

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

NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

DRAFT

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

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March 31, 2019

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Independent auditor's report

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

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Community Futures Development Corporation of the North Cariboo (the Entity) as at March 31, 2019 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

What we have audited

The Entity's financial statements comprise:

- the non-consolidated statement of operations and changes in fund balance for the year ended March 31, 2019;
- the non-consolidated statement of financial position as at March 31, 2019;
- the non-consolidated statement of cash flow for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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

Independence

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

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In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity 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.

(to be signed - PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.)

Chartered Professional Accountants

Prince George, British Columbia
June 17, 2019

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

NON-CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

For the year ended March 31, 2019

	Unrestricted Fund	Restricted Funds			2019 Total	2018 Total
	General Operating	Project Reserve	Equipment	Loan Investment Funds (Schedule 3)		
REVENUE						
Western Economic Diversification contribution	\$ 306,572	\$ -	\$ -	\$ -	\$ 306,572	\$ 306,572
Self employment program	59,785	-	-	-	59,785	29,790
Wildfire response program	99,536	-	-	-	99,536	39,713
Conference	-	-	-	-	-	88,420
Fees for service - contracts	2,400	-	-	-	2,400	2,400
Fees for service - operations	1,969	-	-	-	1,969	5,246
CBEST	8,440	-	-	-	8,440	8,440
Interest income	850	5,763	-	-	6,613	7,258
Interest on loans	-	11,101	-	150,008	161,109	189,026
Interest on funds not disbursed	-	-	-	8,177	8,177	11,230
Loan processing and administration fees	7,559	-	-	-	7,559	10,740
	<u>487,111</u>	<u>16,864</u>	<u>-</u>	<u>158,185</u>	<u>662,160</u>	<u>698,835</u>
EXPENDITURES						
Operating Fund - Schedule 1	464,376	-	-	-	464,376	392,242
Project Reserve Fund - Schedule 2	-	165	-	-	165	116,147
Loan Investment Funds - Schedule 3	-	-	-	119,315	119,315	137,074
Gain on disposal of capital assets	-	-	75	-	75	(4,460)
Amortization	-	-	9,570	-	9,570	7,639
	<u>464,376</u>	<u>165</u>	<u>9,645</u>	<u>119,315</u>	<u>593,501</u>	<u>648,642</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	22,735	16,699	(9,645)	38,870	68,659	50,193
FUND BALANCES AT BEGINNING OF THE YEAR	31,292	579,611	38,195	1,438,052	2,087,150	2,036,957
INTERFUND TRANSFERS						
Acquisition of tangible capital assets	(8,618)	-	8,618	-	-	-
Proceeds of disposition of tangible capital assets	125	-	(125)	-	-	-
FUND BALANCES AT END OF THE YEAR	<u>\$ 45,534</u>	<u>\$ 596,310</u>	<u>\$ 37,043</u>	<u>\$ 1,476,922</u>	<u>\$ 2,155,809</u>	<u>\$ 2,087,150</u>

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

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended March 31, 2019

ASSETS

	<u>Unrestricted Fund</u>		<u>Restricted Funds</u>		<u>2019 Total</u>	<u>2018 Total</u>
	<u>General Operating</u>	<u>Project Reserve</u>	<u>Equipment</u>	<u>Loan Investment Funds (Schedule 4)</u>		
CURRENT ASSETS						
Cash	\$ 83,341	\$ 436,487	\$ -	\$ 616,761	\$ 1,136,589	\$ 1,120,217
Accounts receivable	9,630	-	-	9	9,639	16,501
Prepaid expenses	2,361	-	-	-	2,361	2,081
	<u>95,332</u>	<u>436,487</u>	<u>-</u>	<u>616,770</u>	<u>1,148,589</u>	<u>1,138,799</u>
INVESTMENT IN NORTH CARIBOO BUSINESS DEVELOPMENT CENTRE INC.	1	-	-	-	1	1
TANGIBLE CAPITAL ASSETS (Note 3)	-	-	37,043	-	37,043	38,195
LOANS RECEIVABLE (Note 4)	-	160,213	-	3,269,185	3,429,398	3,331,722
DUE FROM OTHER FUNDS (Note 5)	-	-	-	252,432	252,432	252,399
Approved by the Directors:						

