

ANNUAL REPORT 2022

KASLO

We acknowledge the traditional, ancestral, unceded territories of the Ktunaxa, Nlaka’pamux, Secwépemc, Sinixt, Syilx, and Stó:lō Nations on whose land we live, work and play, and the 14 Chartered Métis Communities in our service area.

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ENDERBY



Message from the Board Chair

In the year ended March 31, 2022 we witnessed the continuation of the COVID-19 pandemic, major weather events and world geo-political developments that have impacted us all. During this time of instability, the Economic Trust of the Southern Interior (ETSI-BC) actively supported its stakeholders and partners and to help build a strong economy and stronger communities in our region.

With our first full year as ETSI-BC now under our belt, the Board is proud of how our new direction has been welcomed and embraced by the region's communities, First Nations, economic development practitioners, business support and industry groups and post-secondary institutions.

The ETSI-BC Board continued the transition in FY2021-22 by adopting a new set of Board By-laws and Policies in April 2021 that clarify our role in directing the organization. We continued that

renewal with the adoption of a new Statement of Investment Policies and Procedures in October 2021. Other governance highlights from this past year include the adoption of updated Terms of Reference by the Columbia-Kootenay Regional Advisory Committee (RAC) in November 2021, and formation of a sub-committee that came together to create the very first Thompson-Okanagan Regional Advisory Committee Terms of Reference, adopted in April 2022. Thanks to all RAC members who assisted.

Another important achievement from FY2021-22 was the release of the latest 5-yearly review of the legislation that governs ETSI-BC. Many thanks to independent review committee members: Karen Hamling, Dr. Alan Shaver, Steve Thomson and Rosalie Yazzie. Key recommendations for legislative change included amending the Act to provide for inclusion of the region's First Nations in the

governance of ETSI-BC, and updating the Regional Account Investment Areas.

The Board of ETSI-BC was pleased that Action 4.39 of the Province's DRIPA Action Plan 2022-27, launched in March 2022, includes an action to "develop a mechanism that ensures inclusion of First Nations at a regional decision-making level". We look forward to working with the Province and our region's 33 First Nations on that important DRIPA Action Plan priority.

One of the highlights of the past year for the ETSI-BC Board has been to meet with our stakeholders and funding recipients, and to hear about the great work of the RBCR Advisors in person. We were pleased to host an Indigenous Relations Workshop on October 1 at Quaaout Lodge as part of our Board Meeting, which was well-attended by economic development practitioners in the surrounding area.

As the new Board Chair of ETSI-BC, I'd like to sincerely thank my predecessor, Chris Pieper, for shaking things up at ETSI-BC, and congratulate him on 30 years of service in local government. Many thanks to departing Board member, Robert Fine, who joined at a key time and helped ETSI-BC become the powerful force that it is today. I'm also pleased to welcome Wayne Kaboni to the Board.

I'd also like to thank and congratulate our CEO,

Laurel Douglas and her accomplished team—you have done a great job this past year delivering on our Strategic Plan and engaging Regional Advisory Committee members. We are so pleased that in FY2021-22, we funded 86 projects with funding of over \$3 million, and these projects have helped create or maintain over 5,300 jobs in our region.

I am exceptionally proud of the contributions that ETSI-BC has made to the economy and

communities in BC's Southern Interior. As we look ahead, I am excited to see how ETSI-BC will continue to be a catalyst in strengthening and diversifying the economy of our region.

*Respectfully,
Terry Rysz, Board Chair*

OSOYOOS



Message from the CEO

I'm excited to share some highlights from our first full year as ETSI-BC! The foundational work we carried out in 2020 and early 2021 through our stakeholder consultations, developing and vetting our new strategic direction really bore fruit in FY2021-22.

Our new strategic plan launched on April 1, 2021, and we're pleased to report that our new direction has been embraced by our key stakeholders (local governments and First Nations, economic development practitioners, post-secondary institutions, business support and industry organizations). Every Funding Intake has been over-subscribed, and we continue to receive positive feedback about how we're adding value through our grants, training and resources.

FUNDING INTAKES

We were delighted to provide funding to 50 eligible organizations that submitted successful applications in 3 Funding Intakes we funded this past year, which focused on two of our Funding Streams: Building Economic Development Capacity and Innovating & Advancing Key Sectors.

REQUESTS FOR PROPOSALS

We issued Requests for Proposals for projects in the Developing Human Capital and Supporting Business Resilience & Growth Funding Streams.

Developing Human Capital

- We were pleased with the responses to our Request for Proposals which we received from each of the 6 public post-secondary institutions in our region, and we provided funding

to each of them to support entrepreneurship and job creation initiatives.

- In addition, we launched an agreement with Mitacs to fund a portion of up to 12 research projects that connect local post-secondary institutions with businesses, non-profit organizations and/or local governments in the region.

Supporting Business Resilience & Growth

- In 2021-22, we worked with 26 rural business support organizations and communities by providing over \$1.6 million in funding as part of the Rural Business & Community Recovery (RBCR) Program delivered in partnership with the Province of BC. This funding helped create 36 Economic Recovery Advisor positions in rural communities throughout the Southern Interior.

- In March 2022, we received some additional funding from the Province of BC to extend the RBCR agreements for communities that had been most affected by the flooding and fires, and those whose agreements which were concluding early in the new fiscal year.

ADDING VALUE TO THE ECOSYSTEM

In addition to the funding described above, we were pleased to add value to the ecosystem in other in the following other ways:

- Provided rebates to 12 organizations to help them subscribe to the BCEDA Executive Pulse
- Hosted 21 different training events with 577 participants from the region's business support and economic development organizations, including Using Data to your Advantage and Business Continuity Planning
- Launched the Southern Interior economic development data visualization platform
- Provided operational support for the Kootenay-Boundary Economic Development Practitioners Network (EDPN)

As ETSI-BC continues to work alongside the communities, First Nations and dedicated economic development practitioners, I am inspired to witness the resilience and forward-thinking approaches that our partners and stakeholders demonstrate daily. The ETSI-BC team is delighted to be a part of new collaborations throughout our region, and support innovative approaches to economic development.

*Sincerely,
Laurel Douglas*



FERNIE

The ETSI-BC Service Area

The ETSI-BC service area spans a large and diverse region that ranges from Hope in the west, Clearwater in the north, the Alberta border in the east and the US border in the south. At over 150K square km, its area is larger than the three Benelux countries and Ireland combined.

Our region encompasses 9 Regional Districts, 33 First Nations, 53 incorporated municipalities, and many unincorporated communities that are home to more than 750,000 residents. Almost half of our residents live in urban areas (with populations over 25,000) and other half live in rural communities. About half of the rural population and 27 of our region’s First Nations are located in the Thompson-Okanagan area, and half of our region’s rural population is located in the Columbia-Kootenay-Boundary, along with 6 First Nations.

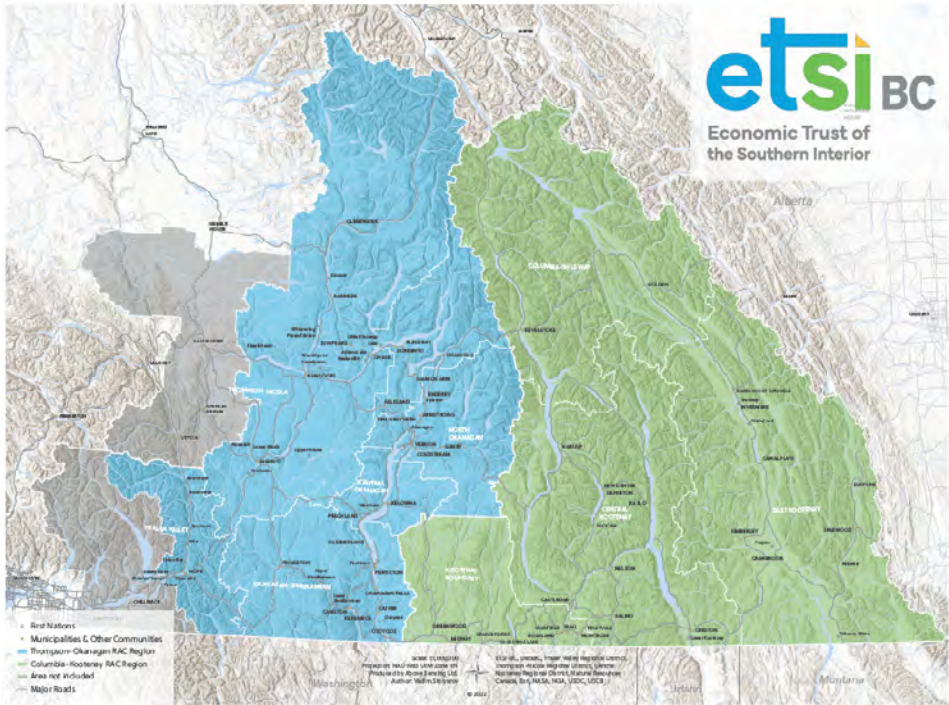
REGIONAL DISTRICTS IN THE ETSI-BC SERVICE AREA

- Central Kootenay
- Central Okanagan
- Columbia Shuswap
- East Kootenay
- Fraser Valley (just Hope and Electoral Areas A & B)
- Kootenay-Boundary
- North Okanagan
- Okanagan Similkameen
- Thompson Nicola (except Electoral Areas E & I)

