accounted for using 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 distributions received.

Measurement uncertainty (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 amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts or revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

Significant items subject to such estimates and assumptions include the provision for doubtful long-term investments. As the Organization's long-term investments consist of loans and equity investments in small businesses, including start-up or developing entities, the Organization's long-term investments are exposed to various risk factors which may impact their net recoverable amount. These factors include the overall business environment of the Stormont, Dundas and Glengarry area, Canadian interest rates and factors and risks specific to the relevant small businesses. Management regularly reviews and assesses the net recoverable amount of its long-term investments and other estimates and, where necessary, makes adjustments prospectively. Actual results could differ from those estimates.

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Cornwall & The Counties Community Futures Development Corporation

Notes to the Financial Statements

For the year ended March 31, 2020

2. Significant accounting policies *(Continued from previous page)*

Financial asset impairment

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group and there are numerous assets affected by the same factors. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenue over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess (deficiency) of revenue over expenses in the year the reversal occurs.

3. Capital assets

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Leasehold improvements	4,711	2,826	1,885	2,356

As at March 31, 2019 the cost and accumulated amortization of capital assets was \$4,711 and \$2,355 respectively.

4. Long-term investments

The loans and mortgages receivable bear interest ranging from 6% to 10% with amortization periods from one to twenty years.

The loans and mortgages receivable balance is comprised of:

	2020	2019
Loans and mortgages receivable, principal	4,271,281	4,182,178
Equity investment, cost	294,464	443,663
COVID loans receivable, principal	113,000	-
	4,678,745	4,625,841
Less: provision for doubtful loans	(664,687)	(283,486)
	4,014,058	4,342,355

The activity in the provision for doubtful loan account is as follows:

	2020	2019
Balance, beginning of year	283,486	200,558
Loans written off during the year	(12,030)	(60,026)
Recovery of loans written off in previous periods	1,550	3,953
Adjustment to provision for doubtful loans	391,681	139,001
Balance, end of year	664,687	283,486

Cornwall & The Counties Community Futures Development Corporation

Notes to the Financial Statements

For the year ended March 31, 2020

4. Long-term investments *(Continued from previous page)*

The corporation determines the provision for doubtful loans by providing specific loan losses after reviewing outstanding loans on a loan-by-loan basis plus the use of an estimated percentage based on past experience for all loans for which no specific provision has been established.

The loan principal payments due to be received over the next five years are as follows:

2021	642,402
2022	624,821
2023	491,713
2024	343,921
2025	74,488
Subsequent years unspecified	2,202,936
	4,384,281

The equity investment represents the following investments:

300,000 preferred shares, non-voting, non-participating, redeemable at cost, no dividends.

100,000 preferred shares, non-voting, non-participating, convertible at cost into common shares.

80,466 Series A-1-2 preferred shares, voting, convertible into Class A Common Shares at a varying conversion price depending on circumstance, discretionary dividends.

60,763 Series A-2 preferred shares, voting, convertible into Class A Common Shares at a varying conversion price depending on circumstance, discretionary dividends.

110,684 preferred shares, non-voting, non-participating, redeemable at cost, annual dividends at 10% paid monthly commencing February 2020

5. Investment in Community Ventures Capital Fund Trust #1

	2020	2019
Investment in CVCF Trust #1	2,064,292	2,394,784

Investment in Community Ventures Capital Fund - Trust #1 is accounted for using the equity method. The Trust provides equity financing and loans to businesses within Eastern Ontario. Any distributions from the Trust are reinvested in the Trust.

6. Economic dependence

The Organization receives a significant portion of its annual operating revenue from government contributions. If these revenues were lost, the Organization would be unable to operate and would need authorization by FedDev Ontario to use the earnings of the investment fund for operating purposes.

7. Financial instruments

The Organization, is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the Organization's cash requirements.

Cornwall & The Counties Community Futures Development Corporation

Notes to the Financial Statements

For the year ended March 31, 2020

7. Financial instruments *(Continued from previous page)*

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable, interest receivable and long-term investments. Accounts receivable arise primarily from contractual agreements with FedDev Ontario. The long-term investments, and resulting interest receivable, are comprised of long-term mortgages and loans, and equity investments.

The Organization's policy is to regularly assess the credit worthiness of its counterparties to mitigate the risk of financial loss from defaults. The Organization reviews its small business investment loan balances regularly and amounts are written down to their expected realizable value when outstanding amounts are determined not to be fully collectible. The maximum exposure to credit risk is the carrying value of accounts receivable, interest receivable and long-term investments.

The corporation has a geographical concentration of credit risk due to its operations being primarily in eastern Ontario. Accounts receivable, contributions receivable and interest receivable are non-interest bearing and are generally due in 30 to 60 days. The long-term investments are interest bearing, have varying due dates and are primarily secured.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization's interest-bearing assets comprise long-term investments. All of the long-term investments have fixed interest rates.

8. Significant event

In early 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

While the extent of the impact is unknown, we anticipate this outbreak may cause reductions in the Organization's scheduled collections of loans receivable, ability to collect its loans receivable, staff shortages/disruptions, and increased government regulations, all of which may negatively impact the Organization's business and financial condition. Specifically, to assist in economic relief and recovery, the Organization has agreed to deferred payment plans from a significant portion of its loans receivable clients and waive all interest on all loans receivable for the 3 months subsequent to year end. This will negatively impact the Organization's cash flows for the year ending March 31, 2021.