	<u>\$ 95,333</u>	<u>\$ 596,700</u>	<u>\$ 37,043</u>	<u>\$ 4,138,387</u>	<u>\$ 4,867,463</u>	<u>\$ 4,761,116</u>

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

NON-CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended March 31, 2019

	Unrestricted Fund	Restricted Funds			2019 Total	2018 Total
	General Operating	Project Reserve	Equipment	Loan Investment Funds (Schedule 5)		
Cash provided by (used in)						
OPERATING ACTIVITIES						
Cash received from						
Western Economic Diversification contributions	\$ 332,120	\$ -	\$ -	\$ -	\$ 332,120	\$ 281,024
Self employment program	59,785	-	-	-	59,785	29,790
Wildfire response program	99,536	-	-	-	99,536	39,713
Conference	-	-	-	-	-	88,420
Fees for service - contracts	2,400	-	-	-	2,400	2,400
Fees for service - operations	17,280	-	-	-	17,280	8,132
Interest	850	5,763	-	-	6,613	7,258
Interest on loans	-	11,101	-	150,008	161,109	189,026
Interest on funds not disbursed	-	-	-	8,177	8,177	11,230
Loan processing fees	7,559	-	-	-	7,559	10,740
Loans repaid	-	13,596	-	755,495	769,091	915,261
Cash paid for						
Salaries and benefits	(19,677)	-	-	-	(19,677)	(222,874)
Materials and services	(454,900)	-	-	(1,376)	(456,276)	(288,974)
Bank charges and interest	(1,875)	(165)	-	(5,296)	(7,336)	(18,846)
Loan administration	(2,026)	-	-	-	(2,026)	(1,815)
Loans disbursed	-	-	-	(973,097)	(973,097)	(1,424,766)
	<u>41,052</u>	<u>30,295</u>	<u>-</u>	<u>(66,089)</u>	<u>5,258</u>	<u>(374,281)</u>
INVESTING ACTIVITIES						
Proceeds on disposal of tangible capital assets	-	-	125	-	125	8,105
Purchases of equipment	-	-	(8,618)	-	(8,618)	(22,591)
	<u>-</u>	<u>-</u>	<u>(8,493)</u>	<u>-</u>	<u>(8,493)</u>	<u>(14,486)</u>
FINANCING ACTIVITIES						
Proceeds of long-term debt	-	-	-	204,314	204,314	537,500
Loan payment	-	-	-	(184,707)	(184,707)	(360,994)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,607</u>	<u>19,607</u>	<u>176,506</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	41,052	30,295	(8,493)	(46,482)	16,372	(212,261)
CASH AT BEGINNING OF THE YEAR	50,782	406,192	-	663,243	1,120,217	1,332,478
INTERFUND ADJUSTMENTS	(8,493)	-	8,493	-	-	-
CASH AT END OF THE YEAR	<u>\$ 83,341</u>	<u>\$ 436,487</u>	<u>\$ -</u>	<u>\$ 616,761</u>	<u>\$ 1,136,589</u>	<u>\$ 1,120,217</u>

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

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2019

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 tangible 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**

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2019

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 Loan 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 WED 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 Loan Investment 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, 2019

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 approximates fair value as they have maturity dates within 1-3 years. Management has classified these as cash equivalents as they can be cashed at the Corporation's discretion.

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 - 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, 2019

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.) loans receivable and amounts due to other funds.

Financial liabilities measured at cost include accounts payable, long-term debt and amounts due to other funds.

