



Economic Trust of
the Southern Interior

ANNUAL REPORT 2023



CONTENTS

Message from the Board Chair3

Message from the CEO.....5

The ETSI-BC Service Area7

Governance.....9

Our Strategic Pillars12

Projects Funded by RAC Region23

Funding by Mandated Focus Area26

Audited Financial Statements.....28

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.

Message from the Board Chair

During our fiscal year 2023 (April 1, 2022 to March 31, 2023), the world experienced significant geopolitical developments, humanitarian crises and weather events. Inflationary pressures, continued supply chain issues, the death of Queen Elizabeth II, and the world population exceeding 8 billion all made headlines as well.

While COVID-19 pandemic health restrictions were being reduced, its impact was still being felt in BC, with greater than 50% more deaths from the virus in 2022 than in the prior year. With this as the backdrop, ETSI-BC continued to provide valuable funding and support for communities in our region to recover and thrive.

During the second full year of our new 3-year Strategic Plan, the Board of ETSI-BC has continued to be impressed by the innovative and impactful projects we have been able to support, and proud of how our new direction has been welcomed and embraced by our key stakeholders: the region's communities, First Nations, economic development practitioners, non-profit business support and industry groups and public post-secondary institutions.

On the governance side, FY2023 was a big year for ETSI-BC:

- The Thompson-Okanagan Regional Advisory Committee (RAC) adopted its very first Terms of Reference in April 2022, which reduced the size of this committee from 41 down to

a more workable 18 members. Thanks to all RAC members who assisted with that process.

- We welcomed two Indigenous Provincial government appointees to our Board. Wayne Kaboni from Merritt joined us in April and Paul Donald from Simpcw First Nation joined in September 2022. We appreciate their expertise and insights and are delighted that they agreed to help steer ETSI-BC as we continue to support as many communities and First Nations in our region to realize their economic development aspirations.
- Following the local government elections in October 2022, 5 of our RAC-appointed Board members left the board. Many thanks to Chris Pieper, retired Mayor of Armstrong, for his key role in renewing our organization, and to Terry Rysz, former Mayor of Sicamous, who stepped down from his role as Board Chair in November 2022. Many thanks to Linda Brown, former Mayor of Merritt, Tanya Wall, RDCK Area Director, and Elkford Councillor Len Gostick, for your service as well.
- Following the October 2022 elections, our two RACs were re-populated by local government elected officials and MLAs from the Columbia-Kootenay and Thompson-Okanagan regions. Many thanks to all the CAOs and Mayors from those Regional Districts who took the time to learn how appointments are made to these important committees and attend the Info Sessions hosted by ETSI-BC staff.



*Sharon Shepherd
Board Chair,
Economic Trust of the
Southern Interior*

- I was appointed Board Chair in November 2022, which is an honour. I served on the original Board of this organization during my time as Mayor of Kelowna, and it's been a pleasure to serve on the Board again as a Provincial appointee since 2018.
- I'd like to welcome our new RAC-appointed Board members, who joined in February 2023: Kevin Acton, Mayor of Lumby, Alan Harrison, Mayor of Salmon Arm, Sun Peaks Councillor Julie Kimmel, Kimberley Councillor Sue Cairns, and RDEK Area Director Susan Clovechok.


The Board of ETSI-BC is excited to see the outcomes of the working group that ETSI-BC is part of to help implement Action 4.39 of the Province's DRIPA Action Plan 2022-27, which states that the Province of BC will "develop a mechanism that ensures inclusion of First Nations at a regional decision-making level". We look forward to continue 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 in person. We were pleased to meet with several economic development practitioners in Revelstoke and in Osoyoos in FY2023, to hear about the work they are doing to help grow stronger economies and communities.

Finally, at the end of March 2023, we were delighted by the announcement made by the Honourable Brenda Bailey, Minister of Jobs, Economic Development and Innovation, on March 29, 2023, that she will commit to "introduce legislative amendments in fall 2023 that will allow a total of \$30 million to be delivered to the Island Coastal Economic Trust, Northern Development Initiative Trust, and the Economic Trust of the Southern Interior in 2023. Each trust would receive \$10 million to invest in their regions."

This historic \$10 million investment, in addition to more than \$4.6 million in funding we have entered into agreements with the Province by March 31, 2023 to deliver in our region on their behalf, is another testament to the important role ETSI-BC plays in supporting inclusive economic development in our region.

I'd like to thank and congratulate our CEO, Laurel Douglas and her accomplished team, especially Mary, Renata and Paul on their continued progress delivering year 2 of our Strategic Plan and engaging our stakeholders. We are so pleased that in FY2023, we funded 79 projects, providing over \$1.5 million in funding on projects worth more than \$3 million, and that those projects have helped create or maintain almost 5,500 jobs in our region.

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, in partnership with you, our important stakeholders. 



Message from the CEO

I'm delighted to share with you some results from Year 2 of our first Strategic Plan as ETSI-BC. We continue to deepen the relationships built during our 2020 stakeholder consultations and the first year of our plan.

The entire team at ETSI-BC views it as an honour to work with our partners and we are committed to creating value for the economic development ecosystem.

We continue to refine our funding approach in FY2023, and we were pleased to support several other important initiatives in our region during the year as well.

CORE FUNDING

Funding applicants have shared that they appreciate the predictability of the ETSI-BC spring and fall funding intakes, and that our funding can be used to seed much larger projects. They also appreciate the hands-on support our Project Consultants provide to help them be successful. In FY2023, 85% of funding applications were successful, vs 78% in FY2022. Successful applicants also received more funding

as a percentage of the dollars requested in FY2023 than the prior year. (72% vs 70%).

We're pleased to continue making progress on the priorities of supporting smaller communities and First Nations. In the first two years of our new Strategic Plan, we've been able to support 67 projects in communities with less than 5,000 residents, providing \$1.7 million in funding to those projects. An additional \$2.3 million was provided to support 73 projects in communities with populations between 5K – 25K.

We're proud of how we've started building relationships with many of the 33 First Nations communities in our region since becoming ETSI-BC. We've funded 25 Indigenous-led projects so far during this Strategic Plan period, up from 3 projects funded in total with Indigenous-led organizations prior to 2021.

We're also excited by the impact of our funding partnership with Mitacs, which has helped them expand their benefit to our region. We've supported 12 entrepreneurship and work-integrated learning projects at all 6 public post-secondary institutions in our region during the first 2 years of our current plan.



*Laurel Douglas
CEO,
Economic Trust of the
Southern Interior*

RURAL BUSINESS & COMMUNITY RECOVERY (RBCR) PROGRAM

We were pleased to be able to offer 15 of our Host Organizations additional funding to host Recovery Advisors in their communities until the end of 2022. We gratefully acknowledge financial support from the Province of BC through the Ministry of Jobs, Economic Development and Innovation for this program. This extension funding was targeted at communities affected by the flooding and fires, and those Host Organizations whose existing RBCR agreements were concluding early in the new fiscal year.

It was gratifying to hear from RBCR Host Organizations that some initial skepticism about the program developed into respect and gratitude for the support, training and resources provided by ETSI-BC along with this funding. It was also uplifting to hear from Recovery Advisors themselves about how much they benefited personally and professionally from being involved with the program.

ADDING VALUE TO THE ECOSYSTEM

In everything we do at ETSI-BC, we are trying to create value for the ecosystem, not only through our funding, but also through access to resources, knowledge and connections. In FY2023, we continued that important work by hosting and

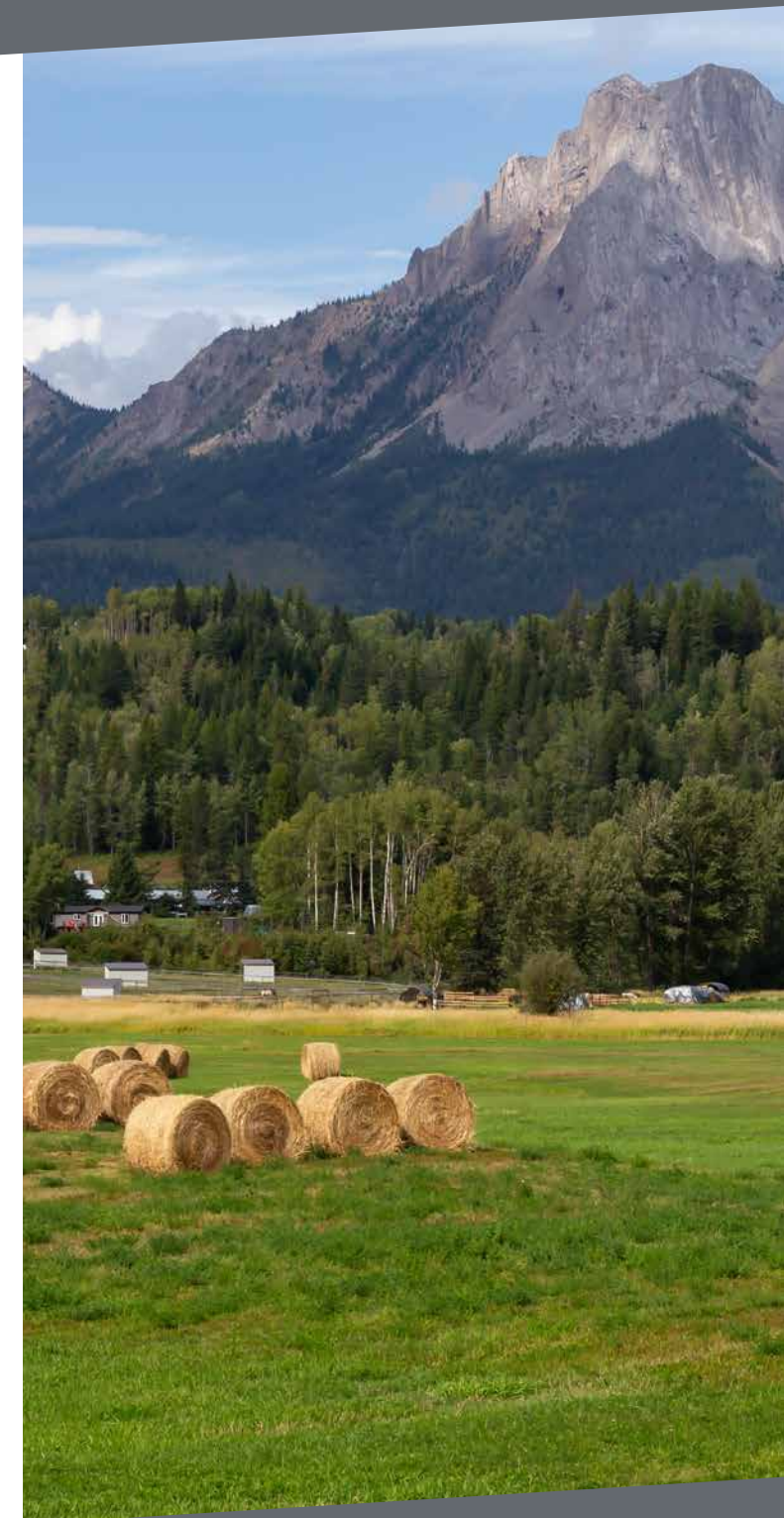
sponsoring events for local government elected officials and economic development practitioners in the region.