FIRST NATIONS IN THE ETSI-BC SERVICE AREA

- | | |
|---------------------|------------------------------|
| • ?akisq’nuk | • Peters |
| • ?aqam | • Shuswap |
| • Adams Lake | • Shxw’ow’hamel |
| • Boothroyd | • Simpcw |
| • Boston Bar | • Skawahlook |
| • Chawathil | • Skeetchestn |
| • Coldwater | • Splatsin |
| • Little Shuswap | • Spuzzum |
| • Lower Kootenay | • Tk’emlúps te Secwépemc |
| • Lower Nicola | • Tobacco Plains |
| • Lower Similkameen | • Union Bar |
| • Neskonlith | • Upper Nicola |
| • Nooaitch | • Upper Similkameen |
| • Okanagan | • Westbank |
| • Osoyoos | • Whispering Pines / Clinton |
| • Penticton | • Yale |

MAP OF OUR REGION



ETSI-BC DATA PORTAL EXCERPT

Population

Total Population in ETSI-BC Service Area

758,336

as per Census 2021

Data source: Statistics Canada, 2021 Census of Population

Average age

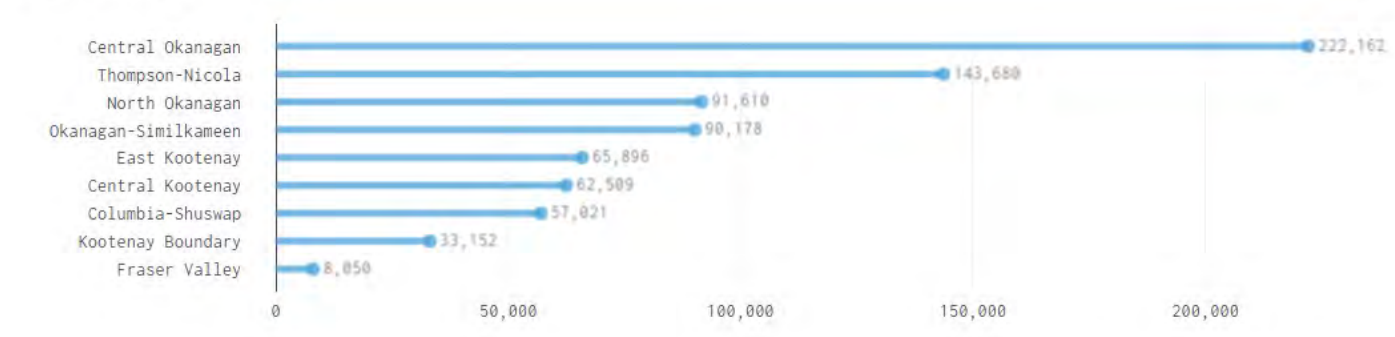
44.9

of population in ETSI-BC service area

Data source: Statistics Canada, Annual Demographic Estimates

Population

By regional district, as per Census 2021,



Data source: Statistics Canada, 2021 Census of Population

CREDIT: RENATA KING



THREE VALLEY LAKE

Board Governance

The Board of Directors governs ETSI-BC with the support of two Regional Advisory Committees (RACs). The ETSI-BC Board is comprised of:

- 4 appointees appointed by the Columbia-Kootenay RAC
- 4 members appointed by the Thompson-Okanagan RAC, and
- 5 members appointed by the Province of BC

According to its Bylaws and Board Governance Policies adopted in April 2021, the Board has two committees, an Executive Committee and a Finance Committee.



BOARD MEMBERS AS OF JUNE 2022:

Pictured left to right: Peggy DeVries – Finance Committee Chair (Government Appointee), Sharon Shepherd (Government Appointee), Wayne Kaboni (Government Appointee), Dr. Philip Barker – Vice Chair (Government Appointee), Tanya Wall (RDCK Area Director), Diana Lockwood (Mayor of Salmo), Terry Rysz – Board Chair (Mayor of Sicamous), Leonard Gostick (Councillor, Elkford), Sue McKortoff (Mayor of Osoyoos), Laurel Douglas (CEO, ETSI-BC), Chris Pieper – Past Chair (Mayor of Armstrong), Linda Brown (Mayor of Merritt), Steve Morissette (Mayor of Fruitvale)

Regional Advisory Committees

Our enabling legislation outlines how the communities throughout our region contribute to our governance and funding decisions, through our two Regional Advisory Committees (RACs), which consist of local government officials and MLAs from throughout the ETSI-BC service area.

The mandate of the RACs is to:

- Appoint/elect members as Directors of the Trust Board
- Provide advice to the Board on projects suitable for ETSI-BC funding
- Establish the terms of office for members of each RAC
- Provide opportunities for communities and regional district areas with populations under 500 to be represented on the RAC

RAC MEMBERSHIP AND ACTIVITIES

The Columbia-Kootenay RAC (CK-RAC) region includes the Kootenay-Boundary, Central Kootenay, East Kootenay Regional Districts plus the portion of the Columbia Shuswap Regional District from Revelstoke eastward. This RAC has established a membership structure of 13 members, 10 of them being local government elected officials from the 4 Regional Districts in their region, and 2 MLAs.

The Thompson-Okanagan RAC (TO-RAC) region includes communities and MLAs in the ETSI-BC service area located in the North Okanagan, Central Okanagan, Okanagan Similkameen, and a portion of the Columbia Shuswap, Thompson-Nicola, and Fraser Valley Regional Districts. On April 8, 2022 the Thompson-Okanagan RAC approved its first ever

Terms of Reference, which will be implemented following the October 2022 municipal elections. At that time, the Thompson-Okanagan RAC will have 18 members, of which 15 are appointed from the Regional Districts and 3 are MLAs.

In FY2022, ETSI-BC hosted 2 CK-RAC meetings, 1 TO-RAC meeting, 2 Joint RAC meetings and held one online vote. The RACs appointed board members and recommended 41 projects for funding approval. The ETSI-BC team will support the Regional Districts, municipalities and MLAs in the region as they appoint new RAC members following the 2022 municipal elections, keep them informed about significant developments, and continue to seek their input on all Funding Intakes.

THOMPSON-OKANAGAN REGIONAL ADVISORY COMMITTEE
MEMBERS AS OF MARCH 31, 2022

NAME	TITLE	LOCATION	NAME	TITLE	LOCATION
Kevin Acton	Chair	North Okanagan Regional District	Norm Letnick	MLA	Kelowna-Lake Country
	Mayor	Village of Lumby	Jason Lum	Chair	Fraser Valley Regional District
Dan Ashton	MLA	City of Penticton	Greg McCune	Mayor	City of Enderby
James Baker	Mayor	District of Lake Country	Sue McKortoff	Mayor	Resort Municipality of Osoyoos
Colin Basran	Mayor	City of Kelowna	Renee Merrifield	MLA	Kelowna-Mission
Manfred Bauer	Mayor	Village of Keremeos	Peter Milobar	MLA	Kamloops-North Thompson
Merlin Blackwell	Mayor	District of Clearwater	Mark Pendergraft	Chair	Okanagan-Similkameen
Toni Boot	Mayor	District of Summerland	Chris Pieper	Mayor	City of Armstrong
Linda Brown	Mayor	City of Merritt	Al Raine	Mayor	Mountain Resort Municipality of Sun Peaks
Ken Christian	Mayor	City of Kamloops	Peter Robb	Mayor	District of Hope
Spencer Coyne	Mayor	Town of Princeton	Roly Russell	MLA	Boundary-Similkameen
Rod Crowe	Mayor	Village of Chase	Terry Rysz	Mayor	District Municipality Sicamous
Victor Cumming	Mayor	City of Vernon	Harwinder Sandhu	MLA	Vernon-Monashee
Kevin Flynn	Chair	Columbia-Shuswap Regional District	Ward Stamer	Mayor	District of Barriere
Cindy Fortin	Mayor	District of Peachland	Ben Stewart	MLA	Kelowna West
Christine Fraser	Mayor	Township of Spallumcheen	Todd Stone	MLA	Kamloops-South Thompson
Jim Garlick	Mayor	District of Coldstream	Jackie Tegart	MLA	Fraser-Nicola
Ken Gillis	Chair	Thompson-Nicola Regional District	John Vassilaki	Mayor	City of Penticton
Alan Harrison	Mayor	City of Salmon Arm	Loyal Wooldridge	Chair	Central Okanagan Regional District
Martin Johansen	Mayor	Town of Oliver			
Greg Kylo	MLA	Shuswap			

COLUMBIA-KOOTENAY REGIONAL ADVISORY COMMITTEE
MEMBERS AS OF MARCH 31, 2022

NAME	TITLE	LOCATION
Brittny Anderson	MLA	Nelson-Creston MLA
David Brooks-Hill	Director	Columbia Shuswap RD Area ‘B’ Revelstoke
Karen Cathcart	Director	Columbia Shuswap RD, Area ‘A’ Rural Golden
Susan Clovechok	Director	East Kootenay RD, Electoral Area F
Leonard Gostick	Councillor	District of Elkford
Diana Lockwood	Mayor	Village of Salmo
Grace McGregor	Director	Kootenay Boundary RD, Area C
Steve Morissette	Mayor	Village of Fruitvale
Walter Popoff	Director	Regional District Central Kootenay, Electoral Area H
Ange Qualizza	Mayor	East Kootenay RD, City of Fernie
Tom Shypitka	MLA	East Kootenay MLA
Tanya Wall	Director	Central Kootenay RD, Electoral Area B
Linda Worley	Chair	Kootenay Boundary RD, Area B



KELOWNA

Our Strategic Pillars

ETSI-BC helps communities realize their economic development aspirations, providing funding, resources and knowledge. In FY 2022, we provided over \$3 million in funding for 86 projects in our region, helping create or maintain almost 5,400 jobs. We have two Funding Intakes in spring and fall, and issue Requests for Proposal at different times through the year.

We provide a minimum of \$1 million per year in funding in support our 5 Strategic Pillars. If our investments achieve a higher return in any given year, the Board may increase funding the following year.



