

**COMMUNITY FUTURES DEVELOPMENT CORPORATION
OF THE NORTH CARIBOO**

NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

**COMMUNITY FUTURES DEVELOPMENT CORPORATION
OF THE NORTH CARIBOO**

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March 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Directors of the Community Futures Development Corporation of the North Cariboo:

We have audited the accompanying non-consolidated financial statements of the Community Futures Development Corporation of the North Cariboo, which comprise the non-consolidated statement of financial position as at March 31, 2017 and the non-consolidated statements of operations, changes in fund balance and of cash flow for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements.

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



INDEPENDENT AUDITORS' REPORT, continued

Opinion

In our opinion, the non-consolidated financial statements present fairly, in all material respects, the financial position of the Community Futures Development Corporation of the North Cariboo as at March 31, 2017, and its financial performance and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Prince George, BC
June 19, 2017

PricewaterhouseCoopers LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION
OF THE NORTH CARIBOO**

NON-CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

For the year ended March 31, 2017

	Unrestricted Fund	Restricted Funds			2017 Total	2016 Total
	General Operating	Project Reserve	Equipment	Loan Investment Funds (Schedule 3)		
REVENUE						
Western Economic Diversification Contribution	\$ 306,572	\$ -	\$ -	\$ -	\$ 306,572	\$ 306,572
Fees for service - contracts	2,400	-	-	-	2,400	2,400
Fees for service - operations	9,056	-	-	-	9,056	12,692
CBEST	8,550	-	-	-	8,550	6,327
Interest income	9,172	4,042	-	-	13,214	13,572
Interest on loans	-	15,090	-	151,435	166,525	190,450
Interest on funds not disbursed	-	-	-	12,874	12,874	13,349
Loan processing and administration fees	10,680	-	-	-	10,680	10,725
	<u>346,430</u>	<u>19,132</u>	<u>-</u>	<u>164,309</u>	<u>529,871</u>	<u>556,087</u>
EXPENDITURES						
Operating Fund - Schedule 1	338,997	-	-	-	338,997	345,312
Project Reserve Fund - Schedule 2	-	41,861	-	-	41,861	29,475
Loan Investment Funds - Schedule 3	-	-	-	90,061	90,061	118,103
Loss on disposal of capital assets	-	-	1,427	-	1,427	-
Amortization	-	-	4,916	-	4,916	5,233
	<u>338,997</u>	<u>41,861</u>	<u>6,343</u>	<u>90,061</u>	<u>477,262</u>	<u>498,123</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	7,433	(22,729)	(6,343)	74,248	52,609	57,964
FUND BALANCES AT BEGINNING OF THE YEAR	34,289	611,500	25,773	1,312,786	1,984,348	1,926,384
ACQUISITION OF TANGIBLE CAPITAL ASSETS	(7,458)	-	7,458	-	-	-
FUND BALANCES AT END OF THE YEAR	<u>\$ 34,264</u>	<u>\$ 588,771</u>	<u>\$ 26,888</u>	<u>\$ 1,387,034</u>	<u>\$ 2,036,957</u>	<u>\$ 1,984,348</u>

**COMMUNITY FUTURES DEVELOPMENT CORPORATION
OF THE NORTH CARIBOO**

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended March 31, 2017

ASSETS

	Unrestricted Fund	Restricted Funds			2017 Total	2016 Total
	General Operating	Project Reserve	Equipment	Loan Investment Funds (Schedule 4)		
CURRENT ASSETS						
Cash	\$ 87,573	\$ 414,360	\$ -	\$ 830,545	\$ 1,332,478	\$ 1,320,460
Accounts receivable	3,419	7,528	-	20	10,967	4,094
Prepaid expenses	2,049	5,447	-	-	7,496	2,426
	93,041	427,335	-	830,565	1,350,941	1,326,980
INVESTMENT IN NORTH CARIBOO BUSINESS DEVELOPMENT CENTRE INC.	1	-	-	-	1	1
TANGIBLE CAPITAL ASSETS (Note 3)	-	-	26,888	-	26,888	25,773
LOANS RECEIVABLE (Note 4)	-	186,386	-	2,765,468	2,951,854	2,765,537
DUE FROM OTHER FUNDS (Note 5)	-	-	-	250,000	250,000	425,115
Approved by the Directors:						

	<u>\$ 93,042</u>	<u>\$ 613,721</u>	<u>\$ 26,888</u>	<u>\$ 3,846,033</u>	<u>\$ 4,579,684</u>	<u>\$ 4,543,406</u>