Throughout FY2023, we shared stories of 15 funded projects on the Stories page of our website, and our LinkedIn group grew by over 50%. We were named a finalist in the Foresight Canada Cleantech Awards, and I was honoured to be featured a second time in the BIV BC500 list of BC's business leaders in the economic development category.

GRATITUDE

I'd like to thank the dedicated ETSI-BC team: Mary Beadman, Mike Dorsel, Renata King, Aleece Laird, Stacy Smith and Paul Wiest. You rock! As we bid a fond farewell to Stacy Smith this year, I'd like to welcome Jeet Panghali to the team in the role of Accounting Officer. Thanks as well to each past and present ETSI-BC Board member for your dedication and thoughtful contributions as we work together to steward the resources of this Trust to maximize its benefit.

As ETSI-BC continues to work alongside our region's 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. We continue to be delighted to be part of the economic development fabric of our beautiful region. ▲

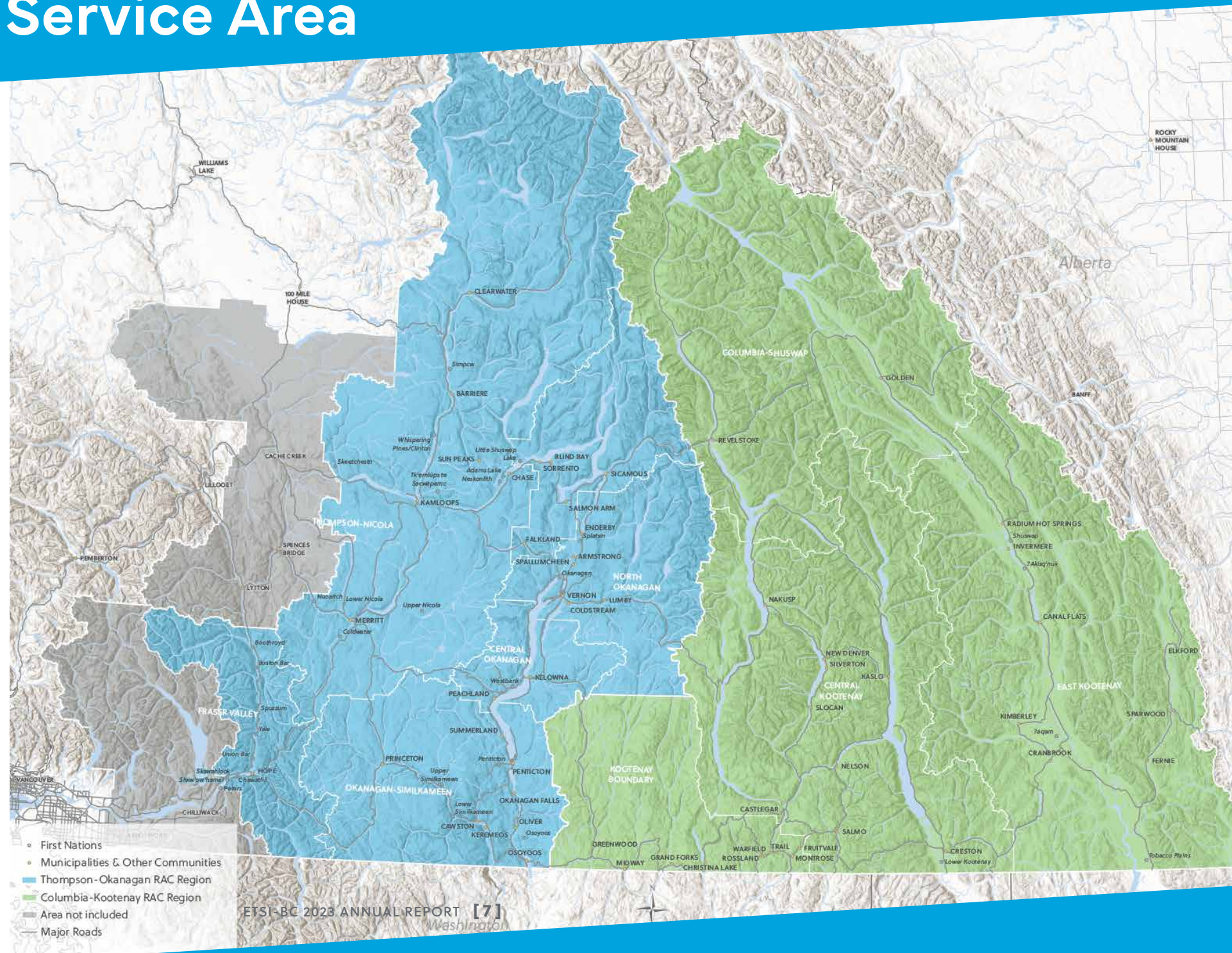


The ETSI-BC Service Area

The ETSI-BC service area is a large and diverse region that ranges from Hope in the west, Blue River 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 Ireland and Scotland combined.

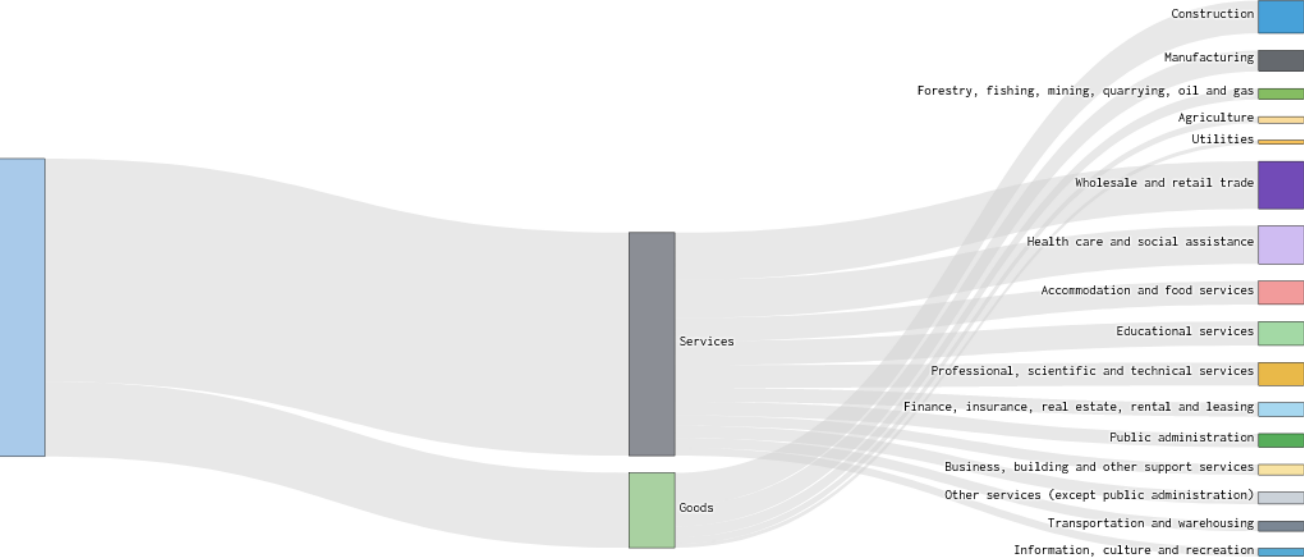
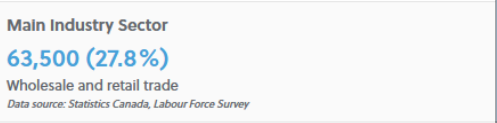
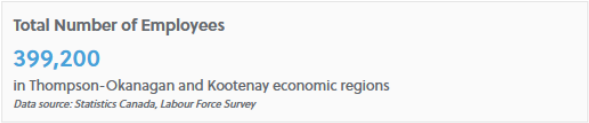
Our region is home to almost 760,000 residents spanning 33 First Nations, 9 Regional Districts, 53 incorporated municipalities, many unincorporated communities and 14 Chartered Métis communities.

Almost half of our residents live in the region's 5 urban areas (population over 25,000) and other half are rural residents. About half of the rural population, 27 of the First Nations and 8 Chartered Métis communities are located in the Thompson-Okanagan area. The other half of our region's rural population is located in the Columbia-Kootenay-Boundary, along with 6 First Nations and 6 Chartered Métis communities. ▲



ECONOMIC DATA FROM OUR REGION

Employment by Industry



REGIONAL DISTRICTS IN THE ETSI-BC SERVICE AREA

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

FIRST NATIONS BASED IN THE ETSI-BC SERVICE AREA

- | | | |
|-------------------------------|---|--------------------------------|
| • ʔakisq'nuk First Nation | • Nooaitch Band | • Splatsin First Nation |
| • ʔaqam First Nation | • Okanagan Band | • Spuzzum First Nation |
| • Adams Lake Band | • Osoyoos Band | • Tk'emlúps te Secwépemc |
| • Boothroyd Band | • Penticton Band | • Union Bar First Nation |
| • Boston Bar First Nation | • Peters First Nation | • Upper Nicola Band |
| • Chawathil First Nation | • Shuswap First Nation | • Upper Similkameen |
| • Coldwater Band | • Shxw'ow'hamel First Nation | • Westbank First Nation |
| • Lower Kootenay First Nation | • Simpcw First Nation | • Whispering Pines/Canton Band |
| • Lower Nicola Band | • Skawahlook First Nation | • Yale First Nation |
| • Lower Similkameen Band | • Skeetchestn Band | • Yaq'it ʔa-knuq'it 'it |
| • Neskonlith Band | • Skwlax te Secwepemculecw
(Little Shuswap) Band | (Tobacco Plains) First Nation |

For a complete list of the municipalities in our service area, please see the 'Who we Serve' page in the 'About' tab of our website www.etsi-bc.ca

Governance



Governance of ETSI-BC is carried out by its Board of Directors and 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.

