

**COMMUNITY FUTURES DEVELOPMENT
CORPORATION OF OKANAGAN SIMILKAMEEN**

Non-Consolidated Financial Statements

March 31, 2013

Contents

	Page
Independent Auditors' Report	1 - 2
Non-Consolidated Statement of Financial Position	3
Non-Consolidated Statements of Operations	4
Non-Consolidated Statement of Changes in Fund Balances	5
Non-Consolidated Statement of Cash Flows	6
Notes to Non-Consolidated Financial Statements	7 - 14
Schedule of Operating fund	15 - 18
Schedule of Loan Fund	19 - 22

INDEPENDENT AUDITORS' REPORT

To the Directors of Community Futures Development Corporation of Okanagan Similkameen

We have audited the accompanying non-consolidated financial statements of Community Futures Development Corporation of Okanagan Similkameen , which comprise the non-consolidated statement of financial position as at March 31, 2013, and the non-consolidated statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

INDEPENDANT AUDITORS' REPORT (continued)

Opinion

In our opinion, these non-consolidated financial statements present fairly, in all material respects, the financial position of the Community Futures Development Corporation of Okanagan Similkameen as at March 31, 2013, and the results of its operations, changes in fund balances and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations, except that they are prepared on a non-consolidated basis as explained in the summary of significant accounting policies.

Comparative Information

Without modifying our opinion, we draw attention to Note 1 to the non-consolidated financial statements which describes that Community Futures Development Corporation of Okanagan Similkameen adopted Canadian accounting standards for not-for-profit organizations on April 1, 2012 with a transition date of April 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the non-consolidated statement of financial position as at March 31, 2012 and April 1, 2011 and the non-consolidated statements of revenues and expenditures, changes in net assets and cash flows for the year ended March 31, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

CHARTERED ACCOUNTANTS

Penticton, British Columbia
June 18, 2013

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN SIMILKAMEEN

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2013, With Comparative Figures for 2012

	Operating Fund	Loan Fund	Self Employment Program Fund	2013	2012 (unaudited)	2011 (unaudited)
ASSETS						
CURRENT	\$	\$	\$	\$	\$	\$
Cash (Note 5)	33,411	432,838	4,247	470,496	834,434	698,656
Marketable securities (Note 6)	-	1,343,914	-	1,343,914	2,096,764	944,787
Accounts receivable (Note 7)	70,003	1,030	167	71,200	49,330	60,361
Other current asset	-	-	-	-	-	1,276,054
Prepaid expenses	30,507	-	-	30,507	1,544	1,607
Due from related party (Note 8)	-	672,820	-	672,820	-	-
	133,921	2,450,602	4,414	2,588,937	2,982,072	2,981,465
LOANS RECEIVABLE (Note 9)	-	2,706,573	-	2,706,573	2,038,970	1,993,980
INVESTMENTS IN SUBSIDIARY (Note)	2	-	-	2	2	2
PROPERTY AND EQUIPMENT (Note 10)	4,746	-	-	4,746	4,543	6,703
	138,669	5,157,175	4,414	5,300,258	5,025,587	4,982,150
LIABILITIES AND FUND BALANCES						
CURRENT						
Accounts payable and accrued liabilities (Note 11)	27,314	43,075	11,740	82,129	46,758	76,228
Interfund balances	70,092	(50,042)	(20,050)	-	-	-
Deferred revenue	1,745	-	-	1,745	1,813	3,217
Due to related party (Note 8)	3,948	-	-	3,948	11,313	13,276
	103,099	(6,967)	(8,310)	87,822	59,884	92,721
FUND BALANCES						
Investment in Capital Assets	4,746	-	-	4,746	4,543	6,703
Externally Restricted Funds (Note 12)	14,697	5,164,142	12,724	5,191,563	4,934,300	4,822,587
Unrestricted	16,127	-	-	16,127	26,860	60,139
	35,570	5,164,142	12,724	5,212,436	4,965,703	4,889,429
	138,669	5,157,175	4,414	5,300,258	5,025,587	4,982,150

ECONOMIC DEPENDENCE (Note 13)

Approved on behalf of the Board:

_____ Director

_____ Director

(3)

The accompanying notes to the non-consolidated financial statements are an integral part of these statements.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN SIMILKAMEEN