LIABILITIES

	Unrestricted Fund	Restricted Funds			2017 Total	2016 Total
	General Operating	Project Reserve	Equipment	Loan Investment Funds (Schedule 4)		
CURRENT LIABILITIES						
Accounts payable and accrued liabilities	\$ 33,230	\$ -	\$ -	\$ -	\$ 33,230	\$ 37,364
Unearned revenue (Note 6)	25,548	24,950	-	-	50,498	26,010
Province of British Columbia (Note 7)	-	-	-	250,000	250,000	250,000
Current portion of long-term debt (Note 8)	-	-	-	27,973	27,973	19,414
	<u>58,778</u>	<u>24,950</u>	<u>-</u>	<u>277,973</u>	<u>361,701</u>	<u>332,788</u>
REPAYABLE CONTRIBUTIONS (Note 9)	-	-	-	1,154,712	1,154,712	1,251,944
LONG-TERM DEBT (Note 8)	-	-	-	776,314	776,314	549,211
DUE TO OTHER FUNDS (Note 5)	-	-	-	250,000	250,000	425,115
	<u>58,778</u>	<u>24,950</u>	<u>-</u>	<u>2,458,999</u>	<u>2,542,727</u>	<u>2,559,058</u>
CONTINGENCY (Note 10)						

FUND BALANCES

RESTRICTED FUNDS						
Loan investment fund (Note 11)	-	-	-	1,387,034	1,387,034	1,312,786
Internally restricted	-	588,771	-	-	588,771	611,500
Investment in equipment	-	-	26,888	-	26,888	25,773
UNRESTRICTED FUNDS	<u>34,264</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,264</u>	<u>34,289</u>
	<u>34,264</u>	<u>588,771</u>	<u>26,888</u>	<u>1,387,034</u>	<u>2,036,957</u>	<u>1,984,348</u>
	<u>\$ 93,042</u>	<u>\$ 613,721</u>	<u>\$ 26,888</u>	<u>\$ 3,846,033</u>	<u>\$ 4,579,684</u>	<u>\$ 4,543,406</u>

**COMMUNITY FUTURES DEVELOPMENT CORPORATION
OF THE NORTH CARIBOO**

NON-CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended March 31, 2017

	Unrestricted Fund	Restricted Funds			2017 Total	2016 Total
	General Operating	Project Reserve	Equipment	Loan Investment Funds (Schedule 5)		
SOURCES OF CASH						
Western Economic Diversification contributions	\$ 306,110	\$ -	\$ -	\$ -	\$ 306,110	\$ 306,572
Other contributions and fees for service	-	-	-	-	-	-
Fees for service - contracts	2,400	-	-	-	2,400	2,400
Fees for service - operations	17,889	17,552	-	-	35,441	42,749
Interest	9,511	4,042	-	-	13,553	13,572
Interest on loans	-	15,090	-	141,083	156,173	190,450
Interest on funds not disbursed	-	-	-	12,874	12,874	13,349
Loan processing fees	10,680	-	-	-	10,680	10,725
Proceeds of long-term debt	-	-	-	258,563	258,563	450,000
Loans repaid	-	24,685	-	766,040	790,725	650,721
	<u>346,590</u>	<u>61,369</u>	<u>-</u>	<u>1,178,560</u>	<u>1,586,519</u>	<u>1,680,538</u>
USES OF CASH						
Salaries and benefits	239,352	-	-	-	239,352	233,881
Materials and services	99,385	47,128	-	25	146,538	133,134
Bank charges and interest	1,609	180	-	16,523	18,312	19,190
Loan administration	2,408	-	-	-	2,408	1,682
Loans disbursed	-	12,896	-	1,029,844	1,042,740	1,174,013
Loan payment	-	-	-	117,693	117,693	101,252
Purchases of equipment	-	-	7,458	-	7,458	5,431
	<u>342,754</u>	<u>60,204</u>	<u>7,458</u>	<u>1,164,085</u>	<u>1,574,501</u>	<u>1,668,583</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	3,836	1,165	(7,458)	14,475	12,018	11,955
CASH AT BEGINNING OF THE YEAR	83,901	246,449	-	990,110	1,320,460	1,308,505
INTERFUND ADJUSTMENTS	(164)	166,746	7,458	(174,040)	-	-
CASH AT END OF THE YEAR	<u>\$ 87,573</u>	<u>\$ 414,360</u>	<u>\$ -</u>	<u>\$ 830,545</u>	<u>\$ 1,332,478</u>	<u>\$ 1,320,460</u>