In FY2023, the Board had two committees, the Executive Committee and the Finance Committee.

BOARD MEMBERS AS OF JUNE 2023

From L to R: Susan Clovechok, Sue Cairns, Julie Kimmel, Diana Lockwood, Sharon Shepherd, Alan Harrison, Kevin Acton, Peggy DeVries, Sue McKortoff, Paul Donald, Laurel Douglas, Wayne Kaboni, Phil Barker (missing: Steve Morissette)



Regional Advisory Committees

Communities throughout our region contribute to our governance and funding decisions through two Regional Advisory Committees (RACs). Members include local government elected officials and MLAs.

The mandate of the RACs is to:

- Appoint/elect members to the Board of ETSI-BC (4 from the Columbia-Kootenay and 4 from the Thompson-Okanagan regions)
- Provide advice to the Board on projects suitable for Trust funding
- Establish the terms of office for RAC members
- Provide opportunities for communities and regional district areas with populations under 500 to be represented on the RAC

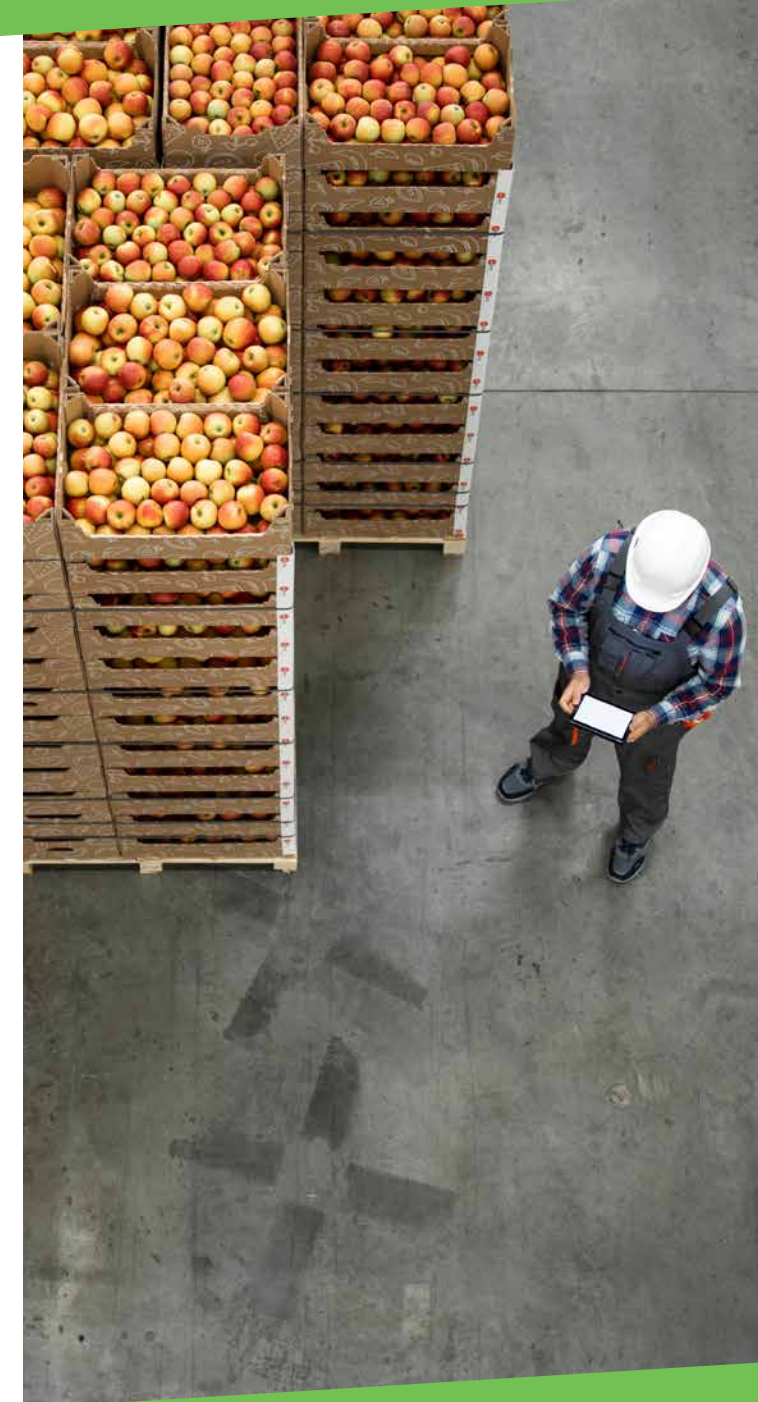
The ETSI-BC team supports the Regional Districts and MLAs in the region to make their RAC appointments every 2 years. The two RACs have joint meetings after each funding intake to recommend projects for approval by the Board of ETSI-BC.

COLUMBIA-KOOTENAY REGIONAL ADVISORY COMMITTEE (CK-RAC)

The Columbia-Kootenay RAC area includes the Kootenay-Boundary, Central Kootenay, East Kootenay Regional Districts plus Revelstoke, Golden and CSRD Areas A & B. This RAC has established a membership structure of 12 members, 10 of which are local government elected officials from the 4 Regional Districts in their region and are 2 MLAs.

THOMPSON-OKANAGAN REGIONAL ADVISORY COMMITTEE (TO-RAC)

The Thompson-Okanagan RAC includes 15 local government elected officials drawn from 6 Regional Districts: the North Okanagan, Central Okanagan, Okanagan Similkameen, the portion of the Columbia Shuswap Regional District west of Revelstoke, the Thompson-Nicola Regional District (except Areas E and I), and a portion of the Fraser Valley Regional District (Hope and Areas A & B). The TO-RAC has 18 members in total, including 3 MLAs. ▲



THOMPSON-OKANAGAN REGIONAL ADVISORY COMMITTEE
 Members as of March 31, 2023

NAME	TITLE	LOCATION	REGIONAL DISTRICT
Kevin Acton	Mayor	Village of Lumby	RDNO
Merlin Blackwell	Mayor	District of Clearwater	TNRD
Julius Bloomfield	Mayor	City of Penticton	RDOS
Victor Cumming	Mayor	City of Vernon	RDNO
Alan Harrison	Mayor	City of Salmon Arm	CSRD
Blair Ireland	Mayor	District of Lake Country	RDCO
Martin Johansen	Mayor	Town of Oliver	RDOS
Jim Johnson	Director	Electoral Area E	RDNO
Julie Kimmel	Councillor	Municipality of Sun Peaks	TNRD
Greg Kylo	MLA	Shuswap	
David Laird	Director	Electoral Area M	TNRD
Norm Letnick	MLA	Kelowna-Lake Country	
Sue McKortoff	Mayor	Town of Osoyoos	RDOS
Gord Milsom	Mayor	City of West Kelowna	RDCO
Roly Russell	MLA	Boundary-Similkameen	
Jay Simpson	Director	Electoral Area F	CSRD
Victor Smith	Mayor	District of Hope	FVRD
Patrick Van Minsel	Mayor	District of Peachland	RDCO

COLUMBIA-KOOTENAY REGIONAL ADVISORY COMMITTEE
 Members as of March 31, 2023

NAME	TITLE	LOCATION	REGIONAL DISTRICT
Brittny Anderson	MLA	Nelson-Creston	
Sue Cairns	Councillor	City of Kimberley	RDEK
Susan Clovechok	Director	Electoral Area F	RDEK
Steve Fairbairn	Mayor	District of Elkford	RDEK
Diana Lockwood	Mayor	Village of Salmo	RDCK
Jessica Lunn	Mayor	Village of Slocan	RDCK
Grace McGregor	Director	Electoral Area C	RDKB
Steve Morissette	Mayor	Village of Fruitvale	RDKB
Walter Popoff	Director	Electoral Area H	RDCK
Tom Shypitka	MLA	East Kootenay	
Gary Sulz	Mayor	City of Revelstoke	CSRD
Linda Worley	Director	Electoral Area B	RDKB