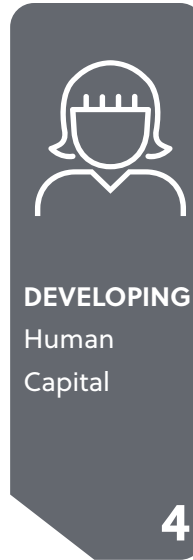
We support economic development projects, with a focus on smaller, rural and First Nations, communities, and encourage regional collaboration.



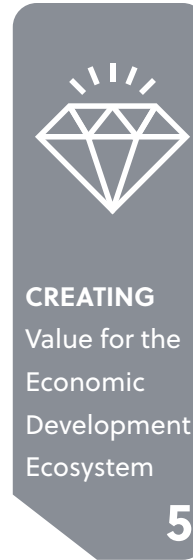
We work with non-profit business support organizations, industry groups and accelerators, to strengthen businesses and grow employment.



We support our region's industries and emerging clusters to grow and transition to a Net Zero economy.

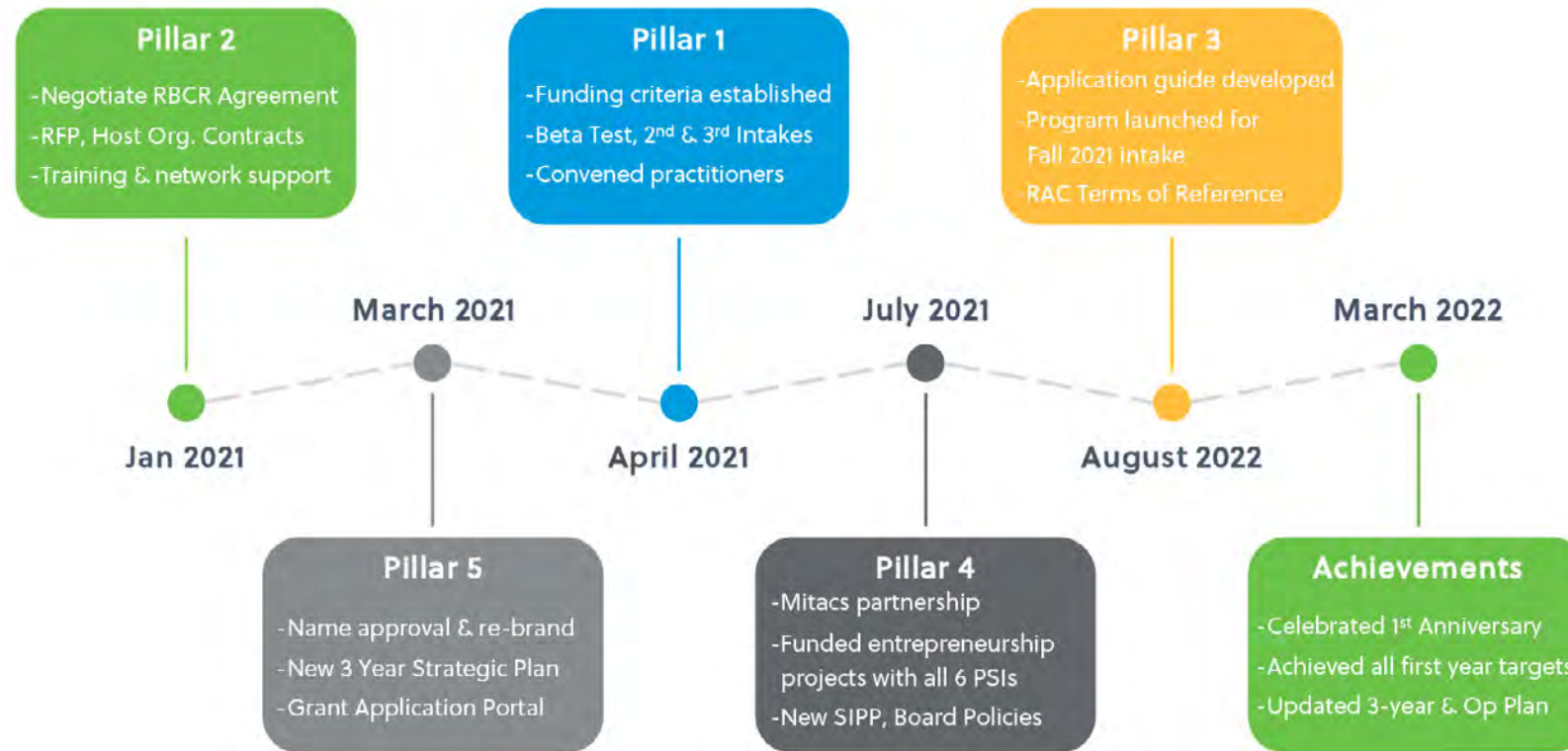


We encourage post-secondary entrepreneurship, tech transfer and joint research initiatives to foster local talent and connections with industry.



We focus on positive impact as we steward our assets and convene practitioners, providing opportunities to learn and share best practices.

DELIVERING ON OUR STRATEGIC PILLARS



“The support we have received from ETSI-BC has exceeded our expectations. From guidance on which funding stream to access through to implementation and wrap up, the team has been welcoming, supportive and encouraging.

The vision they have and the new direction they have taken to support smaller communities is welcome and much needed. Many smaller communities, like ours, do not have full-time economic development positions and that task is often left to chambers of commerce. Having support from ETSI-BC team has allowed us to do some economic development work, which in turn is benefiting our businesses.”

SEAN NEWTON, PRESIDENT, ARMSTRONG SPALLUMCHEEN CHAMBER

Summary of 2021-22 Funding

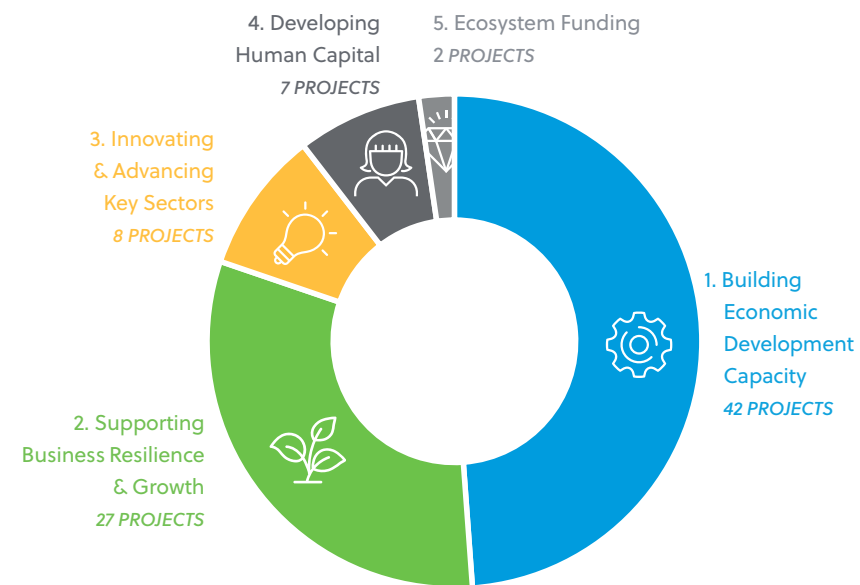
In 2021-22, we funded 86 projects throughout the ETSI-BC region, providing over \$3.1 million in funding to projects which had a total value of over \$8 million. These projects helped create or maintain 5,375 jobs in our region.

FUNDING SUMMARY

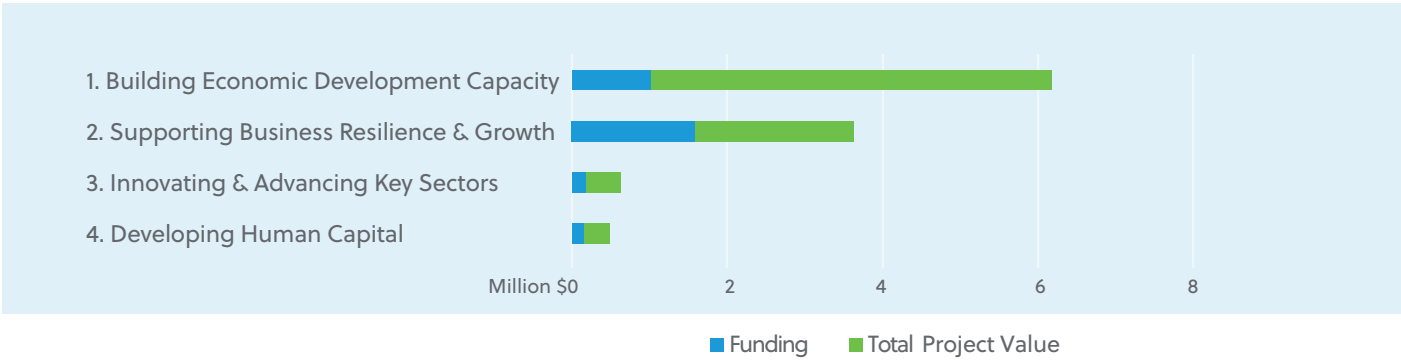
		# of Projects	ETSI-BC Funding	Total Project Value	Jobs
Pillar 1	Building Economic Development Capacity	42	\$1,046,374	\$5,169,079	4,115
Pillar 2	Supporting Business Resilience & Growth	27	\$1,674,250*	\$2,002,308	37
Pillar 3	Innovating & Advancing Key Sectors	8	\$215,000	\$414,716	1,201
Pillar 4	Developing Human Capital	7	\$150,000	\$358,400	22
Pillar 5	Ecosystem Funding	2	\$57,870	\$87,870	0
TOTAL SUPPORT		86	\$3,143,494	\$8,032,373	5,375