**COMMUNITY FUTURES DEVELOPMENT
CORPORATION OF THE NORTH CARIBOO**

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017

1. DESCRIPTION OF THE CORPORATION

Community Futures Development Corporation of the North Cariboo (the "Corporation") was incorporated without any share capital under the Canada Corporations Act – Part II. Upon incorporation, the assets and undertakings of the North Cariboo Community Futures Association, the North Cariboo Business Development Centre Inc., and the North Cariboo Economic Development Association were transferred and assigned to the Corporation. The Corporation commenced operations on April 1, 1995.

The Corporation was formed to study and identify the North Cariboo region's labour market problems, assess the potential for change and recovery, identify the immediate and long-term employment adjustment needs of the community and based on its findings develop a strategic plan to address and overcome these problems. The Corporation is also to provide counselling, advisory services and financing in the form of loans, loan guarantees and equity investments to promote small businesses in the community. The majority of the funding for these services is provided by the Minister of Western Economic Diversification (the "Minister").

2. SIGNIFICANT ACCOUNTING POLICIES

Basis for Presentation

The Corporation applies the Canadian accounting standards for not-for-profit organizations (ASNFPPO).

Fund Accounting

The Corporation follows the restricted fund method of accounting for contributions.

The General Operating Fund accounts for the Corporation's internal programs, projects and administration activities. This fund reports unrestricted resources and restricted operating contributions received for the purpose of operating the organization.

The Project Reserve Fund represents only internally restricted resources that are to be used at the discretion of the Board of Directors.

The Equipment Fund reports the assets, liabilities, revenues and expenses related to the capital assets of the Corporation.

All of the other funds report only the restricted contributions and interest income that is to be used by the individual fund.

**COMMUNITY FUTURES DEVELOPMENT
CORPORATION OF THE NORTH CARIBOO**

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For the year ended March 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES, continued

Loans are provided for financing for eligible persons starting up new businesses or in need of financing for growth or working capital for existing businesses under one of the following Loan Investment Funds:

- a) The Non-Repayable Loan Investment Fund provides loans to eligible small and medium sized businesses. This fund includes syndicated loans which consist of the Corporation's share of loans made under loan syndication agreements with other Community Futures Corporations in the Province of British Columbia.
- b) The Repayable Community Business Investment Fund, (formerly the Forestry Loan Investment Fund) provides loans to eligible small and medium sized businesses in one or more of the following sectors of the economy: the forest sector, aquaculture, manufacturing, tourism and another prescribed sector of the economy that develops or uses clean and renewable energy.
- c) The Repayable Loan Investment Fund provides loans to eligible small and medium sized businesses.
- d) The Repayable Disabled Entrepreneur Loan Investment Fund provides loans to businesses owned and operated by disabled entrepreneurs.
- e) The Repayable BC Futures Fund provides loans to eligible businesses.

The above descriptions are summaries only. More information on eligibility is available from the Corporation.

Revenue Recognition

Restricted contributions related to general operations are recognized as revenue of the General Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

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

Interest income earned on restricted contributions is reported as income of the applicable restricted fund in the year earned. Unrestricted interest income, fees and sundry revenues are reported in the year earned.

**COMMUNITY FUTURES DEVELOPMENT
CORPORATION OF THE NORTH CARIBOO**

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES, continued

Cash and Cash Equivalents

Cash is comprised of cash and cash equivalents. Cash equivalents are investments in cashable terms and are valued at cost plus accrued interest. The carrying value approximate fair value as they have maturity dates within 1-2 years.

Contributions Receivable

Contributions are not recorded as receivable until the related expenses have been approved by the contributor or if the contributor has contracted to contribute a fixed amount.

Tangible Capital Assets and Amortization

Tangible capital assets, if purchased, is recorded at cost, and if donated, is recorded at its estimated fair value at the time of donation. Amortization is computed on the straight-line basis at the following annual rates:

Equipment	5 years
Furniture and fixtures	10 years
Office and computer equipment	3 and 5 years
Software	4 years

Loans Receivable

Loans are carried at amortized cost which represents the unpaid principal balance plus accrued interest, less allowance for doubtful loans. Loans considered uncollectible are written off.