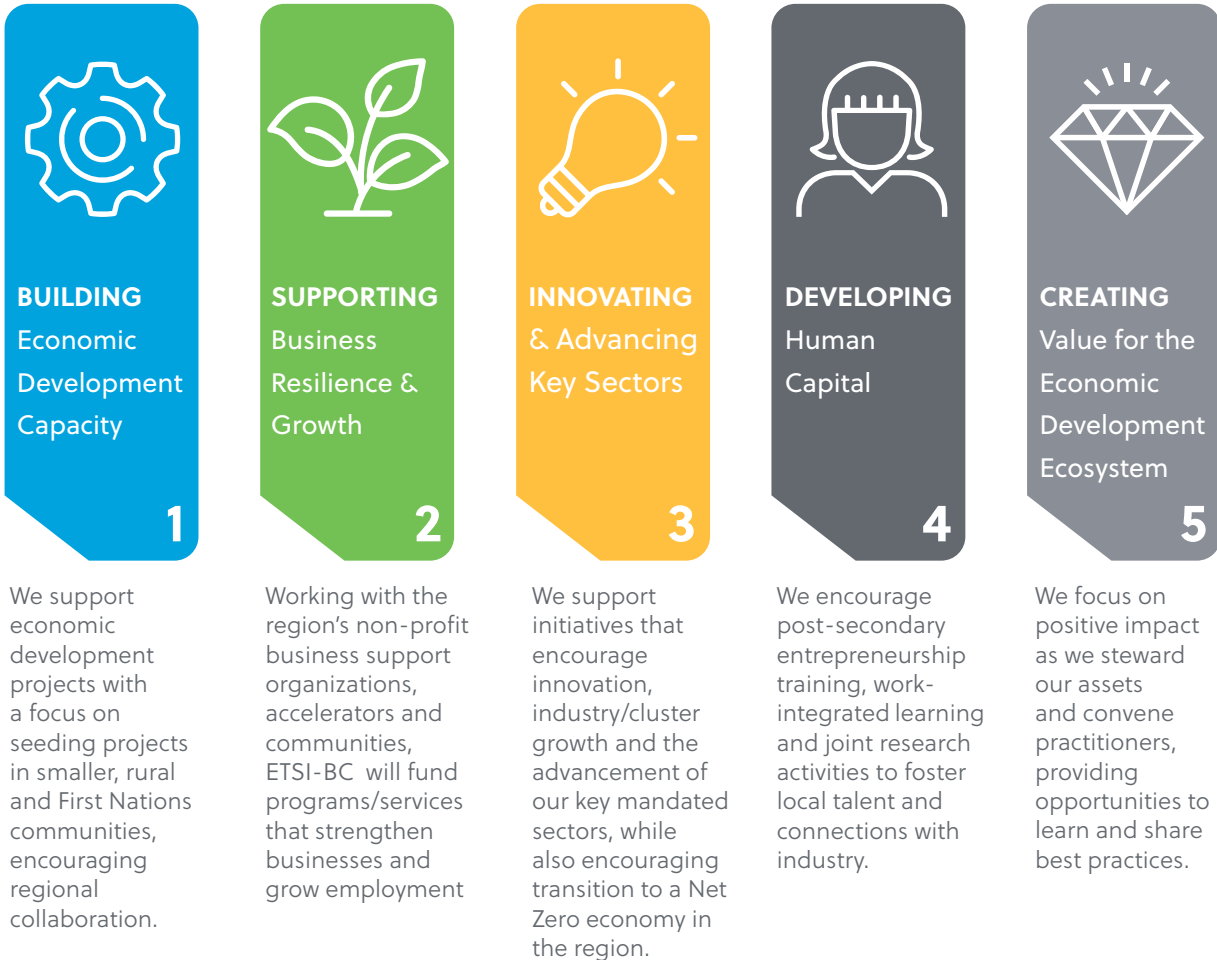


Our Strategic Pillars

ETSI-BC helps communities to realize their economic development aspirations by providing funding, resources and knowledge. Our mission is to be a catalyst in strengthening and diversifying the economy of the Southern Interior of BC by supporting strategic investments in economic development projects that will have long-lasting and measurable regional benefits.

In FY 2023, we provided over \$1.5 million in funding for 79 projects in our region, helping create or maintain almost 5,500 jobs. We have two Core Funding Intakes per year (spring and fall), and we issue Requests for Proposals at different times through the year to deliver Partner Programs and other funding.

In the current Strategic Plan, we have committed to provide a minimum of \$1 million per year in funding in support of our 5 Strategic Pillars, while we build our investment portfolio back to its original \$50 million. Once we reach that milestone, if our investments achieve a higher return in any given year, the Board may increase grant funding levels for the following year. We also deliver Partner Programs on behalf of others. In FY2023, we delivered the RBCR Program on behalf of the Province of BC.



Summary of FY2023 Funding

In FY2023, we funded 79 projects throughout the ETSI-BC region, providing over \$1.5 million in funding to projects with a total value of over \$3 million. These projects helped create or maintain almost 5,500 jobs in our region.

In the first two years of this Strategic Plan combined, we've supported 165 projects with more than \$4.6 million in funding, on projects worth more than \$11 million. Of this funding, more than \$2.5 million came from our Core budget, in support of 122 projects throughout the region. Our Core funding was leveraged by a factor of 2.97x for a total project value of almost \$8.6 million.


FY2023 FUNDING BY STRATEGIC PILLAR		# of Projects	Funding Approved	Total Project Value	Jobs Created/ Maintained
Pillar 1	Building Economic Development Capacity	43	\$797,050	\$1,901,285	5,163
Pillar 2	Supporting Business Resilience & Growth	16	\$405,000	\$474,812	16
Pillar 3	Innovating & Advancing Key Sectors	6	\$151,500	\$385,213	285
Pillar 4	Developing Human Capital	7	\$149,250	\$282,055	20
Pillar 5	Ecosystem Funding	7	\$8,920	\$8,920	1
TOTAL SUPPORT		79	\$1,511,720	\$3,052,285	5,485



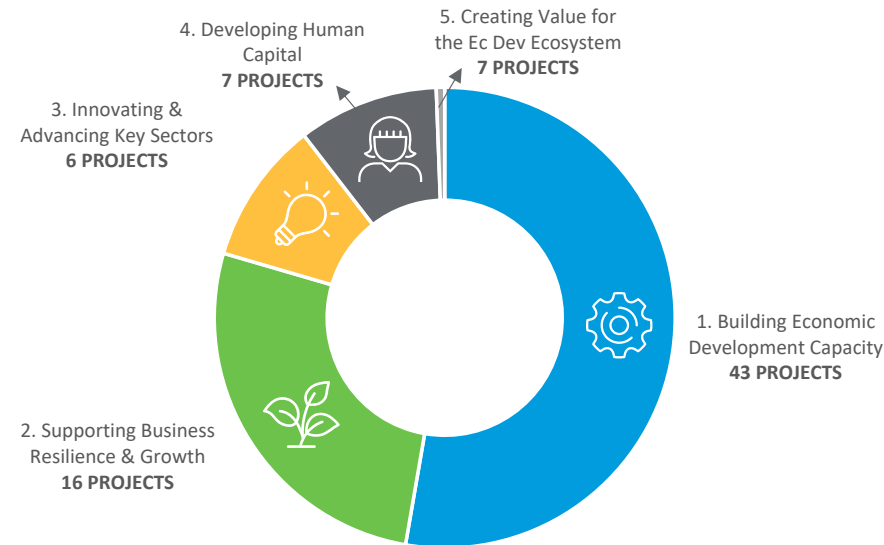
IT'S NOT JUST ABOUT FUNDING

Funding tells only part of the story. Other initiatives have been key to the value ETSI-BC is now adding to the region, including:

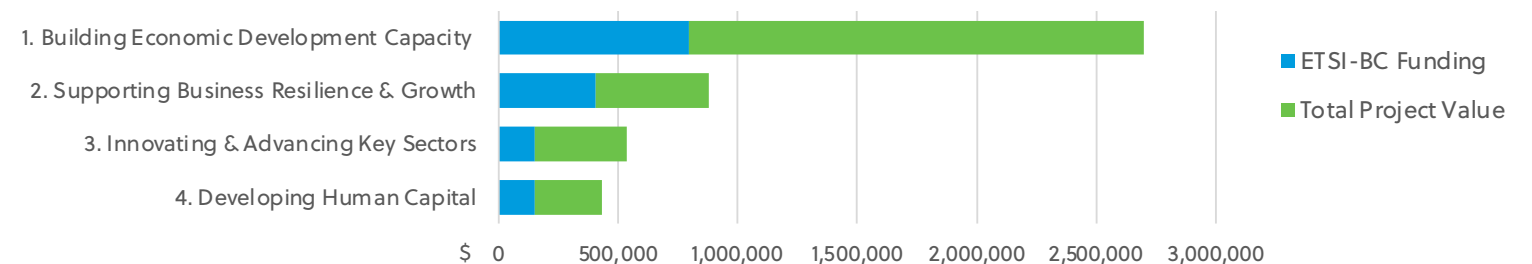
- Economic Development Practitioner Network support for the established network in the Kootenay-Boundary region, and the emerging network in the Thompson-Okanagan region
- The two well-attended 'Using Data to your Advantage' Webinar Series
- Financial and promotional support for key service partners such as Community Futures BC, BC Economic Development Association (BCEDA), Mitacs and the Council for the Advancement of Native Development Officers (CANDO)
- Facilitation of the network of Economic Recovery Advisors,
- Hands-on support and mentoring by Project Consultants

More information on how ETSI-BC is creating value for the economic development ecosystem can be found in the detail by Strategic Pillar found in the next section of this Annual Report. 

PROJECTS BY FUNDING STREAM



FUNDING AND TOTAL PROJECT VALUE BY FUNDING STREAM

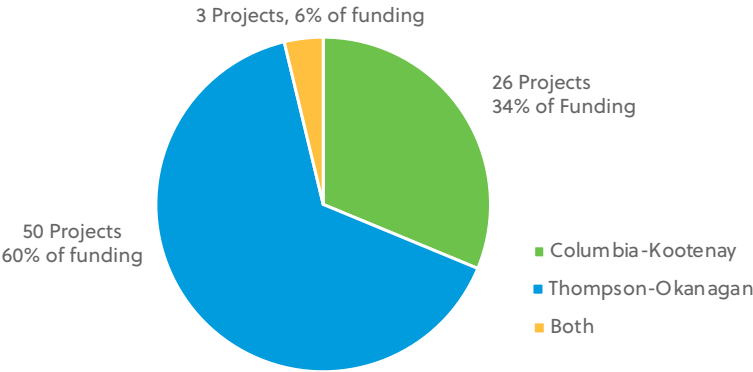


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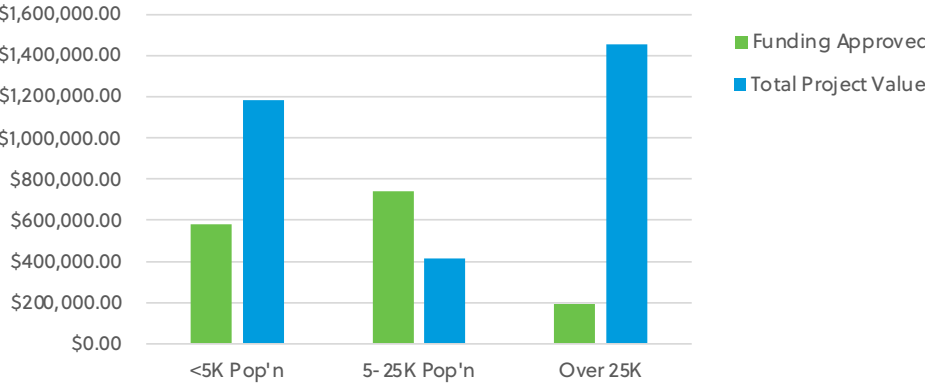
“From a glimmer of an idea to a glowing success: what a journey! And ETSI-BC was with us every step of the way as a valued partner.”