*With financial support from the Province of BC

PROJECTS BY FUNDING STREAM



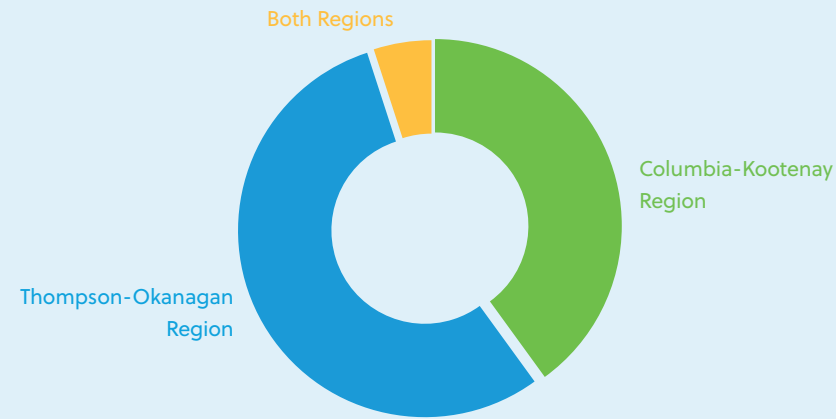
ETSI-BC FUNDING & TOTAL PROJECT VALUE



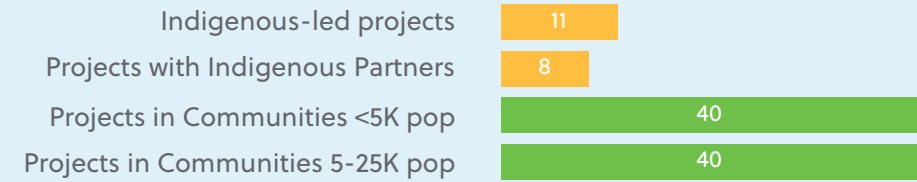
“It’s a privilege to be a part of such driving force of Economic Development within the Southern Interior of BC. ETSI-BC is associated with such a diverse and passionate group of people. The collective IQ is outstanding and each individual brings a wealth of knowledge and important contributions to carry out critical economic development work throughout the Southern Interior of BC.”

JULIE KIMMEL, RBCR ADVISOR, COMMUNITY FUTURES THOMPSON COUNTRY

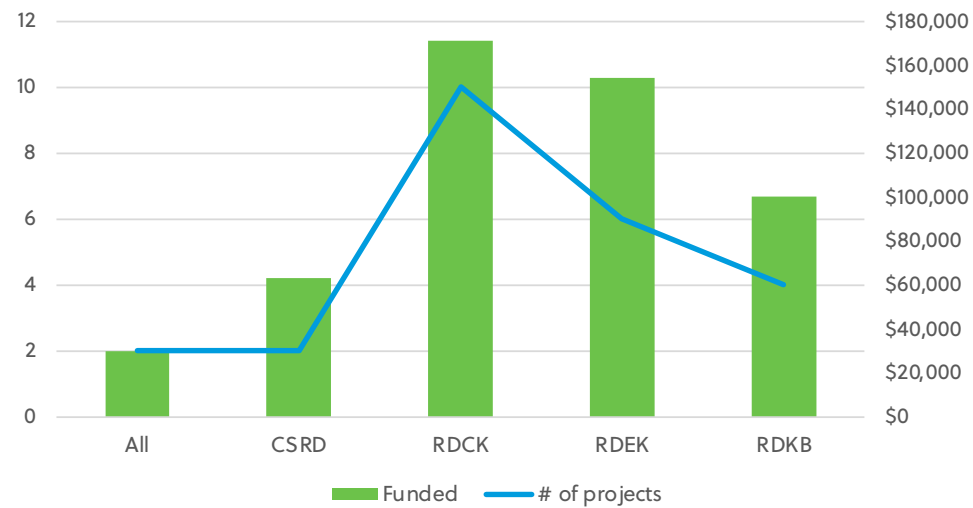
CORE FUNDING BY REGION



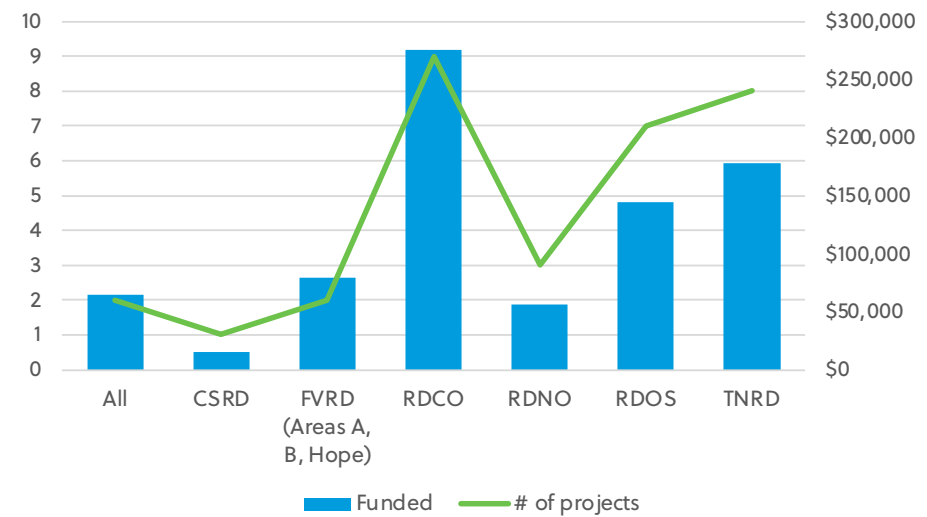
PROJECT DEMOGRAPHICS



Columbia-Kootenay Region



Thompson-Okanagan Region





1. Building Economic Development Capacity

OUR OBJECTIVES FOR THIS PILLAR

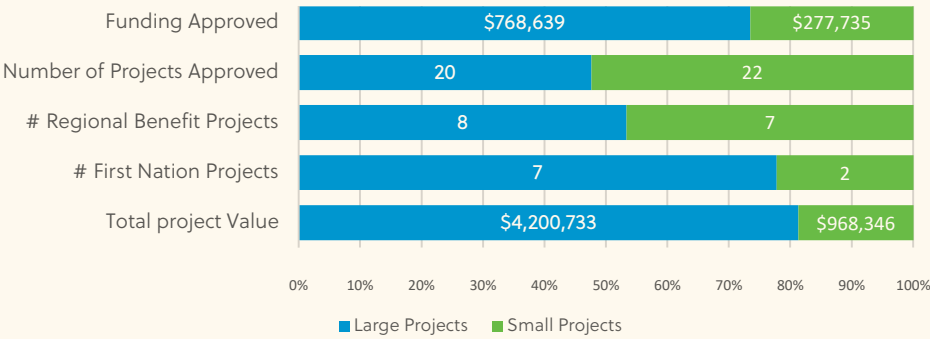
ETSI-BC helps build economic development capacity and supports regional Economic Development partnerships throughout the Southern Interior, with a focus on smaller and rural communities. We do this by:

- Supporting small scale projects (<\$15K) projects that enhance the capacity of smaller Southern Interior communities and First Nations <5K in population
- Supporting larger economic development projects (up to \$50K) within the Southern Interior with a priority on communities and First Nations <25K in population
- Supporting initiatives that encourage collaboration between local governments and First Nations communities and regional collaboration
- Helping develop economic development capacity and knowledge

KEY RESULTS

We approved over \$1M for 42 projects worth over \$5M in this pillar. Of these, 9 projects were funded directly to a First Nations organization or had a First Nations partner.

PILLAR 1 PROJECT FEATURES:



“We wish to thank ETSI-BC for its contribution to Ktunaxa Enterprises Limited (KEL). Your funding was an instrumental contributor in establishing KEL as an independent and self-sufficient entity.”

HENNIE TAIT, CEO, KTUNAXA ENTERPRISES



2. Supporting Business Resilience and Growth

OUR OBJECTIVES FOR THIS PILLAR

Working with business support organizations and communities, ETSI-BC cultivates business programs and services to address unmet business support needs in the region. We do this by:

- Supporting business competitiveness, adaptation, and resiliency in the Southern Interior
- Providing access to meaningful business resources

KEY RESULTS

Rural Business & Community Recovery Program

This pillar is achieved through our delivery of the Rural Business and Rural Business and Community

Recovery (RBCR) Program, which ETSI-BC offered with funding from the Province of BC.

There were 26 different Host Organizations (communities, First Nation organizations and non-profit business support organizations) provided with funding through this program in FY2022.

Host Organizations

Thirteen of the delivery partners were based in the Thompson-Okanagan and Fraser Valley regions and twelve organizations serve communities and businesses in the Columbia-Kootenay-Boundary.

The Host Organizations included six First Nations and local government economic development groups, 13 Chambers of Commerce, five

Community Futures organizations, and two industry groups.

Recovery Advisors

The program funded 36 Recovery Advisor positions, of which 24 were women, five were Indigenous (of which 1 Metis, and 3 women) and three were Youth (under 30).

These Recovery Advisors have provided a wealth of supports, from marketing and e-commerce expertise to referrals and research, all of which is building capacity and resilience in those businesses and communities. The network of Host Organizations and their Advisors has created a level of collaboration and sharing of best practices that has been really inspiring.



“We have had extreme success with this program and favorable responses from local businesses. We were even able to organize a job fair and help businesses find ten new employees.”

STEPHANIE SEXSMITH, EXECUTIVE DIRECTOR, LUMBY CHAMBER OF COMMERCE



CREDIT: PETER MOYNES – KORE

3. Innovating and Advancing Key Sectors

OUR OBJECTIVES FOR THIS PILLAR

ETSI-BC encourages initiatives in support of business growth and innovation and the advancement of key sectors, while also encouraging transition to a Net Zero economy in the region. We do this by:

- Supporting sector-based initiatives, collaboration, and partnerships that help stimulate business growth and innovation
- Supporting industry to become more environmentally sustainable and transition to a Net Zero economy.