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, 2019

3. TANGIBLE CAPITAL ASSETS

	2019			2018
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
General				
Equipment	\$ 4,099	\$ 1,961	\$ 2,138	\$ 2,673
Furniture and fixtures	29,742	19,069	10,673	11,858
Office and computer equipment	57,716	37,933	19,783	22,819
Software	4,397	3,806	591	845
	<u>95,954</u>	<u>62,769</u>	<u>33,185</u>	<u>38,195</u>
Projects				
Office and computer equipment	5,359	1,501	3,858	-
Software	6,472	6,472	-	-
	<u>11,831</u>	<u>7,973</u>	<u>3,858</u>	<u>-</u>
	<u>\$ 107,785</u>	<u>\$ 70,742</u>	<u>\$ 37,043</u>	<u>\$ 38,195</u>

4. LOANS RECEIVABLE

	2019			2018
	Loans Receivable	Allowance for Doubtful Loans	Net Carrying Amount	Net Carrying Amount
Project Reserve	\$ 160,213	\$ -	\$ 160,213	\$ 173,807
Non-Repayable	3,019,342	341,831	2,677,511	2,598,702
Repayable Community Business	168,406	100,078	68,328	68,226
Repayable WED	408,150	174,164	233,986	184,609
Repayable Disabled Entrepreneur	69,774	19,731	50,043	56,332
Repayable BC Futures	239,317	-	239,317	250,046
	<u>3,904,989</u>	<u>635,804</u>	<u>3,269,185</u>	<u>3,157,915</u>
	<u>\$ 4,065,202</u>	<u>\$ 635,804</u>	<u>\$ 3,429,398</u>	<u>\$ 3,331,722</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
CORPORATION OF THE NORTH CARIBOO**

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2019

4. LOANS RECEIVABLE, continued

During the year, there were the following changes in the allowance for doubtful loans:

	2019			2018
	Balance Beginning	Provision	Allowance Reversals for write-offs	Total
Non-Repayable Investment Fund Community loans	\$ 358,893	\$ 123,485	\$ 140,547	\$ 358,893
Repayable Community Business Fund	129,438	-	29,360	129,438
Repayable Disabled Entrepreneur Investment Fund	-	-	-	-
Repayable WED Investment Fund	65,000	268,328	159,164	65,000
Repayable Disabled Investment Fund	11,500	12,466	4,235	11,500
Repayable PAL Investment Fund	6,800	-	6,800	-
	<u>\$ 571,631</u>	<u>\$ 404,279</u>	<u>\$ 340,106</u>	<u>\$ 635,804</u>
	<u>\$ 571,631</u>	<u>\$ 404,279</u>	<u>\$ 340,106</u>	<u>\$ 571,631</u>

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

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2019

5. DUE TO (FROM) FUNDS

The due from other funds were comprised of the following amounts:

	2019	2018
The following funds had amounts due from the General Operating Fund:		
Loan Investment Funds -Non Repayable Fund	<u>\$ 2,432</u>	<u>\$ 2,339</u>
The following funds had amounts due from Repayable Business Community Fund:		
Repayable WED	<u>250,000</u>	<u>250,000</u>
Total due to other funds	<u><u>\$ 252,432</u></u>	<u><u>\$ 252,399</u></u>

The due to other funds were comprised of the following amounts:

	2019	2018
The following funds had amounts to Non-Repayable Fund:		
General Operating Fund	<u>\$ 2,432</u>	<u>\$ 2,339</u>
The following funds had amounts due to the Repayable WED Fund:		
Repayable Community Business Fund	<u>250,000</u>	<u>250,000</u>
Total due from other funds	<u><u>\$ 252,432</u></u>	<u><u>\$ 252,399</u></u>

The above inter fund advancements have no specific terms of repayment are non-interest bearing, and unsecured.

6. UNEARNED REVENUE

	2019	2018
Federal contributions WED funding	<u><u>\$ 25,548</u></u>	<u><u>\$ -</u></u>

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

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2019

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.