Allowance for Doubtful Loans

The allowance for doubtful loans is maintained at a level considered adequate to absorb anticipated credit losses. The amount provided for anticipated credit losses is determined by reference to specific impaired loans and by the judgement of management based on previous experience and current economic conditions.

Contributed Goods and Services

Volunteers contribute their time to assist the corporation in carrying out its service delivery activities. Because of the difficulty of determining their fair market value, contributed services are not recognized in the financial statements.

**COMMUNITY FUTURES DEVELOPMENT
CORPORATION OF THE NORTH CARIBOO**

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES, continued

Presentation of Controlled Company

The Corporation is the sole shareholder of the North Cariboo Business Development Centre Inc. Consolidated financial statements have not been prepared, as financial statements for each company are prepared and presented to the Board of Directors who are the same for both companies. Consolidated financial statements would not provide any further useful information.

Investment in the wholly owned subsidiary is recorded at cost.

Measurement of Uncertainty

The preparation of financial statements in conformity with ASNFPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. Estimations included in the financial statements include the collectability of accounts receivable and loans receivable as well as the useful life of tangible capital assets.

Financial Instruments

Measurement of financial instruments

The Company initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions. The Company subsequently measures all its financial assets and financial liabilities at cost.

Financial assets measured at cost include cash, accounts receivable, Investment in wholly owned subsidiary (North Cariboo Business Development Centre Inc.) and loans receivable.

Financial liabilities measured at cost include accounts payable, and long-term debt.

Impairment

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

Transaction costs

The Company recognizes its transaction costs in net income in the period incurred. However, the carrying amount of the financial instruments that will not be subsequently measured at fair value is reflected in the transaction costs that are directly attributable to their origination, issuance or assumption.

**COMMUNITY FUTURES DEVELOPMENT
CORPORATION OF THE NORTH CARIBOO**

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017

3. TANGIBLE CAPITAL ASSETS

	2017		2016	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
General				
Equipment	\$ 108	\$ 24	\$ 84	\$ 102
Furniture and fixtures	34,077	19,919	14,158	13,098
Office and computer equipment	44,582	33,144	11,438	10,847
Software	4,397	3,189	1,208	1,726
	<u>83,164</u>	<u>56,276</u>	<u>26,888</u>	<u>25,773</u>
Projects				
Office and computer equipment	6,736	6,736	-	-
Software	6,472	6,472	-	-
	<u>13,208</u>	<u>13,208</u>	<u>-</u>	<u>-</u>
	<u>\$ 96,372</u>	<u>\$ 69,484</u>	<u>\$ 26,888</u>	<u>\$ 25,773</u>

4. LOANS RECEIVABLE

	2017		2016	
	Loans Receivable	Allowance for Doubtful Loans	Net Carrying Amount	Net Carrying Amount
Project Reserve	\$ 186,386	\$ -	\$ 186,386	\$ 198,272
Non-Repayable	2,179,977	319,191	1,860,786	1,982,160
Repayable Community Business	218,466	93,938	124,528	42,123
Repayable WED	231,993	48,293	183,700	264,517
Repayable Disabled Entrepreneur	9,563	-	9,563	-
Repayable BC Futures	586,891	-	586,891	278,465
	<u>3,226,890</u>	<u>461,422</u>	<u>2,765,468</u>	<u>2,567,265</u>
	<u>\$ 3,413,276</u>	<u>\$ 461,422</u>	<u>\$ 2,951,854</u>	<u>\$ 2,765,537</u>

Interest on the above loans is charged at fixed rates at a minimum of 2% above the prime rate of the Royal Bank of Canada. The loans are being repaid over various lengths of time and may be paid at any time by the borrower and repayment may be demanded at any time by the Corporation.

**COMMUNITY FUTURES DEVELOPMENT
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NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017

4. LOANS RECEIVABLE, continued

During the year management has prepared the following:

Allowance for doubtful loans

	<u>2017</u>			<u>2016</u>	
	<u>Balance Beginning</u>	<u>Provision</u>	<u>Allowance Reversals for write-offs</u>	<u>Total</u>	<u>Total</u>
Non-Repayable Investment Fund Community loans	\$ 268,540	\$ 119,274	\$ 68,623	\$ 319,191	\$ 268,540
Repayable Community Business Fund	96,000	3,938	6,000	93,938	96,000
Repayable Disabled Entrepreneur Investment Fund	-	-	-	-	-
Repayable WED Investment Fund	55,000	-	6,707	48,293	55,000
	<u>\$ 419,540</u>	<u>\$ 123,212</u>	<u>\$ 81,330</u>	<u>\$ 461,422</u>	<u>\$ 419,540</u>