- Supporting initiatives that will increase investment in emerging local businesses.

KEY RESULTS

We approved \$215,000 to 7 projects worth over \$395,000 in this pillar. Of these, 2 projects were either led by a First Nations organization or had a First Nations partner.



CREDIT: ILA



“ETSI-BC’s financial and resource support over the past twelve (12) months has been an integral factor enabling KORE to deliver services and programs to support the industry cluster of outdoor recreation gear manufacturers and designers in the Kootenay region.”

KEVIN PENNOCK, KOOTENAY OUTDOOR RECREATION ENTERPRISE INITIATIVE (KORE)



APPLIED RESEARCH AND INNOVATION CENTRE TEAM, SELKIRK COLLEGE 2021

4. Developing Human Capital

OUR OBJECTIVES FOR THIS PILLAR

ETSI-BC enhances the development of local talent by supporting entrepreneurship development, and partnerships among post-secondary institutions and businesses. We do this by:

- Investing in educational programming, at post-secondary institutions, that is focused on practical business applications
- Supporting regional research projects that connect post-secondary and industry and help develop practical skills of local students and recent graduates

KEY RESULTS

Entrepreneurship Programming and Work Integrated Learning Support

ETSI-BC supported projects at all 6 of the region’s public Post-Secondary Institutions.

Organization Name	Project Name	Funding	Project Summary
College of the Rockies	Entrepreneurship and Innovation Office & Coordinator	\$12,500	Provide business development resources for students, staff and local entrepreneurs.
Nicola Valley Institute of Technology	Co-op Employment Preparation	\$5,000	Students will develop pre-employability skills and participate in a 4-month work placement with employers who will receive a wage subsidy through the co-op program.
Okanagan College	Enactus OC - Experiential Entrepreneurship Learning Project	\$25,000	Fostering student entrepreneurship and the development of the next generation of business leaders and change makers through Enactus.
Selkirk College	Entrepreneurship skills & Building the Outdoor Rec Sector	\$12,500	Students will connect classroom skills to entrepreneurship and support companies to commercialize new products and services.
Thompson Rivers University	Tourism Innovation Lab	\$25,000	Students will develop an innovative tourism product through research and industry mentorship.
UBC Okanagan	e@UBC Support	\$25,000	Students, staff and recent graduates benefit from training and mentorship support as they explore start-up ideas and build connections within the Okanagan innovation ecosystem.



CREDIT: KOOTENAY OUTDOOR RECREATION ENTERPRISE INITIATIVE

Research Partnerships

In addition, ETSI-BC entered a research funding partnership with Mitacs in FY2022 and provided \$45,000 in funding. A Call for Proposals was issued in the fall of 2021, and 12 proposals were submitted. Of these, 8 projects were funded, including 5 public Post-Secondary Institutions in the region.

Organization Name	Project Name	Industry Partner	Project Type
College of the Rockies/ Selkirk College	E-Rec Tech Innovation and Test Centre in East Kootenays	Kootenay Outdoor Recreation Enterprise Society (KORE), Kimberley BC	Business Strategy Internship
Okanagan College	Multi-Channel User Acquisition Marketing System	ShopHopper, Kelowna BC	Accelerate
Selkirk College	Multispectral Imagery and Machine Learning Applications for Agriculture in the Central Kootenay	Above Sensing Ltd., Trail BC	Accelerate Entrepreneur
Thompson Rivers University	Social Entrepreneurship Training for Persons with Disabilities	The Kelowna & District Society For People In Motion, Kelowna BC	Accelerate
	Challenges of Scaling Social Enterprise in Canada	Purppl, Kelowna BC	Accelerate
UBC Okanagan	Developing Travel Behaviour Models, and Transportation and Emissions Simulation Tools for a Small Canadian Municipality	City of West Kelowna	Accelerate
	Skier Demand and Snow Conditions in British Columbia	Thompson Okanagan Tourism Association (TOTA), Kelowna BC	Accelerate
	Ungulate Knowledge Gathering Forum	ABMI and the Splatstin First Nation, Enderby BC	Accelerate

“

“Access to talent is essential to creating long-term economic growth and development in our region. With the support of ETSI-BC on these programs, Selkirk College is able to contribute even more to prepare students to graduate with the diverse skills needed in today’s workforce.”

DR. SARAH-PATRICIA BREEN, BC REGIONAL INNOVATION CHAIR IN RURAL ECONOMIC DEVELOPMENT, SELKIRK COLLEGE



5. Creating Value for the Economic Development Ecosystem

OUR OBJECTIVES FOR THIS PILLAR

ETSI-BC adds value to the economic development ecosystem by facilitating meaningful connections, collaboration & sharing of best practices. ETSI-BC will steward its assets in the best interest of the region. We do this by:

- Building and supporting collaborative networks throughout the Southern Interior through engagement with stakeholders, education and dialogue
- Ensuring ETSI-BC's programs are relevant to the region's stakeholders
- Providing effective stewardship of the capital assets, brand, internal operations, and partnerships of ETSI-BC to ensure long-term viability and credibility

KEY RESULTS

Training

In FY2022, ETSI-BC hosted 21 unique training events for its stakeholders and Recovery Advisors. A total of 577 participants took part in the sessions. Some examples of the training sessions offered include:

- 13 Things You Need to Know About Economic Development (delivered by the BCEDA)
- Business Engagement Strategies (delivered by the ETSI-BC Project Consultants)
- Indigenous Relations (delivered by Dan George of Four Directions Management Services)
- Equity, Diversity and Inclusion 101 & GBA+ (delivered by Manpreet Dhillon of Veza Global)
- Business Continuity Planning (delivered by Colin O'Leary & Associates in partnership with CFBC)

- De-Escalating Emotionally Charged Interactions (delivered by the Justice Institute of BC)
- Using Data to Your Advantage 5-Part Series (delivered by Robyn Peel of Community Futures East Kootenay with guest speakers from around the region)

Dialogue and Collaboration

In addition, during FY2022, ETSI-BC became a member of the Kootenay Boundary Economic Development Practitioners Network (the EDPN), sponsored and attended its annual gathering. We also participated at the Association of Kootenay-Boundary Local Governments convention, participated in the Southern Interior Local Government Association convention, hosted a Roundtable with the region's Public Post-Secondary Institutions and Accelerators, and hosted monthly meetings of the RBCR Advisors.

KEY RESULTS CONTINUED

Investment Results

The Board adopted a new Statement of Investment Policies and Procedures in October 2021 which specified new asset allocation guidelines and minimum benchmark returns.

ETSI-BC’s investment portfolio is managed by PH&N Institutional, a division of RBC Global Management Inc. The return in Fiscal 2022 for the PH&N portfolio was 5.60%. The overall return since inception was 6.53% as compared to a composite benchmark of 6.00%. The investment portfolio was valued at \$39.4 million at March 31, 2022.

Asset Allocations

AS OF MARCH 31, 2022		% OF TOTAL PORTFOLIO
Market Value	\$39,392,230	100%
Asset Mix		
(% of total market value)	Canadian Equity	21.4
	Global Equity	42.1
	Universal Bonds	6.9
	Multi-Asset Credit	4.0
	Mortgages	19.2
	Real Estate	6.4
	Short Term Cash	0.0



CREDIT: TRU TOURISM INNOVATION PROJECT

“

“We were very grateful for the support of the staff and listening to our needs so that we could use these funds to support our already struggling members, especially with the wildfires and then floods which allowed us to connect them with work. We were also able to identify needs and can forge ahead to start driving change and improving the industry as a whole.”

TODD CHAMBERLAIN OF INTERIOR LOGGING ASSOCIATION

Funding by ETSI-BC's Mandated Focus Areas

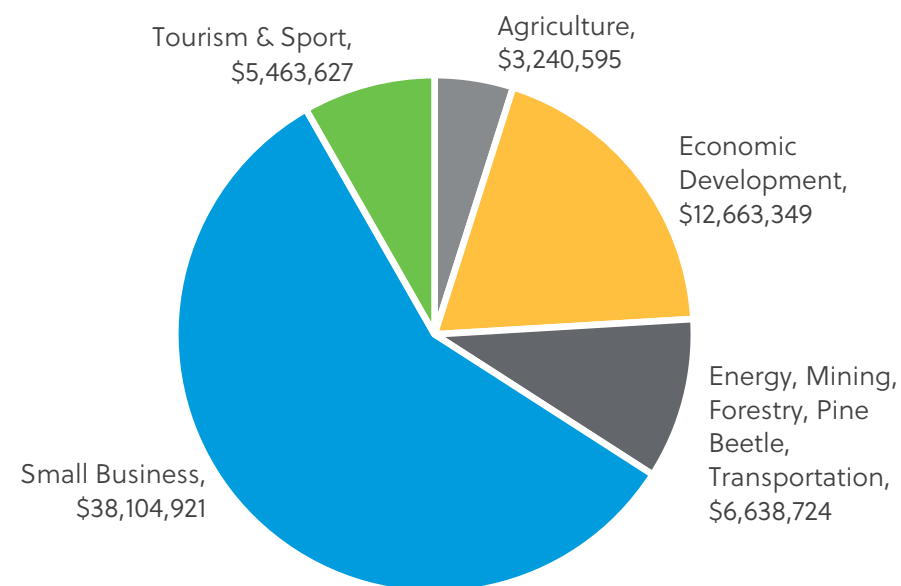
Our enabling legislation identified ten focus areas into which ETSI-BC funds should be invested:

- Agriculture
- Economic Development
- Energy
- Forestry
- Mining
- Olympic Opportunities
- Pine Beetle
- Small Business
- Tourism
- Transportation

Together, those mandated focus areas have been merged into the following 5 main areas:

CUMULATIVE FUNDING BY MANDATED FOCUS AREA 2008-2022

Total \$66 million



FISCAL 2022 AND CUMULATIVE FUNDING

AGRICULTURE (\$153,679 in FY2022)	Agriculture includes manufacture of products used in the agriculture industry; research and development in agri-business and biotech; community-based food and herb production; nurseries; community-based abattoir services; organic gardening training and certification services and community-based agriplex/ multi-purpose buildings.	\$3,240,595
ECONOMIC DEVELOPMENT (\$2,479,505 in FY2022)	Economic Development includes investment in education in trades; STEM, and business academic programs; innovation and entrepreneurship programs; business advocacy; international market development; business incubators; research and development; business productivity training; broadband initiatives and community investment in conference and training centers.	\$12,663,349
ENERGY, MINING, FORESTRY/PINE BEETLE RECOVERY, TRANSPORTATION (\$65,000 in FY2022)	Energy includes research and development of energy related technology; energy efficiency products and services; and bio-energy solutions. Mining includes value-added manufacturing. Forestry includes investments related to community forests and value-added processing. Pine Beetle Recovery includes research and development; market development; and manufacture of value-added products. Transportation includes commercial transportation services; airport hazard equipment; and heliport construction.	\$6,638,724
SMALL BUSINESS (\$120,000 in FY2022)	Small Business includes investment in technology and mainstreet business enterprises including software development, communications; health care; pharmaceuticals; composite manufacturing; electronics manufacturing; retail and wholesale; micro-breweries and other business activities.	\$38,104,921
TOURISM & SPORT (\$325,310 in FY2022)	Tourism includes heritage-based tourism, agri-tourism, arts, culture, sport tourism, and sport includes community investments into training facilities and equipment that have been or will be used to train future Olympians and for future community use.	\$5,463,627
TOTAL		\$66,111,216



SALMO

Projects Funded in 2022

COLUMBIA- KOOTENAY REGION: CORE PROJECTS FUNDED FY2022

ORGANIZATION NAME	PROJECT NAME	FUNDING APPROVED	COMMUNITY
?aqam Community Enterprises	Light Industrial Park Project Implementation (St. Mary's Band)	\$50,000	Cranbrook
Big White Mountain Chamber of Commerce	Business and Economic Development Strategic Analysis	\$7,500	Big White
Boundary Community Ventures Association	Facilitating Meat Value-added production in the Boundary	\$50,000	Rock Creek
City of Cranbrook	Tourism Master Plan - Ktunaxa Interpretive Centre portion	\$50,000	Cranbrook
Columbia Valley Tourism Marketing Society	Valley Wide Tourism Marketing - Establishment of regional DMO	\$12,750	Radium
Community Connections (Revelstoke) Society	Revelstoke Commercial Kitchen Incubator	\$50,000	Revelstoke
Community Futures Central Kootenay	West Kootenay Rural & Northern Immigration Pilot	\$40,000	Nelson
Community Futures Central Kootenay	Cannabis Economic Development Council	\$15,000	Nelson
Community Futures Greater Trail*	Business Facade Improvement	\$22,500	Trail
Elkford Chamber of Commerce	Elkford Co-Working Office and Retail Space Feasibility Study	\$15,000	Elkford
Friends of Pulpit Rock Society	Whitewater Trails	\$11,470	Nelson
Kaslo and Area Chamber of Commerce	Supply Chain and Workforce Attraction & Retention Initiative	\$26,000	Kaslo
Kootenay Employment Services Society	Youth Ambassador Summer Workforce Challenge	\$15,000	Creston
Ktunaxa Enterprises Ltd.	?amak?is Transport Business Expansion Plan	\$13,925	Cranbrook
Lardeau Valley Opportunity Links Society	Strengthening Agriculture in Area D Through Class D Licensing	\$6,000	Meadow Creek
Lower Columbia Initiatives Corporation	West Kootenay Regional Supply Chain Resiliency	\$20,000	Trail
Nakusp and Area Development Board	Local Agriculture Market Access and Branding Initiative	\$15,000	Nakusp
Tourism Golden Association	Tourism Golden 5-year Strategic Planning	\$13,090	Golden
Village of Salmo	Salmo Community Owned and Operated Bus Initiative (SCOABI)	\$15,000	Salmo
Interior Logging Association	ILA Member Support Services - Small Project	\$15,000	Vernon
Kootenay Outdoor Recreation Society (KORE)	Creating BC Supply Chain Solutions for the Outdoor Gear Industry	\$15,000	Kimberley
West Kootenay Permaculture Coop Association*	Kootenay Food Social Enterprise Pilot Project	\$15,000	Winlaw
College of the Rockies	Entrepreneurship and Innovation Office & Coordinator	\$12,500	Cranbrook
Mitacs	Growing the Southern Interior through Research Partnerships	\$45,000	
Selkirk College	Entrepreneurship Skills & Building the Outdoor Rec Sector	\$12,500	Castelgar
EDPN - Ec Dev Practitioners Network	Operational Support for Kootenay-Boundary Ec Dev Network, \$15K earmarked	\$15,000	Invermere
		\$578,235	

* Project discontinued by proponent.



ETSI-BC TEAM & SOUTHERN INTERIOR REGION TEAM OF THE BC GOV.
RURAL ECONOMIC OPERATIONS BRANCH

COLUMBIA- KOOTENAY REGION: RBCR PROJECTS FUNDED FY2022

ORGANIZATION NAME — RBCR	PROJECT NAME	FUNDING APPROVED	COMMUNITY
Boundary Country Regional Chamber of Commerce	Boundary Community & Business Recovery Advisor	\$75,000	Grand Forks
Castlegar and District Chamber of Commerce	Castlegar and District COVID-19 Business Recovery Advisor	\$37,500	Castelgar
CF Central Kootenay	Slocan Valley/Arrow Lakes Business Recovery	\$70,000	Nelson
Columbia Valley Chamber of Commerce	Cranbrook-Kimberley-Golden-Columbia Valley (CKGCV) Recovery Partnership	\$150,000	Invermere
Fernie Chamber of Commerce	Elk Valley Economic Recovery Advisor	\$72,000	Fernie
Kaslo Board of Trade	Business and Community Recovery Advisor - Kaslo and Area D	\$37,500	Kaslo
Kootenay Employment Services	Pivot: Supporting small business economic recovery and opportunity	\$75,000	Creston
Kootenay Outdoor Recreation Society	KORE Accelerator and Retention/Attraction Advisor(s)	\$70,000	Kimberley
Ktunaxa Nation Council Society	Ktunaxa Business Recovery	\$37,500	Cranbrook
Nelson and District Chamber of Commerce	Central Kootenay Business Recovery	\$57,200	Nelson
Revelstoke Chamber of Commerce	Business Outreach Program	\$63,500	Revelstoke
Trail & District Chamber Commerce	Regional Recovery Project	\$37,500	Trail
		\$782,700	

KTUNAXA ENTERPRISES NUPQU NURSERY DIVISION



THOMPSON-OKANAGAN REGION: RBCR PROJECTS FUNDED FY2022

ORGANIZATION NAME — RBCR	PROJECT NAME	FUNDING APPROVED	COMMUNITY
Accelerate Okanagan	RBCR Business Recovery Advisors - RDCO, RDNO, CSRD, RDOS	\$75,000	Kelowna
Armstrong-Spallumcheen Chamber of Commerce	RBCR Business Recovery Advisor	\$75,000	Armstrong
CF Central Interior First Nations	RBCR Indigenous and first nation community economic recovery project	\$75,000	Kamloops
CF Okanagan-Similkameen (AGR)	RBCR Agriculture Processing Accelerator	\$68,050	Penticton
CF Okanagan-Similkameen (Keremeos)	RBCR Business Advisor Similkameen	\$37,500	Keremeos
CF Thompson Country	RBCR CFTC Rural Economic Coordinator	\$75,000	Kamloops
City of Merritt	RBCR Merritt Community Recovery Advisor	\$75,000	Merritt
Community Futures Sun Country	RBCR Hope Business Recovery Advisor	\$25,000	Ashcroft
Lake Country Chamber of Commerce	RBCR Business Engagement Advisor	\$41,750	Lake Country
Lumby & District Chamber of Commerce	RBCR Business Recovery Advisor Lumby & District Corridor	\$37,500	Lumby
Salmon Arm Ec Dev Society & Sicamous Dev Corp	RBCR Salmon Arm and Sicamous Community Recovery Program	\$75,000	Salmon Arm
Shuswap Economic Development Society	RBCR SEDS Pandemic Recovery Project	\$40,000	Sorrento
South Okanagan Chamber of Commerce	RBCR South Okanagan Small Business Recovery Program	\$75,000	Oliver
Stó:lō Community Futures Corporation	RBCR Building Resiliency & Sustainability Collaboratively in S'olh Téméxw	\$75,000	Chilliwack
Summerland Chamber of Commerce	RBCR Summerland Small Business Recovery Program	\$41,750	Summerland
		\$891,550	