CAROLINE MILLER, SENIOR POLICY ANALYST; MEDIA RELATIONS, KELOWNA CHAMBER OF COMMERCE

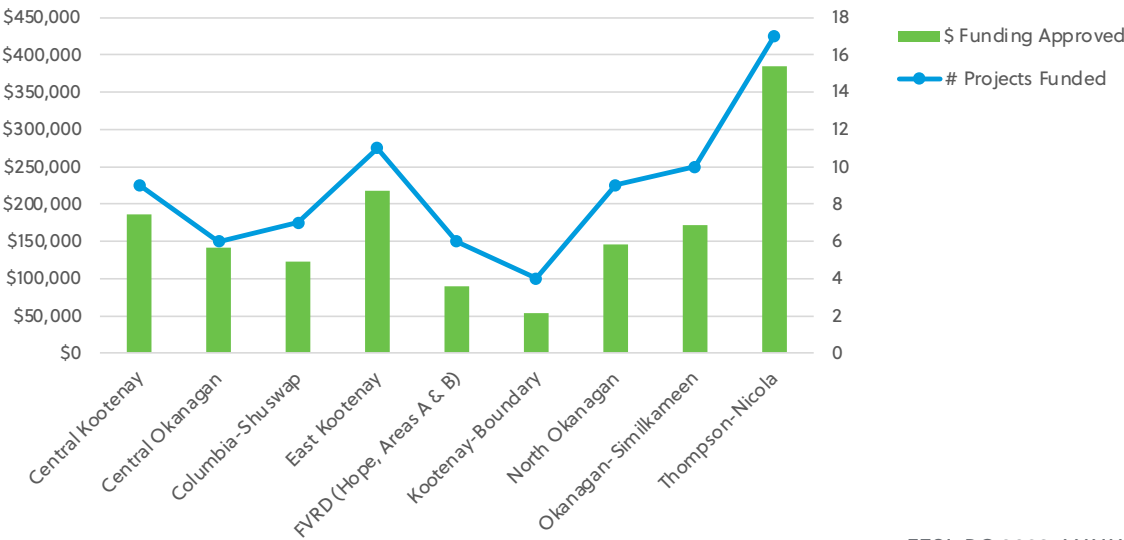
FUNDING BY REGION



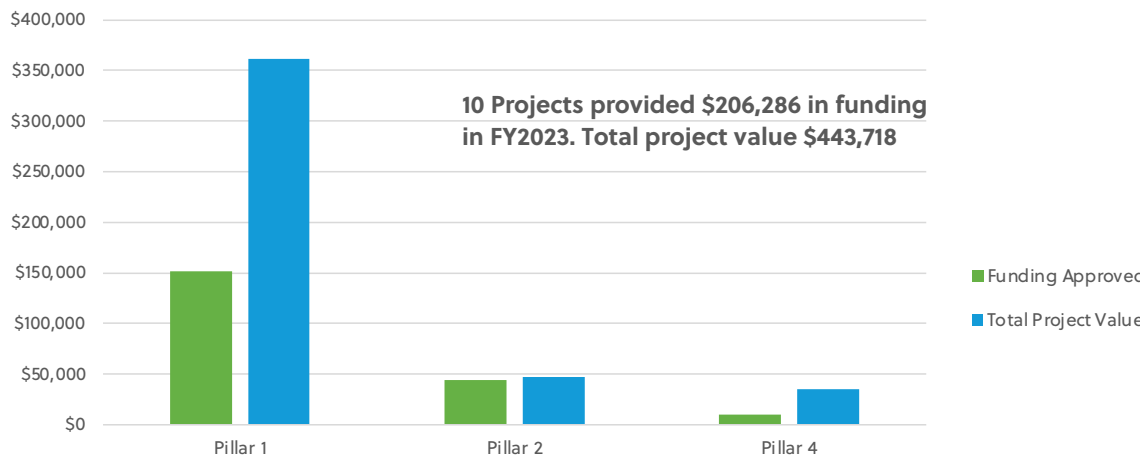
FUNDING BY COMMUNITY SIZE



FUNDING BY REGIONAL DISTRICT



SUPPORT FOR INDIGENOUS-LED PROJECTS





1. Building Economic Development Capacity

OUR OBJECTIVES FOR THIS PILLAR

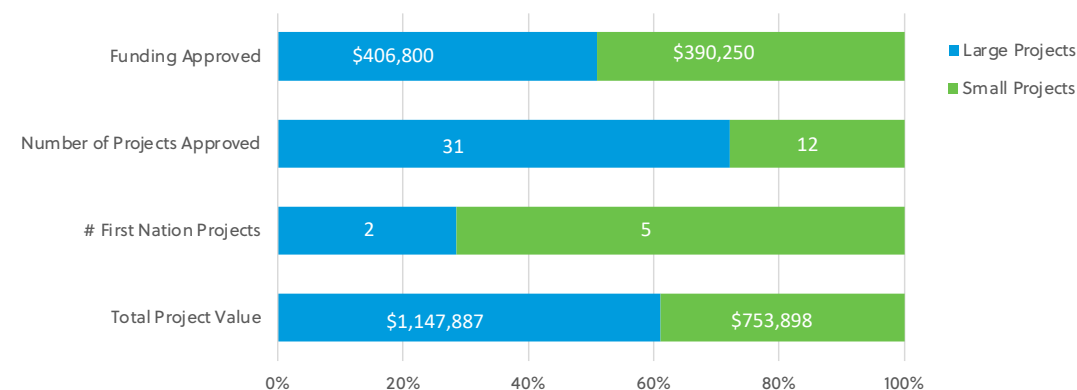
ETSI-BC focuses on smaller and rural communities to help build economic development capacity and support regional Economic Development partnerships throughout the Southern Interior. We deliver two Funding Intakes per year (Spring and Fall), following up with successful funding recipients throughout the year to ensure project completion. Under this Pillar, we:

- 1.1 Support smaller scale projects (<\$15K) projects that enhance the capacity of smaller Southern Interior communities and First Nations (<5K in population) to fulfill their economic development aspirations.
- 1.2 Support larger economic development projects (up to \$50K) with a priority on communities and First Nations <25K in population.
- 1.3 Support initiatives that encourage collaboration between local governments and First Nations communities, and regional collaboration among communities. ▲

KEY RESULTS

We approved almost \$800K to 43 projects worth over \$1.9M under this Strategic Pillar in FY2023. Of these 7 projects were funded directly to First Nations organizations.

PILLAR 1 PROJECTS BY SIZE AND TYPE



“

“I feel very fortunate, and grateful, for the opportunity to have worked with the program, and the chance to learn from professionals in the ED field.”

DARREN DAVIDSON, RBCR ADVISOR,
NELSON & DISTRICT CHAMBER OF
COMMERCE



2. Supporting Business Resilience and Growth

OUR OBJECTIVES FOR THIS PILLAR

Working with the region's non-profit business support organizations, accelerators and communities, ETSI-BC supports this Strategic Pillar by funding programs/services that address the region's incremental business support needs, by:

- 2.1 Supporting business recovery, resiliency and competitiveness activities of the region's non-profit business support organizations and industry groups.
- 2.2 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 offers with funding from the Province of BC.

There were 16 different Host Organizations (communities, First Nation organizations and non-profit business support organizations provided with funding through this program in FY2023.

Host Organizations

Eleven of the delivery partners were based in the Thompson-Okanagan and Fraser Valley regions and five organizations serve communities and businesses in the Columbia-Kootenay region.

The Host Organizations included three First Nations and local government economic development groups, nine Chambers of Commerce, and five Community Futures organizations.

Recovery Advisors

The program's 16 Recovery Advisors included 13 women, 2 Indigenous Advisors and 2 Youth (under 30).

These Recovery Advisors 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 Advisors were provided with facilitated networking opportunities, creating a high level of collaboration and sharing of best practices. ▲



“Being able to engage with the ETSI-BC board at the meeting in Revelstoke as well as with other practitioners was extremely helpful and very informative. Thank you for your continued investment in building the economic development capacity of small and rural communities like our own. While we have the talent and know-how to achieve meaningful community-led economic development, we often lack the capital to kickstart these worthy initiatives. Having your support to get these ideas off the ground is immensely helpful.”

AIDAN MCLAREN-CAUX, ECONOMIC DEVELOPMENT COORDINATOR,
NAKUSP AND AREA DEVELOPMENT BOARD



3. Innovating and Advancing Key Sectors

OUR OBJECTIVES FOR THIS PILLAR

ETSI-BC supports initiatives that encourage innovation, industry/cluster growth and the advancement of its key mandated sectors, while also encouraging transition to a Net Zero economy in the region. We deliver 2 Funding Intakes per year under this Pillar (Spring and Fall), following up with successful funding recipients throughout the year to ensure project completion. Our work under this Strategic Pillar includes:

- 3.1 Support for sector-based initiatives, collaboration, and partnerships in the region that help stimulate business growth and innovation.
- 3.2 Support for different industry groups to become more environmentally sustainable and transition to a Net Zero economy.
- 3.3 Support for initiatives that will increase investment in emerging local businesses and sectors.

KEY RESULTS

We approved \$151,500 to 6 projects worth over \$385,213 in this Strategic Pillar in FY2023. ▲



“ETSI-BC has been a one of the founding funding providers for KORE over the past 18 months. ETSI-BC's financial support has been the most significant factor for KORE's progression as an economic development driver in the Kootenays and KORE would not be a leader in the outdoor rec-tech space today without ETSI-BC's commitment.”