5. DUE TO (FROM) FUNDS

The following funds had amounts due to the General Operating Fund:

	<u>2017</u>	<u>2016</u>
Loan Investment Funds -Non Repayable Fund	<u>\$ -</u>	<u>\$ 8,369</u>

The following funds had amounts due to the Project Reserve Fund:

	<u>2017</u>	<u>2016</u>
Loan Investment Funds -Non Repayable Fund	<u>\$ -</u>	<u>\$ 166,746</u>

The following funds had amounts due to the Repayable WED Fund:

	<u>2017</u>	<u>2016</u>
Repayable Community Business Fund	<u>\$ 250,000</u>	<u>\$ 250,000</u>
Total due from other funds	<u>\$ 250,000</u>	<u>\$ 425,115</u>

**COMMUNITY FUTURES DEVELOPMENT
CORPORATION OF THE NORTH CARIBOO**

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017

5. DUE TO (FROM) FUNDS, continued

The following funds had amounts due from Non-Repayable Fund:

	<u>2017</u>	<u>2016</u>
General Operating Fund	\$ -	\$ 8,369
Project Reserve Fund	-	166,746
	<u>\$ -</u>	<u>\$ 175,115</u>

The following funds had amounts due from Repayable Business Community Fund:

	<u>2017</u>	<u>2016</u>
Repayable WED	<u>\$ 250,000</u>	<u>\$ 250,000</u>
Total due to other funds	<u>\$ 250,000</u>	<u>\$ 425,115</u>

The above advanced amounts are with no interest and or fixed repayable terms.

6. UNEARNED REVENUE

	<u>2017</u>	<u>2016</u>
Federal contributions WED funding	\$ 25,548	\$ 26,010
Unearned conference revenue	24,950	-
	<u>\$ 50,498</u>	<u>\$ 26,010</u>

7. PROVINCE OF BRITISH COLUMBIA

A contribution of \$250,000 that was originally made by Forest Renewal BC. Forest Renewal BC has ceased operations; therefore, the agreement has been transferred to the Province of British Columbia ("the Province") represented by the Minister of Community and Rural Development.

Upon termination of the agreement between the Province and the Corporation, 50% of the balance of the Repayable Forestry Investment Fund not lent out is to be repaid. If the corporation continues operations, 50% of the loan payments received after the termination date will be paid to the Province. If the Corporation discontinues operations, the Province will be given first assignment and security interest in 50% of the outstanding loans and a 50% undivided beneficial interest in all securities obtained for such loans.

**COMMUNITY FUTURES DEVELOPMENT
CORPORATION OF THE NORTH CARIBOO**

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017

8. LONG-TERM DEBT

	<u>2017</u>	<u>2016</u>
Community Futures Development Corporation of Cariboo Chilcotin has agreed to purchase a 25% participation in an investment, monthly payment of \$1,172.11 including interest at 7% (1)	\$ 144,734	\$ 147,771
Community Futures Development Corporation of Stuart Nechako has agreed to purchase a 25% participation in an investment, monthly payment of \$1,172.11 including interest at 7% (1)	144,734	147,771
Community Futures Development Corporation of Alberni Clayoquot has agreed to purchase a 25% participation in an investment, monthly payment of \$1,172.11 including interest at 7%(1)	144,734	147,771
Community Futures Development Corporation of Fraser Fort George has agreed to purchase a 50% participation in an investment, monthly payment of \$1,265.76 including interest at 6% (2)	117,984	125,312
Community Futures Development Corporation of Cariboo Chilcoltin agreed to purchase a 29% participation in an investment, monthly payments of \$574.58 including interest at 5.7% (3)	92,604	-
Community Futures Development Corporation of Sun Country agreed to purchase a 29% participation in an investment, monthly payments of \$574.58 including interest at 5.7% (3)	92,604	-
Community Futures Development Corporation of Cariboo Chilcoltin has agreed to purchase a 33% participation in an investment, monthly payment of \$538.73 including interest at 4.7% (4)	66,893	-
	804,287	568,625
Less: Current portion	27,973	19,414
	<u>\$ 776,314</u>	<u>\$ 549,211</u>

**COMMUNITY FUTURES DEVELOPMENT
CORPORATION OF THE NORTH CARIBOO**

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017

8. LONG-TERM DEBT, continued

(1) Loans are to assist a client in purchasing land and building. Each monthly payment paid by the client will be split 25% between each Community Futures Development Corporations. Any additional payments made by the client are also split 25% each.