8. LONG-TERM DEBT

	2019	2018
Community Futures Development Corporation of Cariboo Chilcotin has agreed to purchase a 25% participation in an investment loan, monthly payment of \$1,172.11 including interest at 7% , maturing 2034 (1)	137,433	\$ 141,789
Community Futures Development Corporation of Stuart Nechako has agreed to purchase a 25% participation in an investment loan, monthly payment of \$1,172.11 including interest at 7% , maturing 2034 (1)	137,433	141,789
Community Futures Development Corporation of Alberni Clayoquot has agreed to purchase a 25% participation in an investment loan, monthly payment of \$1,172.11 including interest at 7%, maturing 2034 (1)	137,433	141,789
Community Futures Development Corporation of Fraser Fort George has agreed to purchase a 50% participation in an investment loan, monthly payment of \$1,265.76 including interest at 6%, maturing in 2020 (2)	67,433	78,478
Community Futures Development Corporation of Cariboo Chilcotin has agreed to purchase a 33% participation in an investment loan, monthly payment of \$538.73 including interest at 4.7%, maturing in 2031 (3)	59,917	-
Community Futures Development Corporation of Sun Country has agreed to purchase a 24.71% participation in an investment, monthly payment of \$1,581 including interest at 5.7%, maturing in 2022 (4)	123,616	135,232
Community Futures Development Corporation of Cariboo Chilcoltin has agreed to purchase a 24.71% participation in an investment, monthly payment of \$1,581 including interest at 5.7%, maturing in 2022 (4)	123,616	135,232
Subtotal	\$ 786,881	\$ 774,309

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

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2019

8. LONG-TERM DEBT, continued

Carryforward	\$ 786,881	\$ 837,796
Community Futures Development Corporation of Fraser Fort George has agreed to purchase a 24.71% participation in an investment, monthly payment of \$1,581 including interest at 5.7%, maturing in 2022 (4)	123,629	135,244
Community Futures Development Corporation of Cariboo Chilcoltin has agreed to purchase a 50% participation in an investment, monthly payment of \$1,741 including interest at 5.2%, maturing in 2022 (5)	91,041	106,799
Community Futures Development Corporation of Pacific Northwest has agreed to purchase a 28.81% participation in an investment, monthly payment of \$2,057.04 including interest at 6.95%, maturing in 2024 (6)	102,505	-
Community Futures Development Corporation of Cariboo Chilcoltin has agreed to purchase a 28.81% participation in an investment, monthly payment of \$2,057.04 including interest at 6.95%, maturing in 2024 (6)	102,505	-
	1,206,561	1,079,839
Less: Current portion	117,065	74,169
	<u>\$ 1,089,496</u>	<u>\$ 1,005,670</u>

(1) Investment 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) Investment 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) Investment 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.

(4) Investment loan is to assist a client in purchasing equipment and property. Each monthly payment paid by the client will be split 24.71% to the syndication partners and 25.87% to Community Futures Development Corporation of the North Cariboo. Any additional payments

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

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2019

8. LONG-TERM DEBT, continued

(5) Investment loan is to assist a client in purchasing equipment and property. Each monthly payment paid by the client will be split 24.71% to the syndication partners and 25.87% to Community Futures Development Corporation of the North Cariboo. Any additional payments made by the client are also split 24.71% to the syndication partners and 25.87% to Community Futures Development Corporation of the North Cariboo.

(6) Investment loan is to assist a client in purchasing a business franchise. 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.

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

2020	\$ 117,065
2021	85,613
2022	89,816
2023	304,326
2024	52,772

9. REPAYABLE CONTRIBUTIONS

	<u>2019</u>	<u>2018</u>
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)	<u>154,785</u>	<u>255,666</u>
	<u>\$ 954,785</u>	<u>\$ 1,055,666</u>

(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:

- 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 2.25% or a minimum of 1.5 % calculated monthly and payable on the last business day of each

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

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2019

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. 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.

12. CONTROLLED COMPANY THAT IS NOT CONSOLIDATED

The financial summary of the wholly-owned subsidiary, North Cariboo Business Development Centre Inc., as at March 31, 2019 and for the year then ended, from unaudited financial statements is as follows:

	2019	2018
Financial position		
Total assets	\$ 553,487	\$ 551,429
Total liabilities	\$ 7,168	\$ 5,395
Net assets	546,319	546,034
	\$ 553,487	\$ 551,429
Result of operations		
Total revenue	\$ 56,875	\$ 55,093
Total expenses	(57,001)	(50,764)
Other income	412	405
Excess revenue for the year	\$ 286	\$ 4,734

13. ECONOMIC DEPENDENCE

Western Economic Diversification has provided 46% (2018 – 44%) of the Corporation's total revenue for the year.

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

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2019

14. 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, 2019.