KEVIN PENNOCK, EXECUTIVE DIRECTOR,
KOOTENAY OUTDOOR RECREATION ENTERPRISE
SOCIETY (KORE)

4. Developing Human Capital

OUR OBJECTIVES FOR THIS PILLAR

ETSI-BC enhances the development of local talent by supporting entrepreneurship programming and research partnerships between the region’s post-secondary institutions and its businesses, non-profits and municipalities, by

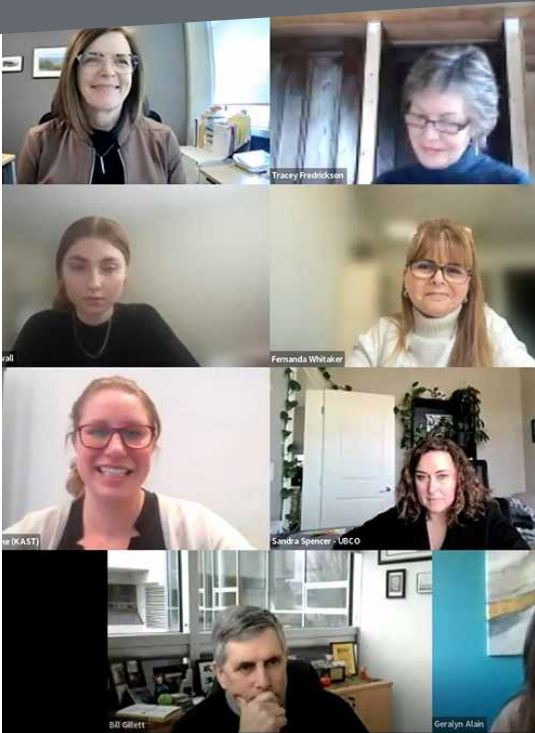
- 4.1 Investing in entrepreneurship programming and connections with industry to encourage new venture creation and help students find meaningful jobs in the region.
- 4.2 Supporting regional research projects that connect post-secondary and industry and helping develop practical skills of local students 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 in this area of focus:

Organization	Project	Funding	Project Summary
College of the Rockies & Selkirk College	Kootenay Youth Entrepreneurship	\$31,250	Introduce youth aged 16-30 to the fundamentals of entrepreneurship and provide skills training and experiences to aid in skills and career development.
Nicola Valley Institute of Technology	Co-operative Education/ Work Integrated Learning Initiative	\$10,000	Students will participate in the Co-op Education Preparation course, which will help them with pre-employability skills development, job coaching and mentoring, job search and work placement
Okanagan College	Enactus OC - Experiential Entrepreneurship Learning Project	\$21,000	Fostering student entrepreneurship and the development of the next generation of business leaders and change makers through Enactus.
Thompson Rivers University	Tourism Innovation Lab	\$21,000	Students will develop an innovative tourism product through research and industry mentorship.
UBC Okanagan	e@UBC Support	\$21,000	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.



“It’s a great pleasure to work as an intern student for the Kootenay Youth Entrepreneurship project. It’s an opportunity for me to learn more about the meaning of entrepreneurship...I am glad to be a part of building up the network for youth entrepreneurs in Cranbrook.”

NUMFON, COTR



RESEARCH PARTNERSHIPS

In addition, ETSI-BC entered a research funding partnership with Mitacs in FY2023 and provided \$45,000 in funding. A Call for Proposals was issued in the fall of 2022, and 12 proposals were submitted. Of these, 9 projects were funded, in partnership with 4 public Post-Secondary Institutions in the region. ▲

Organization	Project	Industry Partner	ETSI-BC Mandated Focus Sector
Okanagan College	BC Cider Industry Analysis & Policies to Help the Industry Grow	Shuswap Cider	Agriculture
Selkirk College	Rural Resilience Cluster Project	CF Central Kootenays	Economic Development
		KAST	Economic Development
		Yellowstone to Yukon	Forestry
Thompson Rivers University	Challenges of Scaling Social Enterprise in Canada	Purppl	Economic Development
	Bat Conversation in Mine Reclamation and Closure Planning	New Gold Inc / Wildlife Conservation Society of Canada	Mining
UBC Okanagan	Developing Rapid Battery Charging Infrastructure	City of Kelowna	Economic Development; Transportation
	Regenerative Tourism Strategies Promote Destination Development and Environmental Sustainability	Tourisim Kelowna	Tourism, Economic Development
	Cross-Cultural Governance of Okanagan Lake Plan Using Ethical Space	Thompson Okanagan Tourism Association	Tourism, Economic Development



“This partnership with the Economic Trust of Southern Interior (ETSI-BC) will help us provide support for innovation in the Southern Interior of British Columbia utilizing the Trust’s extensive connections and expertise. For more than 20 years, Mitacs has worked with over 100 universities and academic institutions, thousands of companies, not-for-profits, and federal, provincial, and territorial governments to build partnerships that support industrial and social innovation in Canada.”

DR. JOHN HEPBURN, CEO OF MITACS



5. Creating Value for the Economic Development Ecosystem

OUR OBJECTIVES FOR THIS PILLAR

ETSI-BC adds value to the economic development ecosystem by stewarding its assets and marshalling its resources to create long-term positive impact. We convene the region's economic practitioners, inspire new approaches to economic development challenges/opportunities, and encourage learning, collaboration and sharing of best practices. We do this by:

- 5.1 Building and supporting collaborative networks throughout the Southern Interior
- 5.2 Ensuring that ETSI-BC programs are relevant to the region's stakeholders
- 5.3 Effectively stewarding the assets, brand, internal operations, RAC relations, and partnerships of ETSI-BC to ensure long-term viability and credibility of the organization.

KEY RESULTS

Education

In FY2023, ETSI-BC commissioned Community Futures East Kootenay to develop the curriculum for a new Data 201 webinar series for practitioners. This series would feature 6 webinars to be delivered in FY2024. Robyn Peel of Community Futures East Kootenay developed and will deliver the content with guest speakers from around the region.

Dialogue

During FY2023, ETSI-BC supported many organizations and engaged in dialogue through sponsorships and speaking engagements at the:

- Association of Kootenay-Boundary Local Governments convention in Nelson April 2022
- Southern Interior Local Government Association convention in Salmon Arm, April 2022
- Community Futures provincial conference in Revelstoke in September 2022



“ETSI-BC has played an integral role in the economic resilience of Interior BC throughout the pandemic period. Training, support and connection provided through ETSI-BC for RCBR advisors has been instrumental in the success of this program. Ongoing advisor check in calls helped to establish relationships across communities. The program will have a lasting impact into the community since many of the ideas and resources will take time to roll out.”

TAMMY VERIGIN-BURK, EXECUTIVE DIRECTOR, CASTLEGAR AND DISTRICT CHAMBER OF COMMERCE



CREATING

Value for the Economic
Development Ecosystem

- Inaugural Southern Interior Regional Economic Summit in Kelowna in October 2022, hosted by the Kelowna Chamber
- Kootenay Outdoor Rec-Tech Summit in Kimberley in October 2022, hosted by KORE
- Local Government Leadership Academy in Kelowna in March 2023
- Local Government Leadership Academy in Kimberley in March 2023
- Council for the Advancement of Native Development Officers (CANDO) BC Links to Learning conference in January 2023 in Vancouver, which sponsored in partnership with Northern Development.

In addition, we hosted several gatherings of key stakeholders to increase awareness of each other, share best practices and coordinate our respective offerings. We:

- Hosted a Roundtable with the region's Public Post-Secondary Institutions and Accelerators, and hosted monthly meetings of the RBCR Advisors.
- Hosted a Roundtable featuring entrepreneurship and work-integrated learning practitioners at the region's

6 public post-secondary institutions to share updates and best practices

- Hosted a funding partners roundtable of Innovation Funders to share updates and work towards complementarity, attended by representatives of federal and provincial government funding programs plus BDC and Mitacs, plus key local innovation stakeholders.

Other Support for the Ecosystem

In addition, we

- Provided rebates to 6 organizations to support their BCEDA Executive Pulse subscriptions
- Enhanced the Southern Interior economic development data visualization platform, to help supplement communities' economic data with regional data for comparison
- Launched the ETSI-BC Funded Projects page, to provide enhanced transparency regarding the location and types of project funding we provide



Projects Funded by RAC Region

COLUMBIA-KOOTENAY REGION

ORGANIZATION	PROJECT	FUNDING APPROVED	COMMUNITY
Boundary Country Chamber of Commerce	Recovery Advisor	\$16,014	Grand Forks
Castlegar and District Chamber of Commerce	Castlegar and District COVID-19 Business Recovery Advisor	\$30,150	Castlegar
Castlegar and District Chamber of Commerce	Castlegar and District Business Retention and Expansion Data Collection and Implementation	\$30,000	Castlegar
CF Central Kootenay	Slocan Valley/Arrow Lakes Business Recovery	\$30,150	Nelson
College of the Rockies	Kootenay Youth Entrepreneurship	\$10,375	Cranbrook
Columbia Valley Chamber of Commerce	Executive Pulse Renewal	\$250	Invermere
Columbia Valley Chamber of Commerce	Recovery Advisor	\$9,450	Invermere
Columbia Valley Chamber Of Commerce	Columbia Valley Events Growth, Preparedness, & Strategy	\$15,000	Invermere
Columbia Valley Community Foundation	Vital Signs 2022	\$5,000	Invermere
Columbia Valley Housing Society	Workforce Housing Project Manager	\$30,000	Invermere
Community Futures Boundary Area	Grand Forks Sector Development Project	\$15,000	Grand Forks
Community Futures Central Kootenay	Slocan Valley Economic Development Strategic Plan Update	\$15,000	Nelson
Community Futures East Kootenay	Data 201	\$6,920	East Kootenay
Community Futures Greater Trail	Beyond the River Campaign	\$9,500	Trail
Cranbrook, City of	Canadian Rockies International Airport Regional Employment Lands	\$25,000	Cranbrook
Golden Community Economic Development	Executive Pulse Renewal	\$250	Golden
Imagine Kootenay -pd to CFCK	Imagine Kootenay from Across Canada	\$40,000	Windermere
Kakin Resource Corporation	qukin amakis Property	\$50,000	Grasmere
Kimberley & District Chamber of Commerce	Kimberley Health Centre Investment Opportunities Analysis	\$15,000	Kimberley
Kootenay Association for Science and Technology	Kootenay Net-Zero Innovation Action Plan	\$17,000	Nelson
Kootenay Employment Services Society	Event Coordinator Creston Valley - Kootenay Lake	\$15,000	Creston
Kootenay Outdoor Recreation Society (KORE)	KORE Symposium - Advancing the Outdoor Rec-Tech Sector	\$50,000	Kootenay
Nakusp and Area Development Board	Grow Arrow Lakes	\$7,500	Nakusp
Nelson & District Chamber of Commerce	Nelson & Area Cleantech Feasibility Study	\$10,000	Nelson
Revelstoke Chamber of Commerce	Business Outreach Program	\$30,150	Revelstoke
Selkirk College	Kootenay Youth Entrepreneurship	\$20,875	Castlegar
Small-Scale Meat Producers Association	Southern Interior Butcher Hub Network	\$40,000	Merritt
Trail and District Chamber of Commerce	Lower Columbia Tourism Management Plan	\$12,500	Trail
28		\$556,084	