THOMPSON-OKANAGAN REGION: CORE PROJECTS FUNDED FY2022

ORGANIZATION NAME	PROJECT NAME	FUNDING APPROVED	COMMUNITY
AdvantageHOPE	Hope Downtown Revitalization Strategy	\$29,350	Hope
Armstrong Spallumcheen Chamber of Commerce	Local Food Connections for Thriving Communities	\$15,000	Armstrong
Boston Bar Indian Band	Fraser Canyon Tourism Signage Project	\$50,000	Boston Bar
Central Okanagan Ec Dev Commission	Okanagan Cleantech Study	\$20,000	Kelowna
City of Merritt	Light Industrial Park Development Plan	\$50,000	Merritt
Community Futures North Okanagan	Vernon Innovation and Entrepreneur Workspace (VIEW)	\$26,610	Vernon
Corporation of the District of Summerland	Okanagan Food and Innovation Hub - Feasibility Activities	\$37,679	Summerland
Destination Osoyoos Development	Value and Economics of Tourism Study	\$7,000	Osoyoos
District of Lake Country	Scenic Sip Wine & Eats	\$50,000	Lake Country
District of Sicamous	Strategic Action Plan Development	\$15,000	Sicamous
Interior Logging Association	Forestry Sector Business Support	\$50,000	Vernon
Interior Logging Association	ILA Member Support Services - Small Project	\$15,000	Vernon
Kamloops Indian Band Dev Corp	TteS Business Economic Development Strategic Plan 2022-2025	\$16,500	Kamloops
Kelowna Chamber of Commerce	Southern Interior Regional Economic Summit	\$30,000	Kelowna
Kelowna Chamber of Commerce	Regional economic summit	\$15,000	Kelowna
Mitacs	Growing the Southern Interior through Research Partnerships	\$45,000	
Neskonlith Indian Band	Creation of an Economic Development Position	\$50,000	Chase
Nicola Valley Institute of Technology	Co-op Employment Preparation	\$5,000	Merritt
Okanagan College	Enactus OC - Experiential Entrepreneurship Learning Project	\$25,000	Kelowna
Okanagan Falls Economic Development	OK Falls High Speed Internet Capacity Building	\$15,000	Okanagan Falls
Okanagan Film Commission	Film Fundamentals – Skills Training and Job Fair	\$40,000	Kelowna
Okanagan Indian Band Group of Co.	Biomass Supply Chain Risk Assessment Study	\$20,000	Vernon
Peachland Historic School Plaza Society*	Historic School Plaza	\$50,000	Peachland
Penticton and Area Cooperative Enterprise	Rusty Springs Recycling Project	\$40,000	Penticton
Similkameen Valley Planning Society	Shoulder and Winter Tourism Experience Opportunities	\$20,000	Keremeos



THOMPSON-OKANAGAN REGION: CORE PROJECTS FUNDED FY2022 (continued)

ORGANIZATION NAME	PROJECT NAME	FUNDING APPROVED	COMMUNITY
Skwlax - Little Shuswap Lake Band	Concept and Structure - Pespesellkwe Corporate Entity	\$50,000	Chase
Thompson Rivers University	Tourism Innovation Lab	\$25,000	Kamloops
Tourism Sun Peaks	Resort-wide Meeting, Conference & Incentive Travel Strategic Plan	\$8,000	Sun Peaks
Tourism Wells Gray Association	Clearwater/Wells Gray Visitor Info Centre, Financial & Operations Plan	\$13,000	Clearwater
Town of Oliver	Grow Oliver - Downtown Beautification and Wayfinding	\$15,000	Oliver
Town of Oliver	Oliver Wine Centre Feasibility Study	\$10,000	Oliver
Township of Spallumcheen	Community Branding Exercise	\$15,000	Spallumcheen
Trail of the Okanagans Society	Trail of the Okanagans - First Nations Consultation	\$15,000	Summerland
UBC Okanagan	e@UBC Support	\$25,000	Kelowna
Venture Kamloops	Airport Lands Development Feasibility Study	\$10,000	Kamloops
		\$923,139	

* Project discontinued by proponent.





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Independent Auditor's Report

To the Board of Directors of the Southern Interior Development Initiative Trust ("ETSI-BC")

Opinion

We have audited the financial statements of the Southern Interior Development Initiative Trust doing business as the Economic Trust of the Southern Interior ("ETSI-BC"), which comprise the statement of financial position as at March 31, 2022, the statements of operations and 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 ETSI-BC as at March 31, 2022, and its financial performance and 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 ETSI-BC 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 ETSI-BC'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 ETSI-BC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing ETSI-BC'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 ETSI-BC'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 ETSI-BC'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 ETSI-BC 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.

BDO Canada LLP

Chartered Professional Accountants

Kelowna, British Columbia
June 24, 2022

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Southern Interior Development Initiative Trust ("ETSI-BC") Statement of Financial Position					
March 31	Regional Account Fund	Externally Restricted Fund	2022	2021	
Assets					
Current					
Cash and cash equivalents	\$ 4,359,021	\$ 342,532	\$ 4,701,553	\$ 3,489,630	
Accounts receivable	100,000	-	100,000	-	
Government grants receivable (Note 2)	-	450,000	450,000	332,500	
Prepaid expenses	4,685	-	4,685	7,134	
Current portion of development initiatives (Note 3)	1,250,424	-	1,250,424	1,364,970	
	5,714,130	792,532	6,506,662	5,194,234	
Development initiatives (Note 3)					
Investments (Note 4)	3,823,442	-	3,823,442	8,032,587	
Property and equipment (Note 5)	39,392,230	-	39,392,230	36,171,998	
	11,521	-	11,521	16,566	
	\$ 48,941,323	\$ 792,532	\$ 49,733,855	\$ 49,415,385	
Liabilities and Fund Balances					
Current					
Accounts payable and accrued liabilities	\$ 295,061	\$ 334,477	\$ 629,538	\$ 72,682	
Deferred contributions	6,500	-	6,500	10,500	
	301,561	334,477	636,038	83,182	
Fund balances					
Investment in property and equipment	11,521	-	11,521	16,566	
Regional account fund	48,628,241	-	48,628,241	47,501,374	
Externally restricted fund	-	458,055	458,055	1,814,263	
	48,639,762	458,055	49,097,817	49,332,203	
	\$ 48,941,323	\$ 792,532	\$ 49,733,855	\$ 49,415,385	

On behalf of the Board:

DocuSigned by:
Dr. Philip Barker
C2B9D90B7F5143B

Director

DocuSigned by:
L Brown
9CDAE8D51FB5482

Director

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

Southern Interior Development Initiative Trust ("ETSI-BC") Statement of Changes in Fund Balances					
For the year ended March 31	Investment in Property and Equipment	Regional Account Fund	Externally Restricted Fund	2022	2021
Balance, beginning of the year	\$ 16,566	\$47,501,374	\$ 1,814,263	\$49,332,203	\$ 46,638,382
Excess (deficiency) of revenues over expenses	(3,803)	1,038,145	(1,268,728)	(234,386)	2,693,821
Purchase of capital assets	11,712	(11,712)	-	-	-
Disposal of capital assets	(100,183)	100,183	-	-	-
Amortization on disposed capital assets	87,229	(87,229)	-	-	-
Interfund transfers	-	87,480	(87,480)	-	-
Balance, end of the year	\$ 11,521	\$48,628,241	\$ 458,055	\$49,097,817	\$ 49,332,203

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

Southern Interior Development Initiative Trust ("ETSI-BC") Statement of Operations				
For the year ended March 31	Regional Account Fund	Externally Restricted Fund	2022	2021
Revenue				
Income on development initiatives	\$ 525,243	\$ -	\$ 525,243	\$ 538,964
Fees and other	12,404	-	12,404	16,717
Grant revenue	-	475,000	475,000	1,832,500
	537,647	475,000	1,012,647	2,388,181
Direct expenses				
Education awards and grants	1,433,812	1,682,020	3,115,832	358,900
Provision for development initiatives	(1,356,935)	-	(1,356,935)	2,316,333
	76,877	1,682,020	1,758,897	2,675,233
Net revenue in excess (deficit) of direct expenses	460,770	(1,207,020)	(746,250)	(287,052)
General and administrative expenses:				
Amortization	3,803	-	3,803	5,660
Board costs	15,918	-	15,918	8,570
Program delivery and consulting fees	125,825	48,772	174,597	205,118
Insurance	6,865	-	6,865	6,776
Office and administration	134,686	-	134,686	149,044
Professional fees	42,648	-	42,648	196,363
Salaries and benefits	311,770	12,936	324,706	644,632
	641,515	61,708	703,223	1,216,163
Excess (deficiency) of revenues over expenses from operations	(180,745)	(1,268,728)	(1,449,473)	(1,503,215)
Investments				
Fair value re-measurement of investments	(3,976,381)	-	(3,976,381)	3,184,800
Gain on disposal of investments, net	3,424,685	-	3,424,685	200,137
Income earned	1,915,943	-	1,915,943	943,731
Investment management fees paid	(149,160)	-	(149,160)	(131,632)
	1,215,087	-	1,215,087	4,197,036
Excess (deficiency) of revenues over expenses	\$ 1,034,342	\$ (1,268,728)	\$ (234,386)	\$ 2,693,821

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

Southern Interior Development Initiative Trust ("ETSI-BC") Statement of Cash Flows		
For the year ended March 31	2022	2021
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses	\$ (234,386)	\$ 2,693,821
Adjustments for non-cash items:		
Amortization	3,803	5,660
Fair value re-measurement of investments	3,976,381	(3,184,800)
Gain on disposal of investments	(3,431,389)	(200,137)
Investment income	(1,915,943)	(943,731)
Provision for development initiative losses	215,118	2,316,333
Loss (gain) on disposal of property and equipment	6,704	(32)
	(1,379,712)	687,114
Changes in non-cash working capital:		
Accounts receivable	(100,000)	-
Government grants receivable	(117,500)	(332,500)
Prepaid expenses	2,449	-
Accounts payable and accrued liabilities	556,856	(101,078)
Deferred contributions	(4,000)	-
Changes in development initiatives		
Repayments of development initiatives	4,108,571	2,560,797
	3,066,664	2,814,333
Cash flows from investing activities		
Purchase of investments	(27,176,852)	(1,760,968)
Proceeds on disposal of investments	25,327,573	1,896,415
Acquisition of property and equipment	(11,712)	(793)
Proceeds on disposal of property and equipment	6,250	750
	(1,854,741)	135,404
Net increase in cash and cash equivalents	1,211,923	2,949,737
Cash and cash equivalents, beginning of the year	3,489,630	539,893
Cash and cash equivalents, end of the year	\$ 4,701,553	\$ 3,489,630