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.

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.

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

NON-CONSOLIDATED EXPENDITURES - OPERATING FUND

For the year ended March 31, 2019

	<u>2019</u>	<u>2018</u>
Operating expenses:		
Wages and benefits	\$ 215,125	\$ 222,874
Sponsorships and support	19,979	-
Advertising and promotion	16,529	6,174
Professional fees	14,720	13,900
Rent	12,000	12,000
Office supplies and general	6,782	8,029
Training	6,332	5,824
Forums, seminars and conferences	5,184	5,088
Insurance, dues and fees	4,047	4,194
Telephone and internet	2,667	3,321
Computer	2,096	4,869
Repairs and maintenance	2,071	9,598
Goods and service tax	2,065	2,813
Library	2,026	2,452
Bank charges and interest	1,875	1,739
Committee	1,640	2,525
Loan administration	1,502	1,815
Staff wellness	2,333	1,223
Consulting	-	875
	<u>318,973</u>	<u>309,313</u>
Other expenses:		
Wildfire response program	99,451	40,122
Self employment program	32,128	27,139
CBEST	7,953	5,562
Training workshop	292	5,430
Events	5,579	4,676
	<u>146,483</u>	<u>83,530</u>
	<u>\$ 464,376</u>	<u>\$ 392,242</u>

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

NON-CONSOLIDATED EXPENDITURES - PROJECT RESERVE FUND

For the year ended March 31, 2019

	<u>2019</u>	<u>2018</u>
Conference Expense	\$ -	\$ 76,216
CED Project Funding	-	33,400
Internal Project Funding	-	5,000
GST Expense	-	1,336
Bank charges and interest	<u>165</u>	<u>195</u>
	<u>\$ 165</u>	<u>\$ 116,147</u>

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

NON-CONSOLIDATED OPERATIONS - LOAN INVESTMENT FUNDS

For the year ended March 31, 2019

	<u>Non- Repayable</u>	<u>Repayable Community Business</u>	<u>Repayable WED</u>	<u>Repayable Disabled Entrepreneur</u>	<u>Repayable BC Futures</u>	<u>2019 Total</u>	<u>2018 Total</u>
REVENUE							
Interest on loans	\$ 103,352	\$ 6,224	\$ 20,006	\$ 5,151	\$ 15,275	\$ 150,008	\$ 176,862
Interest on funds not disbursed	1,607	516	3,306	2,052	696	8,177	11,230
	<u>104,959</u>	<u>6,740</u>	<u>23,312</u>	<u>7,203</u>	<u>15,971</u>	<u>158,185</u>	<u>188,092</u>
EXPENDITURES							
Bank charges and interest	397	165	345	330	4,059	5,296	7,107
Loan administration	1,338	-	38	-	-	1,376	328
Provision for doubtful loans (net of recoveries)	45,192	(29,360)	109,164	(5,553)	(6,800)	112,643	129,639
	<u>46,927</u>	<u>(29,195)</u>	<u>109,547</u>	<u>(5,223)</u>	<u>(2,741)</u>	<u>119,315</u>	<u>137,074</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	58,032	35,935	(86,235)	12,426	18,712	38,870	51,018
FUNDS BALANCES AT BEGINNING OF THE YEAR	1,626,411	(379,865)	82,305	(9,105)	118,306	1,438,052	1,387,034
INTERFUND TRANSFERS	-	-	-	-	-	-	-
FUND BALANCES AT END OF THE YEAR	<u>1,684,443</u>	<u>(343,930)</u>	<u>(3,930)</u>	<u>3,321</u>	<u>137,018</u>	<u>1,476,922</u>	<u>1,438,052</u>