THOMPSON-OKANAGAN REGION

ORGANIZATION	PROJECT	FUNDING APPROVED	COMMUNITY
Adams Lake Indian Band	Pespeséllkwe (Lakes) te Secwépemc Pictograph Protection Initiative	\$15,000	Chase
Armstrong-Spallumcheen Chamber of Commerce	RBCR Program	\$30,150	Armstrong
BC Association of Abattoirs (dba BCMeats)	Building the Meat Cluster in the North Okanagan	\$25,000	Falkland
Boston Bar Community Charities Association	Boston Bar Economic Opportunities Analysis	\$15,000	Boston Bar
Boston Bar Indian Band	Boston Bar Fish Farm Prefeasability Study	\$15,000	Boston Bar
CF Central Interior First Nations	Indigenous and first nation community economic recovery project	\$30,150	Kamloops
CF Nicola Valley	Recovery Advisor	\$30,150	Merritt
CF Ok Similkameen	Recovery Advisor	\$22,300	Keremeos
CF Sun Country	Hope RBCR Advisor	\$18,750	Hope
CF Sun Country	Recovery Advisor	\$31,250	Ashcroft
CF Thompson Country	CFTC Agriculture Rural Economic Coordinator	\$30,150	Kamloops
Chase, Village of	Business Area Improvement Plan	\$15,000	Chase
Chawathil First Nation	Economic Opportunity Analysis	\$15,000	Hope
City of Armstrong	Coordinated Downtown Revitalization Plan	\$40,000	Armstrong
City of Merritt	Merritt Community Recovery Advisor	\$53,550	Merritt
City of Revelstoke	Business Retention, Innovation and Transition Tool (BRITT)	\$30,000	Revelstoke
Community Futures North Okanagan	REACH	\$9,500	Vernon
District of Clearwater	Clearwater Economic Development through BRRE and Telling Our Story	\$15,000	Clearwater
District of Clearwater	Clearwater Wayfinding & Signage	\$10,000	Clearwater
Kamloops Indian Band Dev Corp (KIBDC)	Branding for New Economic Development Entity	\$30,000	Kamloops
Lake Country Chamber of Commerce	Business Engagement Advisor	\$9,450	Lake Country
Lower Nicola Indian Band	LNIB - Business Incubator	\$12,000	Merritt
Lower Similkameen Indian Band	Lower Similkameen Agriculture Plan 2022	\$15,000	Cawston
Lumby & District Chamber of Commerce	Executive Pulse Renewal	\$250	Lumby
Lumby & District Chamber of Commerce	Business Recovery Advisor Lumby & District Corridor	\$18,900	Lumby



THOMPSON-OKANAGAN REGION continued

Lumby & District Chamber of Commerce	Lumby Youth - Local Workforce Development	\$15,000	Lumby
Mitacs	Growing the Southern Interior through Research Partnerships	\$45,000	All
Naramata Centre Society	Naramata Centre Hospitality & Viticulture Residency Program	\$35,000	Naramata
Nicola Valley Institute of Technology	Co-operative Education/Work Integrated Learning Initiative	\$10,000	Merritt
North Shore BIA	Membership Engagement and ROI Metrics Project	\$13,000	Kamloops
Okanagan College	Enactus	\$21,000	Kelowna
Okanagan Falls Community Association	Okanagan Falls Economic Growth Strategy	\$15,000	Okanagan Falls
Okanagan Falls Winery Association	Digital Marketing Strategy Implementation	\$5,300	Okanagan Falls
Salmon Arm and District Chamber of Commerce	Building the Workforce in Salmon Arm	\$15,000	Salmon Arm
Salmon Arm Economic Development Society	Executive Pulse Renewal	\$250	Salmon Arm
Salmon Arm Economic Development Society	Zest Commercial Food Hub Phase Two: Activation & Expansion	\$31,500	Salmon Arm
Similkameen Country Development Association	Similkameen Country Ec Dev Grant Writer	\$15,000	Keremeos
South Okanagan Chamber	Executive Pulse New	\$750	Oliver
South Okanagan Chamber of Commerce	South Okanagan Small Business Recovery Program	\$18,900	Penticton
South Okanagan Chamber of Commerce	Business Retention Expansion & Relocation Program	\$30,000	Oliver
South Shuswap Chamber of Commerce	Collaborative Strategic Planning	\$15,000	Sorrento
Stó:lō Community Futures Corporation	Building Resiliency & Sustainability Collaboratively in S'olh Téméxw	\$14,136	Chilliwack
Tourism Sun Peaks	Sun Peaks Centre Awareness Campaign	\$12,000	Sun Peaks
The Corporation of the City of Vernon	Community Economic Development Service Mapping	\$7,000	Vernon
Thompson Nicola Regional District	TNFC Film Locations New Landscapes	\$15,000	Kamloops
Thompson Okanagan Tourism Association	Building a Sustainable Economic Model for Tourism Development Initiatives	\$15,000	Kelowna
Thompson Rivers University	Tourism Innovation Lab	\$21,000	Kamloops
Town of Princeton	Business Attraction and Incubator Project.	\$15,000	Princeton
UBC Okanagan	e@ubco	\$21,000	Kelowna
Venture Kamloops Economic Development	Collaborative/Regional Workforce Development	\$13,000	Kamloops
Vernon, City of	Executive Pulse Renewal	\$250	Vernon

51

\$955,636

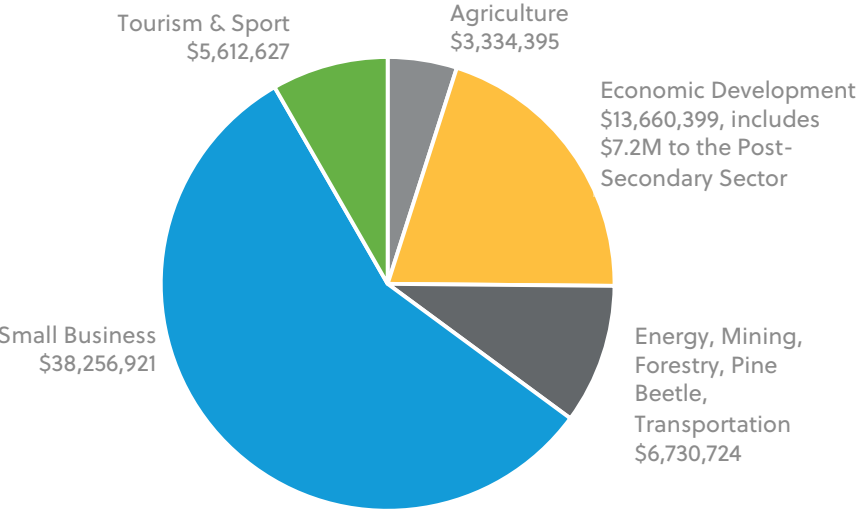


Funding by Mandated Focus Areas

Our enabling legislation some key areas of sector focus which ETSI-BC funds should used to support. Our funding has been allocated across these sectors as follows:

CUMULATIVE INVESTMENT BY MANDATED FOCUS AREA 2008-2023

Total \$67.6 million



FISCAL 2023 AND CUMULATIVE FUNDING

AGRICULTURE (\$93,800 in FY2023)	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/multipurpose buildings.	\$3,334,395
ECONOMIC DEVELOPMENT (\$1,024,920 in FY2023)	Economic Development includes investment in education in trades; STEM, and business academic programs; innovation and entrepreneurship programs; business advocacy; inter-national market development; business incubators; research and development; business productivity training; broadband initiatives and community investment in conference and training centers.	\$13,660,399
ENERGY, MINING, FORESTRY/PINE BEETLE RECOVERY, TRANSPORTATION (\$92,000 in FY2023)	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.	\$6,730,724
SMALL BUSINESS (\$152,000 in FY2023)	Small Business includes investment in technology and mainstreet business enterprises including software development, communications; fire prevention; health care; pharmaceuticals; composite manufacturing; electronics manufacturing; retail and wholesale; micro-breweries and other business activities.	\$38,256,921
TOURISM & SPORT (\$149,000 in FY2023)	Tourism includes heritage-based tourism, agri-tourism, trail development, 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 future community use.	\$5,612,627
TOTAL		\$67,595,066

INVESTMENT PORTFOLIO

ETSI-BC’s investment portfolio has been managed by Philips, Hagar, and North Investment Management (PH&N) since 2008. The portfolio increased in value by 6.5% between April 1, 2022 and March 31, 2023.

The overall return since inception was 6.15% as compared to a composite

benchmark of 6.00%. The investment portfolio, originally \$25 million at inception, was valued at \$41.8 million at March 31, 2023, providing compound annual growth of 5.7%, when taking portfolio withdrawals into consideration. ▲

ASSET ALLOCATION

AS OF MARCH 31, 2023		% OF TOTAL PORTFOLIO
Market Value		\$41,867,481
Asset Mix (% of total market value)		
Equities		60%
Fixed Income		17%
Mortgages & Real Estate		23%
Short Term Cash		0%





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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, 2023, 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, 2023, 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 23, 2023

Contents

Independent Auditor's Report 28
Financial Statements
Statement of Financial Position 29
Statement of Changes in Fund Balances 29
Statement of Operations 30
Statement of Cash Flows 30
Notes to Financial Statements 31

Southern Interior Development Initiative Trust ("ETSI-BC")
Statement of Financial Position

March 31	Regional Account Fund	Externally Restricted Fund-RBCR/FIR	Externally Restricted Fund-MOTI	2023	2022
Assets					
Current					
Cash and cash equivalents	\$ 2,088,700	\$ 1,421,630	\$ -	\$ 3,510,330	\$ 4,701,553
Accounts receivable	6,030	-	-	6,030	100,000
Government grants receivable (Note 2)	-	-	833,333	833,333	450,000
Temporary investments (Note 3)	2,030,685	-	-	2,030,685	-
Prepaid expenses	18,431	-	-	18,431	4,685
Current portion of development initiatives (Note 4)	873,260	-	-	873,260	1,250,424
	5,017,106	1,421,630	833,333	7,272,069	6,506,662
Development initiatives (Note 4)	1,896,407	-	-	1,896,407	3,823,442
Long-term investments (Note 5)	41,867,481	-	-	41,867,481	39,392,230
Property and equipment (Note 6)	10,930	-	-	10,930	11,521
	\$ 48,791,924	\$ 1,421,630	\$ 833,333	\$ 51,046,887	\$ 49,733,855
Liabilities and Fund Balances					
Current					
Accounts payable and accrued liabilities	\$ 246,167	\$ -	\$ -	\$ 246,167	\$ 629,538
Deferred contributions	-	-	-	-	6,500
	246,167	-	-	246,167	636,038
Fund balances					
Investment in property and equipment	10,930	-	-	10,930	11,521
Regional account fund	48,534,827	-	-	48,534,827	48,628,241
Externally restricted fund	-	1,421,630	833,333	2,254,963	458,055
	48,545,757	1,421,630	833,333	50,800,720	49,097,817
	\$ 48,791,924	\$ 1,421,630	\$ 833,333	\$ 51,046,887	\$ 49,733,855