(2) Loan is to assist a client in purchasing an inn and RV park. Each monthly payment paid by the client will be split 50% between each Community Futures Development Corporation. Any additional payments made by the client are also split 50% each.

(3) Loan is to assist a client in renovating buildings. Each monthly payment paid by the client will be split 29% to the syndication partner and 71% to Community Futures Development Corporation of the North Cariboo. Any additional payments made by the client are also split 29% to the syndication partner and 71% to Community Futures Development Corporation of the North Cariboo.

(4) Loan is to assist a client in purchasing land a building for heavy duty mechanical work. Each monthly payment paid by the client will be split 33% between each Community Futures Development Corporations. Any additional payments made by the client are also split 33% each.

The scheduled principal repayments on the long term debt for the next five years are as follows:

2018	\$ 27,973
2019	\$ 33,298
2020	\$ 36,100
2021	\$ 38,578
2022	\$ 40,112

9. REPAYABLE CONTRIBUTIONS

	2017	2016
Western Economic Diversification (1)		
Repayable Loan Investment Fund	\$ 600,000	\$ 600,000
Repayable Disabled Entrepreneur Loan Investment Fund	200,000	200,000
Community Futures of British Columbia (2)	354,712	451,944
	\$ 1,154,712	\$ 1,251,944

(1) The Corporation will continue to administer the loan portfolios in the above mentioned funds until terminated by the Minister.

If the Corporation breaches any terms of the contract, both parties mutually consent to the termination of the contract or the Minister provides 30 days written notice to the Corporation, then the following will occur:

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For the year ended March 31, 2017

9. REPAYABLE CONTRIBUTIONS, continued

- a) The Corporation will repay immediately the lesser of the uncommitted cash balance or the amount of the contribution repayable.
 - b) The Corporation will assign all of its interest in all debts to the Minister.
 - c) The Corporation will liquidate all debts in a manner satisfactory to the Minister.
- (2) Loan repayable in monthly instalments of \$8,709.30 bearing interest at RBC prime minus 2 ¼ % or a minimum of 1 ½ % calculated monthly and payable on the last business day of each month, maturing October 1, 2020.

10. CONTINGENCY

The Corporation, if directed by the Minister, shall repay to the Minister any overpayments or unexpended balances of the general operating contribution.

11. NON-REPAYABLE LOAN INVESTMENT FUND ADVANCES

The non-repayable funds include advances of \$810,000 which represent grants received from Her Majesty the Queen Right of Canada as represented by the Minister of Employment and Immigration for the purpose of being loaned to eligible persons by the Non-Repayable Loan Investment Fund. The advances were not reported as revenue by the Non-Repayable Loan Investment Fund in the year in which they were received, but alternatively reported on the balance sheet as Non-Repayable Loan Investment Fund advances.

12. RELATED PARTY TRANSACTIONS

The Corporation is the sole shareholder of North Cariboo Business Development Centre Inc.

The Corporation rents its office space from North Cariboo Business Development Centre Inc. The annual rent payments consist of \$12,000.

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For the year ended March 31, 2017

13. CONTROLLED COMPANY THAT IS NOT CONSOLIDATED

The financial summary of the wholly-owned subsidiary, North Cariboo Business Development Centre Inc., as at March 31, 2017 and for the year then ended, from unaudited financial statements is as follows:

	<u>2017</u>	<u>2016</u>
Financial position		
Total assets	<u>\$ 548,272</u>	<u>\$ 534,527</u>
Total liabilities	\$ 6,972	\$ 5,805
Net assets	<u>541,300</u>	<u>528,722</u>
	<u>\$ 548,272</u>	<u>\$ 534,527</u>
Result of operations		
Total revenue	\$ 57,602	\$ 57,271
Total expenses	(45,318)	(45,587)
Other income	<u>294</u>	<u>189</u>
Excess revenue for the year	<u>\$ 12,578</u>	<u>\$ 11,873</u>

14. ECONOMIC DEPENDENCE

Western Economic Diversification has provided 58% (2016 – 56%) of the Corporation's total revenue for the year.

15. FINANCIAL INSTRUMENT

Risks and concentrations

The corporation is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the company's risk exposure as at March 31, 2017.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation is exposed to this risk mainly in respect to its accounts payable and loan payable.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. The Corporation's main credit risk relates to its accounts receivable and loan receivable.