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

NON-CONSOLIDATED ASSETS - LOAN INVESTMENT FUNDS

For the year ended March 31, 2019

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>2019 Total</u>	<u>2018 Total</u>
CURRENT ASSETS							
Cash	\$ 211,051	\$ 87,742	\$ 112,084	\$ 153,278	\$ 52,606	\$ 616,761	\$ 663,243
Accounts receivable	9		-	-	-	9	-
	211,060	87,742	112,084	153,278	52,606	616,770	663,243
LOANS RECEIVABLE (Note 4)	2,677,511	68,328	233,986	50,043	239,317	3,269,185	3,157,915
DUE FROM OTHER FUNDS (Note 5)	2,432	-	250,000	-	-	252,432	252,399
	<u>\$ 2,891,003</u>	<u>\$ 156,070</u>	<u>\$ 596,070</u>	<u>\$ 203,321</u>	<u>\$ 291,923</u>	<u>\$ 4,138,387</u>	<u>\$ 4,073,557</u>

LIABILITIES

CURRENT LIABILITIES							
Province of British Columbia (Note 7)	\$ -	\$ 250,000	\$ -	\$ -	\$ -	\$ 250,000	\$ 250,000
Current portion of long-term debt (Note 8)	117,065	-	-	-	-	117,065	74,169
	117,065	250,000	-	-	-	367,065	324,169
REPAYABLE CONTRIBUTIONS (Note 9)	-	-	600,000	200,000	154,785	954,785	1,055,666
LONG-TERM DEBT (Note 8)	1,089,495	-	-	-	-	1,089,495	1,005,670
DUE TO OTHER FUNDS (Note 5)	-	250,000	-	-	120	250,120	250,000
	<u>1,206,560</u>	<u>500,000</u>	<u>600,000</u>	<u>200,000</u>	<u>154,905</u>	<u>2,661,465</u>	<u>2,635,505</u>

NON-CONSOLIDATED FUND BALANCE - LOAN INVESTMENT FUNDS

RESTRICTED FUNDS							
Loan investment fund	1,684,443	(343,930)	(3,930)	3,321	137,018	\$ 1,476,922	\$ 1,438,052
	<u>\$ 2,891,003</u>	<u>\$ 156,070</u>	<u>\$ 596,070</u>	<u>\$ 203,321</u>	<u>\$ 291,923</u>	<u>\$ 4,138,387</u>	<u>\$ 4,073,557</u>

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

NON-CONSOLIDATED CASH FLOW - LOAN INVESTMENT FUNDS

For the year ended March 31, 2019

	<u>Non- Repayable</u>	<u>Repayable Community Business</u>	<u>Repayable WED</u>	<u>Repayable Disabled Entrepreneur</u>	<u>Repayable BC Futures</u>	<u>2019 Total</u>	<u>2018 Total</u>
OPERATING ACTIVITIES							
Cash received from							
Interest on loans	\$ 103,352	\$ 6,224	\$ 20,006	\$ 5,151	\$ 15,275	\$ 150,008	\$ 176,862
Interest on funds not disbursed	1,607	516	3,306	2,052	696	8,177	11,230
Loans repaid	591,241	29,258	86,959	30,388	17,649	755,495	902,700
Cash paid for							
Materials and services	(1,338)	-	(38)	-	-	(1,376)	(328)
Bank charges and interest	(397)	(165)	(345)	(330)	(4,059)	(5,296)	(7,107)
Loans disbursed	(709,051)	-	(245,500)	(18,546)	-	(973,097)	(1,424,766)
	<u>(14,586)</u>	<u>35,833</u>	<u>(135,612)</u>	<u>18,715</u>	<u>29,561</u>	<u>(66,089)</u>	<u>(341,409)</u>
FINANCING ACTIVITIES							
Proceeds of long-term debt	204,314	-	-	-	-	204,314	537,500
Loan payment	(83,826)	-	-	-	(100,881)	(184,707)	(360,994)
	<u>120,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,881)</u>	<u>19,607</u>	<u>176,506</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	105,902	35,833	(135,612)	18,715	(71,320)	(46,482)	(164,903)
CASH AT BEGINNING OF THE YEAR	105,149	51,909	247,696	134,563	123,926	663,243	830,545
INTERFUND ADJUSTMENTS	-	-	-	-	-	-	(2,399)
CASH AT END OF THE YEAR	<u>\$ 211,051</u>	<u>\$ 87,742</u>	<u>\$ 112,084</u>	<u>\$ 153,278</u>	<u>\$ 52,606</u>	<u>\$ 616,761</u>	<u>\$ 663,243</u>