On behalf of the Board:

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Phil Barker _____ Director
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SHARON SHEPHERD _____ Director
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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-RBCR/FIR	Externally Restricted Fund-MOTI	2023	2022
Balance, beginning of the year	\$ 11,521	\$ 48,628,241	\$ 458,055	-	\$ 49,097,817	\$ 49,332,203
Excess (deficiency) of revenues over expenses	(2,986)	(172,820)	1,045,376	833,333	1,702,903	(234,386)
Purchase of capital assets	2,395	(2,395)	-	-	-	-
Interfund transfers	-	81,801	(81,801)	-	-	-
Balance, end of the year	\$ 10,930	\$ 48,534,827	\$ 1,421,630	\$ 833,333	\$ 50,800,720	\$ 49,097,817

Southern Interior Development Initiative Trust ("ETSI-BC") Statement of Operations					
For the year ended March 31	Regional Account Fund	Externally Restricted Fund-RBCR/FIR	Externally Restricted Fund-MOTI	2023	2022
Revenue					
Income on development initiatives	\$ 177,468	\$ -	\$ -	\$ 177,468	\$ 525,243
Fees and other	14,460	-	-	14,460	12,404
Grant revenue	-	1,490,000	833,333	2,323,333	475,000
Gain on sale of shares	211,000	-	-	211,000	1,572,053
	402,928	1,490,000	833,333	2,726,261	2,584,700
Direct expenses					
Education awards and grants	1,020,761	405,000	-	1,425,761	3,115,832
Provision for development initiatives	16,642	-	-	16,642	1,375,818
Recovery of development initiatives	(75,000)	-	-	(75,000)	(1,160,700)
	962,403	405,000	-	1,367,403	3,330,950
Net revenue in excess (deficit) of direct expenses	(559,475)	1,085,000	833,333	1,358,858	(746,250)
General and administrative expenses:					
Amortization	2,986	-	-	2,986	3,803
Board costs	23,199	-	-	23,199	15,918
Program delivery and consulting fees	139,581	22,708	-	162,289	174,597
Insurance	5,940	-	-	5,940	6,865
Office and administration	133,262	-	-	133,262	134,686
Professional fees	41,863	-	-	41,863	42,648
Salaries and benefits	281,563	16,916	-	298,479	324,706
	628,394	39,624	-	668,018	703,223
Excess (deficiency) of revenues over expenses from operations	(1,187,869)	1,045,376	833,333	690,840	(1,449,473)
Investments					
Fair value re-measurement of investments	(540,196)	-	-	(540,196)	(3,976,381)
Gain on disposal of investments, net	1,025	-	-	1,025	3,424,685
Income earned	1,741,309	-	-	1,741,309	1,915,943
Investment management fees paid	(190,075)	-	-	(190,075)	(149,160)
	1,012,063	-	-	1,012,063	1,215,087
Excess (deficiency) of revenues over expenses	\$ (175,806)	\$ 1,045,376	\$ 833,333	\$ 1,702,903	\$ (234,386)

Southern Interior Development Initiative Trust ("ETSI-BC") Statement of Cash Flows		
For the year ended March 31	2023	2022
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses	\$ 1,702,903	\$ (234,386)
Adjustments for non-cash items:		
Amortization	2,986	3,803
Fair value re-measurement of investments	509,511	3,976,381
Gain on disposal of investments	(1,025)	(3,431,389)
Investment income	(1,741,309)	(1,915,943)
Provision for development initiative losses	(58,358)	215,118
Loss (gain) on disposal of property and equipment	-	6,704
	414,708	(1,379,712)
Changes in non-cash working capital:		
Accounts receivable	(289,363)	(100,000)
Government grants receivable	-	(117,500)
Prepaid expenses	(13,743)	2,449
Accounts payable and accrued liabilities	(383,370)	556,856
Deferred contributions	(6,500)	(4,000)
Changes in development initiatives		
Repayments of development initiatives	2,362,556	4,108,571
	2,084,288	3,066,664
Cash flows from investing activities		
Purchase of investments	(7,872,005)	(27,176,852)
Proceeds on disposal of investments	4,598,889	25,327,573
Acquisition of property and equipment	(2,395)	(11,712)
Proceeds on disposal of property and equipment	-	6,250
	(3,275,511)	(1,854,741)
Net (decrease) increase in cash and cash equivalents	(1,191,223)	1,211,923
Cash and cash equivalents, beginning of the year	4,701,553	3,489,630
Cash and cash equivalents, end of the year	\$ 3,510,330	\$ 4,701,553

Southern Interior Development Initiative Trust ("ETSI-BC")

Notes to Financial Statements

March 31, 2023

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, 2023

1. Summary of Significant Accounting Policies (continued)

Fund accounting	<p>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.</p> <p>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.</p> <p>The Externally Restricted Funds include balances of contributions received from external sources that are subject to external restrictions. The RBCR/FIR fund reports the assets, liabilities, revenues and expenses related to the Rural Business and Community Recovery Program. The MOTI fund reports the assets, liabilities, revenues and expenses related to the Rural, Regional and Inter-City Transportation Contribution Agreement.</p>
Revenue recognition	<p>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.</p> <p>Restricted contributions are recognized as revenue in the Externally Restricted Fund in the year in which the contributions are received.</p> <p>Unrestricted contributions are recognized in the General Fund in the year in which the related disbursements are incurred.</p>
Cash and cash equivalents	<p>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.</p>
Temporary investments	<p>Temporary investments are stated at the lower of cost and market value.</p>

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

March 31, 2023

1. Summary of Significant Accounting Policies (continued)

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%
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.		

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

March 31, 2023

1. Summary of Significant Accounting Policies (continued)

Financial instruments	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.		
	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.		
	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.		

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

March 31, 2023

2. Government Grants Receivable

During the year, ETSI-BC received \$1,490,000 (2022 - \$475,000) in funding from the Province of British Columbia under the Rural Business and Community Recovery Program ("RBCR") to support smaller communities and businesses primarily in rural areas that lack capacity to deal with the impacts from forestry disruptions. ETSI-BC is responsible for determining the location and specific role of each advisor.

During the year, ETSI-BC received \$833,333 (2022 - \$Nil) in funding from the Province of British Columbia via the Ministry of Transportation and Infrastructure ("MOTI") to explore passenger transportation outside urban centres in the Southern Interior of British Columbia. The funding will be used to engage with local governments, Indigenous communities, and other community groups to identify trends and challenges with existing passenger services and transportation systems throughout rural areas of the Southern Interior.

As at March 31, 2023, ETSI-BC had \$833,333 (2022 - \$450,000) receivable from the Province of British Columbia.

3. Temporary Investments

ETSI-BC holds a guaranteed investment certificate ("GIC") in a chartered bank with the following terms:

	2023	2022
1 year non-redeemable GIC, maturing on December 31, 2023, bearing interest of 5% with interest paid on maturity.	\$ 2,000,000	\$ -
Accrued Interest	30,685	-
	<u>\$ 2,030,685</u>	<u>\$ -</u>

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

March 31, 2023

4. Development Initiatives

As at March 31, 2023, there are development initiatives, measured at amortized cost, and secured by general security agreements, outstanding as follows:

	2023	2022
Loans - term	\$ 1,279,132	\$ 2,633,493
Loans - convertible	1,369,609	1,890,109
Loans via Community Futures	14,846	50,541
Equity - common shares	<u>3,895,871</u>	<u>4,272,871</u>
	6,559,458	8,847,014
Less: provision for losses	<u>(3,789,791)</u>	(3,773,148)
Net Development initiatives	2,769,667	5,073,866
Less: current portion	<u>(873,260)</u>	(1,250,424)
Total	<u>\$ 1,896,407</u>	<u>\$ 3,823,442</u>

a) Loans - term

ETSI-BC has 5 (2022 - 7) 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, 2023 and June 1, 2025.

b) Loans - convertible

ETSI-BC has 2 (2022 - 2) convertible loans that bear interest at rates that range from 0% to 10% per annum. Interest and principal amounts are due at various dates between April 1, 2023 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 1 (2022 - 2) loan made via Community Future's Southern Interior Business Investment Fund which does not bear interest.

d) Equity - common shares

ETSI-BC has 4 (2022 - 5) common share investments.

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

March 31, 2023

5. Investments

The carrying amounts of investments are comprised of the following:

	2023	2022
Bonds, measured at amortized cost	\$ 13,733,704	\$ 11,851,222
Equities, measured at fair value	25,185,640	25,003,142
Real estate funds, measured at fair value	2,948,137	2,537,866
	\$ 41,867,481	\$ 39,392,230

Details of investment activity during the year is as follows:

	2023	2022
Opening balance	\$ 39,392,230	\$ 36,171,998
Income earned and reinvested	1,704,498	1,914,383
Withdrawals, redemptions, and sales	(3,740,180)	(25,176,852)
Deposits, contributions, and purchases	5,240,179	27,176,852
Gains on disposal of investments, net	1,025	3,431,389
Investment management fees paid	(190,075)	(149,159)
	42,407,677	43,368,611
Fair value re-measurement	(540,196)	(3,976,381)
	\$ 41,867,481	\$ 39,392,230

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 7.

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

March 31, 2023

6. Property and Equipment

	2023		2022	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Furniture and fixtures	\$ 9,764	\$ 2,510	\$ 8,522	\$ 852
Computer hardware	12,584	8,908	11,430	7,579
	22,348	11,418	19,952	8,431
Net book value	\$ 10,930		\$ 11,521	

7. Commitments

ETSI-BC has available letters of credit through its financial institution to provide guarantees of up to \$500,000, secured by investments. ETSI-BC has issued letters of credit of \$500,000 (2022 - \$500,000) at March 31, 2023.

8. Comparative Figures

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

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

March 31, 2023

9. 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 \$16,822,954 (2022 - \$16,566,041) 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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