NON-CONSOLIDATED STATEMENT OF OPERATIONS

As at March 31, 2013, With Comparative Figures for 2012

	Operating Fund	Loan Fund	Self Employment Program Fund	2013	2012
	\$	\$	\$	\$	\$
REVENUE					
Operating contributions	286,480	-	104,805	391,285	631,478
Interest from loans	-	156,477	-	156,477	145,481
Project funding	115,729	-	-	115,729	126,246
Miscellaneous (Note 15)	38,293	-	-	38,293	30,556
Interest from bank and investments	804	590	85	1,479	11,778
	441,306	157,067	104,890	703,263	945,539
EXPENDITURES					
Wages and benefits	333,605	-	68,418	402,023	486,049
Rent	41,856	-	14,528	56,384	64,640
Investment management fees	-	22,905	-	22,905	16,749
Project expenses	17,966	-	3,109	21,075	49,494
Professional fees	18,987	-	-	18,987	19,177
Travel	10,812	-	84	10,896	17,992
Director's expenses	10,384	-	-	10,384	13,216
Office and sundry	9,456	-	53	9,509	24,430
Website development	8,836	-	-	8,836	-
Repairs and maintenance	7,873	-	297	8,170	7,691
Bad debts (recovered)	-	8,073	-	8,073	58,835
Advertising and promotion	6,380	-	100	6,480	13,433
Licenses, dues and fees	6,073	-	-	6,073	4,707
Training	1,612	-	4,436	6,048	1,930
Telephone	4,223	-	-	4,223	4,222
Bank charges and interest	2,563	-	-	2,563	2,775
Amortization	1,960	-	-	1,960	2,160
Client loan expenses	1,880	-	-	1,880	4,062
Facilitators	-	-	1,749	1,749	56,002
Insurance	1,295	-	-	1,295	1,295
Strategic planning expense	1,075	-	-	1,075	3,717
Organizational infrastructure costs	-	-	-	-	29,129
Mentoring	-	-	-	-	4,408
Workshops and tradeshow	-	-	-	-	31,949
	486,836	30,978	92,774	610,588	918,062
OTHER INCOME					
Investment income	-	84,416	-	84,416	60,449
Gain on sale of investments	-	51,915	-	51,915	(11,693)
	-	136,331	-	136,331	48,756
EXCESS OF REVENUE OVER EXPENDITURES	(45,530)	262,420	12,116	229,006	76,233

(4)

The accompanying notes to the non-consolidated financial statements are an integral part of these statements.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN SIMILKAMEEN

NON-CONSOLIDATED STATEMENT OF CHANGES IN FUND BALANCES

As at March 31, 2013, With Comparative Figures for 2012

	Operating Fund	Loan Fund	Self Employment Program Fund	2013	2012
FUND BALANCE, beginning of year	\$ 46,100	\$ 4,918,995	\$ 608	\$ 4,965,703	\$ 4,889,429
Excess (deficiency) of revenues over expenditures	(45,530)	262,420	12,116	229,006	76,233
Change in market value of investments classified as available-for-sale	-	37,326	-	37,326	41
Interfund interest transfer (Note 16)	35,000	(35,000)	-	-	-
Reduction in externally restricted funds	-	(19,599)	-	19,599	-
FUND BALANCE, end of year	35,570	5,164,142	12,724	5,212,436	4,965,703

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN SIMILKAMEEN

NON-CONSOLIDATED STATEMENT OF CASH FLOWS

As at March 31, 2013, With Comparative Figures for 2012

	Operating Fund	Loan Fund	Self Employment Program Fund	2013	2012
	\$	\$	\$	\$	\$
CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES					
Operations:					
Excess of revenue over expenditures	(45,530)	262,420	12,116	229,006	76,233
Amortization	1,960	-	-	1,960	2,160
	(43,570)	262,420	12,116	230,966	78,393
Net change in non-cash working capital items					
Marketable securities	-	752,850	-	752,850	(1,151,977)
Unrealized gain/loss on investments	-	37,326	-	37,326	41
Accounts receivable	(34,304)	(80)	12,515	(21,869)	11,979
Other current assets	-	-	-	-	1,276,053
Prepaid expenses	(28,963)	-	-	(28,963)	63
Accounts payable and accrued liabilities	(19,444)	43,075	11,741	35,372	(28,522)
Interfund	122,365	(76,765)	(45,600)	-	(1,896)
Deferred revenue	(68)	-	-	(68)	(1,404)
	(3,984)	1,018,826	(9,228)	1,005,614	182,730
INVESTING ACTIVITIES					
Property and equipment acquired	(2,163)	-	-	(2,163)	-
Net increase in loans receivable	-	(667,604)	-	(667,604)	(44,989)
FINANCING ACTIVITIES					
Repayment of fund loans	-	(19,600)	-	(19,600)	-
Received from related parties	(7,365)	(672,820)	-	(680,185)	(1,963)
	(7,365)	(692,420)	-	(699,785)	(1,963)
NET CASH INFLOW (OUTFLOW) CASH AND CASH EQUIVALENTS, beginning of year	(13,512)	(341,198)	(9,228)	(363,938)	135,778
	46,923	774,036	13,475	834,434	698,656
CASH AND CASH EQUIVALENTS, end of year	33,411	432,838	4,247	470,496	834,434

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN SIMILKAMEEN

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2013

Nature of Operations

The company is incorporated under Part 2 of the Canada Corporations Act without share capital.