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For the year ended March 31, 2017

15. FINANCIAL INSTRUMENTS, continued

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-interest instruments subject the Corporation to a fair value risk, since fair value fluctuates inversely to changes in market interest rates. Floating rate instruments subject the Corporation to related cash flow risk.

16. COMPARATIVE FIGURES

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

**COMMUNITY FUTURES DEVELOPMENT CORPORATION
OF THE NORTH CARIBOO**

NON-CONSOLIDATED EXPENDITURES - OPERATING FUND

For the year ended March 31, 2017

	2017	2016
Operating expenses:		
Wages and benefits	\$ 239,352	\$ 233,881
Professional fees	13,475	13,594
Rent	12,000	12,000
Repairs and maintenance		
Equipment	8,599	4,536
Advertising and promotion	6,958	12,148
Committee	6,753	6,163
Office supplies and general	5,422	6,687
Insurance, dues and fees	4,412	4,646
Computer	4,203	3,835
Telephone and internet	4,195	3,891
Forums, seminars and conferences	3,664	6,153
Library	2,863	2,500
Loan administration	2,408	4,487
Goods and service tax	1,949	1,682
Consulting	1,829	-
Bank charges and interest	1,609	1,494
Staff wellness	1,130	1,124
Travel	866	1,679
Training	165	2,838
	321,852	323,338
Other expenses:		
CBEST	7,197	5,752
Events	6,264	6,102
Training workshop	3,684	9,760
Recruitment	-	360
	\$ 338,997	\$ 345,312

**COMMUNITY FUTURES DEVELOPMENT CORPORATION
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NON-CONSOLIDATED EXPENDITURES - PROJECT RESERVE FUND

For the year ended March 31, 2017

	<u>2017</u>	<u>2016</u>
CED project expense	\$ 33,090	\$ 20,545
Sponsorships	8,450	8,750
Bank charges and interest	180	180
GST Expense	<u>141</u>	<u>-</u>
	<u>\$ 41,861</u>	<u>\$ 29,475</u>

**COMMUNITY FUTURES DEVELOPMENT CORPORATION
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NON-CONSOLIDATED OPERATIONS - LOAN INVESTMENT FUNDS

For the year ended March 31, 2017

	Non- Repayable	Repayable Community Business	Repayable WED	Repayable Disabled Entrepreneur	Repayable BC Futures	2017 Total	2016 Total
REVENUE							
Interest on loans	\$ 93,863	\$ 16,089	\$ 20,292	\$ 63	\$ 21,128	\$ 151,435	\$ 165,980
Interest on funds not disbursed	4,564	362	1,972	2,263	3,713	12,874	13,349
	<u>98,427</u>	<u>16,451</u>	<u>22,264</u>	<u>2,326</u>	<u>24,841</u>	<u>164,309</u>	<u>179,329</u>
EXPENDITURES							
Bank charges and interest	8,052	345	360	-	7,766	16,523	17,511
Loan administration	25	-	-	-	-	25	90
Provision for doubtful loans (net of recoveries)	68,381	5,345	(213)	-	-	73,513	100,502
	<u>76,458</u>	<u>5,690</u>	<u>147</u>	<u>-</u>	<u>7,766</u>	<u>90,061</u>	<u>118,103</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	21,969	10,761	22,117	2,326	17,075	74,248	61,226
FUNDS BALANCES AT BEGINNING OF THE YEAR	1,541,262	(374,693)	60,718	(4,348)	89,847	1,312,786	1,251,560
INTERFUND TRANSFERS	-	-	-	-	-	-	-
FUND BALANCES AT END OF THE YEAR	<u>1,563,231</u>	<u>(363,932)</u>	<u>82,835</u>	<u>(2,022)</u>	<u>106,922</u>	<u>1,387,034</u>	<u>1,312,786</u>