Southern Interior Development Initiative Trust ("ETSI-BC")
Notes to Financial Statements

March 31, 2022

1. Summary of Significant Accounting Policies

Nature of operations	<p>Southern Interior Development Initiative Trust doing business as Economic Trust of the Southern Interior ("ETSI-BC") was formed in February 2006 under the Southern Interior Development Initiative Trust Act (the "Act") and shortly thereafter received a one-time contribution from the Province of British Columbia. ETSI-BC is a not-for-profit entity and is exempt from income tax under section 149 of the Income Tax Act.</p> <p>ETSI-BC uses its endowment to contribute to stronger communities in the Southern Interior by helping build a strong and diversified economy. With a special focus on the region's smaller and First Nations communities, the organization works with the region's local governments, economic development practitioners, non-profit business support organizations, post-secondary institutions, industry associations, and accelerators to help grow and diversify the region's economy. ETSI-BC partners with these organizations and provides grant funding to:</p> <ul style="list-style-type: none">• Help expand economic opportunity in communities• Assist its partners as they support local businesses• Encourage entrepreneurship and the creation of meaningful jobs• Connect the region's post-secondary institutions to industry• Provide support to key sectors of the region's economy to innovate and be more sustainable. <p>ETSI-BC creates value for the economic development ecosystem by facilitating meaningful connections, fostering collaboration and sharing of best practices, and by stewarding its assets in the best interest of the region, maximizing its grant funding each year while protecting the Trust's remaining capital for future generations.</p>
Basis of accounting	<p>The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.</p>

Southern Interior Development Initiative Trust ("ETSI-BC")
Notes to Financial Statements

March 31, 2022

1. Summary of Significant Accounting Policies (continued)

Fund accounting

ETSI-BC reports its activities on a fund accounting basis. ETSI-BC currently has a General Fund (with a \$Nil balance), a Regional Account Fund, which is externally restricted, and an Externally Restricted Fund which is externally restricted.

The Regional Account Fund includes balances which are invested in property and equipment and represents the amount currently available for development initiatives and administrative costs.

The Externally Restricted Fund includes balances of contributions received from external sources that are subject to external restrictions.

Revenue recognition

Income in the Regional Account Fund is recognized when the service has been provided or earned, provided that collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the price is fixed or determinable.

Restricted contributions are recognized as revenue in the Externally Restricted Fund in the year in which the contributions are received.

Unrestricted contributions are recognized in the General Fund in the year in which the related disbursements are incurred.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term deposit which are highly liquid with original maturities of less than three months. Any cash or cash equivalents held in investment portfolios is included with investments.

Property and equipment

Property and equipment are stated at cost, less accumulated amortization. Amortization is provided using the declining balance method and following annual rates:

	Method	Rate
Furniture and fixtures	Declining balance	20%
Computer hardware	Declining balance	30%
Computer software	Declining balance	50%
Leasehold improvements	Declining balance	20%

**Southern Interior Development Initiative Trust ("ETSI-BC")
Notes to Financial Statements**

March 31, 2022

1. Summary of Significant Accounting Policies (continued)

Use of estimates	The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of development initiatives. Actual results could differ from those estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the statement of operations in the year in which they become known or are revised.
Financial instruments	<p>Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. ETSI-BC accounts for all convertible debt instruments by initially measuring the equity component of the non-publicly trading entity at \$Nil. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. ETSI-BC has not elected to carry any such financial instruments at fair value.</p> <p>Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.</p> <p>Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, ETSI-BC determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount ETSI-BC expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.</p>

**Southern Interior Development Initiative Trust ("ETSI-BC")
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2. Government Grants Receivable

During the year, ETSI-BC signed an agreement with the Province of British Columbia to receive \$450,000 (2021 - \$1,832,500) in funding under the Rural Business and Community Recovery Program ("RBCR") to support recovery from the COVID-19 pandemic. The funding will be used to create temporary employment opportunities within ETSI-BC's region as well as some areas outside ETSI-BC's region. ETSI-BC's main responsibilities are to redistribute RBCR funds to rural, remote and indigenous communities based on an application process to be created and implemented by ETSI-BC.

As at March 31, 2022, ETSI-BC had \$450,000 (2021 - \$332,500) receivable from the Province of British Columbia.

3. Development Initiatives

As at March 31, 2022, there are 20 (2021 - 30) development initiatives, measured at amortized cost, and secured by general security agreements, outstanding as follows:

	2022	2021
Loans - term	\$ 2,633,493	\$ 6,649,401
Loans - convertible	1,890,109	2,901,656
Loans via Community Futures	50,541	70,993
Equity - common shares	4,272,871	2,240,595
Equity - preferred shares	-	4,455,076
Guarantee - letter of credit	-	7,500
	8,847,014	16,325,221
Less: provision for losses	(3,773,148)	(6,927,664)
Net Development initiatives	5,073,866	9,397,557
Less: current portion	(1,250,424)	(1,364,970)
Total	\$ 3,823,442	\$ 8,032,587

a) Loans - term

ETSI-BC has 7 (2021 - 13) direct loans outstanding which bear interest at rates that range from 0% to 10% per annum. Interest and principal amounts are due at various dates between April 1, 2022 and June 1, 2025.

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3. Development Initiatives (continued)

b) Loans - convertible

ETSI-BC has 2 (2021 - 6) convertible loans that bear interest at rates that range from 0% to 8% per annum. Interest and principal amounts are due at various dates between April 1, 2022 and May 15, 2024. The loans are convertible to common shares of the companies, which are non-publicly traded, at the option of ETSI-BC. No fair value has been ascribed to the convertible options since the fair value of the shares of the companies cannot be readily determined by ETSI-BC since it does not have access to that information.

c) Loans via Community Futures

ETSI-BC has 2 (2021 - 2) loans made via Community Future's Southern Interior Business Investment Fund which bear interest at rates that range from 4.95% to 8.50% per annum. The principal amounts are due at various dates between April 1, 2022 and July 1, 2024.

d) Equity - common shares

ETSI-BC has 5 (2021 - 5) common share investments.

e) Guarantee - Letter of credit

ETSI-BC has 0 (2021 - 1) letter of credit.

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4. Investments

The carrying amounts of investments are comprised of the following:

	2022	2021
Bonds, measured at amortized cost	\$ 11,851,222	\$ 14,677,662
Equities, measured at fair value	25,003,142	19,700,603
Real estate funds, measured at fair value	2,537,866	
Money market, measured at amortized cost	-	1,793,733
	<u>\$ 39,392,230</u>	<u>\$ 36,171,998</u>

Details of investment activity during the year is as follows:

	2022	2021
Opening balance	\$ 36,171,998	\$ 31,978,777
Income earned and reinvested	1,914,383	939,947
Withdrawals, redemptions, and sales	(25,176,852)	(1,896,415)
Deposits, contributions, and purchases	27,176,852	1,896,415
Gains on disposal of investments, net	3,431,389	200,106
Investment management fees paid	(149,159)	(131,632)
	<u>43,368,611</u>	<u>32,987,198</u>
Fair value re-measurement	(3,976,381)	3,184,800
	<u>\$ 39,392,230</u>	<u>\$ 36,171,998</u>

Included in sales and purchases of investments above are sales and purchases within the portfolio.

Investments are used as security for certain finance facilities as described in Note 6.

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5. Property and Equipment

	2022		2021	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Furniture and fixtures	\$ 8,522	\$ 852	\$ 35,557	\$ 26,965
Computer hardware	11,430	7,579	46,126	38,319
Computer software	-	-	11,253	11,086
Leasehold improvements	-	-	15,488	15,488
	19,952	8,431	108,424	91,858
Net book value	\$	11,521	\$	16,566

6. Commitments

ETSI-BC has available letters of credit through its financial institution to provide guarantees of up to \$6,000,000, secured by investments. ETSI-BC has issued letters of credit of \$500,000 (2021 - \$759,500) at March 31, 2022.

7. Comparative Figures

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

**Southern Interior Development Initiative Trust ("ETSI-BC")
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8. Financial Instrument Risk

ETSI-BC manages its investment portfolio to earn investment income and invests according to a policy approved by the Board. ETSI-BC is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

Concentration of risk:

(a) Credit risk

Credit risk refers to the risk that development initiative counterparties may default on their contractual obligations resulting in a financial loss. Management mitigates this risk by limiting exposure to each counterparty by dollar amount and industry sector, by maintaining a balanced portfolio and by ensuring that proper due diligence is performed before funding is committed. ETSI-BC assesses development initiatives on a continuous basis and provides for any amounts that are not collectible in the provision for losses.

(b) Market risk

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

(i) Currency risk

Currency risk is the risk that the fair value of a financial instrument will fluctuate because of changes in foreign exchange rates. ETSI-BC is exposed to this risk on its investments in U.S. and other international equities quoted in an active market. At year end, ETSI-BC has \$16,566,041 (2021 - \$11,734,503) in U.S. and other international equities.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. ETSI-BC is exposed to interest rate risk with respect to its investments in bonds and its loans receivable.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. ETSI-BC is mainly exposed to other price risk through its investments in equities.



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