**COMMUNITY FUTURES DEVELOPMENT CORPORATION
OF THE NORTH CARIBOO**

NON-CONSOLIDATED ASSETS - LOAN INVESTMENT FUNDS

For the year ended March 31, 2017

ASSETS

	<u>Non- Repayable</u>	<u>Repayable Community Business</u>	<u>Repayable WED</u>	<u>Repayable Disabled Entrepreneur</u>	<u>Repayable BC Futures</u>	<u>2017 Total</u>	<u>2016 Total</u>
CURRENT ASSETS							
Cash	\$ 321,524	\$ 11,540	\$ 249,135	\$ 188,415	\$ 59,931	\$ 830,545	\$ 990,110
Accounts receivable	-	-	-	-	20	20	20
	321,524	11,540	249,135	188,415	59,951	830,565	990,130
LOANS RECEIVABLE (Note 4)	1,860,786	124,528	183,700	9,563	586,891	2,765,468	2,567,265
DUE FROM OTHER FUNDS (Note 5)	-	-	250,000	-	-	250,000	250,000
	<u>\$ 2,182,310</u>	<u>\$ 136,068</u>	<u>\$ 682,835</u>	<u>\$ 197,978</u>	<u>\$ 646,842</u>	<u>\$ 3,846,033</u>	<u>\$ 3,807,395</u>

LIABILITIES

CURRENT LIABILITIES							
Province of British Columbia (Note 7)	\$ -	\$ 250,000	\$ -	\$ -	\$ -	\$ 250,000	\$ 250,000
Current portion of long-term debt (Note 8)	24,128	-	-	-	3,845	27,973	19,414
	24,128	250,000	-	-	3,845	277,973	269,414
REPAYABLE CONTRIBUTIONS (Note 9)	-	-	600,000	200,000	354,712	1,154,712	1,251,944
LONG-TERM DEBT (Note 8)	594,951	-	-	-	181,363	776,314	549,211
DUE TO OTHER FUNDS (Note 5)	-	250,000	-	-	-	250,000	424,040
	<u>619,079</u>	<u>500,000</u>	<u>600,000</u>	<u>200,000</u>	<u>539,920</u>	<u>2,458,999</u>	<u>2,494,609</u>

NON-CONSOLIDATED FUND BALANCE - LOAN INVESTMENT FUNDS

RESTRICTED FUNDS							
Loan investment fund (Note 11)	1,563,231	(363,932)	82,835	(2,022)	106,922	\$ 1,387,034	\$ 1,312,786
	<u>\$ 2,182,310</u>	<u>\$ 136,068</u>	<u>\$ 682,835</u>	<u>\$ 197,978</u>	<u>\$ 646,842</u>	<u>\$ 3,846,033</u>	<u>\$ 3,807,395</u>

**COMMUNITY FUTURES DEVELOPMENT CORPORATION
OF THE NORTH CARIBOO**

NON-CONSOLIDATED CASH FLOW - LOAN INVESTMENT FUNDS

For the year ended March 31, 2017

	<u>Non- Repayable</u>	<u>Repayable Community Business</u>	<u>Repayable WED</u>	<u>Repayable Disabled Entrepreneur</u>	<u>Repayable BC Futures</u>	<u>2017 Total</u>	<u>2016 Total</u>
SOURCES OF CASH							
Interest on loans	\$ 93,561	\$ 7,071	\$ 20,250	\$ -	\$ 20,201	\$ 141,083	\$ 165,980
Interest on funds not disbursed	4,564	362	1,972	2,263	3,713	12,874	13,349
Proceeds of long-term debt	73,065	-	-	-	185,498	258,563	450,000
Loans repaid	592,039	78,206	84,832	-	10,963	766,040	639,781
	<u>763,229</u>	<u>85,639</u>	<u>107,054</u>	<u>2,263</u>	<u>220,375</u>	<u>1,178,560</u>	<u>1,269,110</u>
USES OF CASH							
Materials and services	25	-	-	-	-	25	90
Bank charges and interest	8,052	345	360	-	7,766	16,523	17,511
Loans disbursed	541,646	156,938	3,760	9,500	318,000	1,029,844	1,174,013
Loan payment	19,709	-	-	-	97,984	117,693	101,252
	<u>569,432</u>	<u>157,283</u>	<u>4,120</u>	<u>9,500</u>	<u>423,750</u>	<u>1,164,085</u>	<u>1,292,866</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	193,797	(71,644)	102,934	(7,237)	(203,375)	14,475	(23,756)
CASH AT BEGINNING OF THE YEAR	301,767	83,184	146,201	195,652	263,306	990,110	1,034,122
INTERFUND ADJUSTMENTS	(174,040)	-	-	-	-	(174,040)	(20,256)
CASH AT END OF THE YEAR	<u>\$ 321,524</u>	<u>\$ 11,540</u>	<u>\$ 249,135</u>	<u>\$ 188,415</u>	<u>\$ 59,931</u>	<u>\$ 830,545</u>	<u>\$ 990,110</u>