The company has entered into agreements with Western Economic Diversification (WED) whereby investment funds and contributions are provided to support the community's plans for the generation of additional private sector employment through the provision of advisory counselling, technical services and investment services to small businesses and to individuals in accordance with the Community Futures Committee's overall economic development plan and strategy for employment growth and recovery.

The company may administer investment funds in the form of loans, loan guarantees and equity participation to create small businesses and to expand, stabilize and protect existing businesses resulting in the generation and maintenance of permanent employment.

The Self-Employment (SE) Program is designed to assist individuals in becoming self-employed. The SE program targets employment insurance and social benefits recipients and provides training and consulting services for self-employment and small business.

1. First time Adoption of Accounting Standards for Not-For-Profit Organizations

During the year the company adopted accounting standards for not-for-profit organizations. These financial statements are the first prepared in accordance with these standards. The adoption of ASNPO had no impact on the net assets as at April 1, 2011 or revenues and expenditures of cash flows for the year ended March 31, 2012 as previously reported in accordance with pre-changeover Canadian generally accepted accounting principles.

2. Summary of Significant Accounting Policies

Cash and cash equivalents policy

Cash includes regular bank accounts as well as investment related cash accounts.

Marketable Securities

Marketable securities are classified as available for sale and adjusted to market value. Any unrealized gain or loss is recognized in the non-consolidated statement of changes in fund balances.

Loans receivable

Interest income is recorded on an accrual basis. The company ceases to accrue interest on doubtful loans.

An allowance for doubtful loans is determined in the following manner:

Loans in Default - If there is a significant doubt as to the ultimate collection of principal, a specific provision is established at a level sufficient to provide for the estimated impairment of the loan principal.

Loans not in Default - A general provision of \$61,000 has been established.

The establishment of the allowance for doubtful loans relies on the judgment of management, on historical precedent and expectations as to the future collections. It is reasonably possible that changes in future conditions could require a material change in the recognized amount of the allowance for doubtful loans.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN SIMILKAMEEN

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2013

3. Summary of Significant Accounting Policies (Continued)

Investment in Subsidiary

Investments in Southern Interior Development Corporation and SIDCO Leasing Corporation, wholly owned subsidiaries, are recorded using the cost method. This method of accounting for the company's investments has been adopted because consolidation would not provide any additional useful information and the directors prefer to receive the information in separate financial statements. The company also has a one-third interest in Community Resources Development Corporation of the Okanagan Valley.

Property and equipment

Property and equipment are recorded at cost. Amortization is provided over the estimated useful life of the property and equipment using the declining balance method at the following annual rates:

Furniture and equipment	20%
Computer hardware	45%
Computer software	100%

Obligations under Capital Lease

Leases are classified as either capital or operating leases. Leases that transfer substantially all of the benefits and risks of ownership of property to the company are accounted for as capital leases. At the time a capital lease is entered into, an asset is recorded with its related long term financing. Equipment recorded under capital leases is being amortized on a basis described in the note above. Rental payments under operating leases are expensed as incurred.

Revenue recognition

Revenue earned on term loans is accrued on a daily basis. Revenue earned on equity loans is deferred until the date of maturity of the loan. Government grants and assistance are recorded on an accrual basis and included with current revenues.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN SIMILKAMEEN

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2013

4. Summary of Significant Accounting Policies (Continued)

Fund Accounting

Community Futures Development Corporation of Okanagan Similkameen follows the restricted method of accounting for contributions.

The Operating Fund accounts for the organization's operating costs and general revenues. This fund reports unrestricted resources and restricted operating grants.

The Loan Fund reports restricted resources that are to be used for assistance to small businesses and entrepreneurs in the form of loans, loan guarantees or equity participation. Loans from the Loan Fund for the Disabled are limited to businesses owned and operated by disabled entrepreneurs. The organization is restricted in the types of loans that can be made according to its agreement with the federal government.

Measurement uncertainty

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the organization's best information and judgement. Actual results could differ from these estimates.

Examples of significant estimates include:

- providing for amortization of property and equipment;
- the estimated useful lives of assets;
- the allowance for doubtful accounts

5. Cash

	<u>2013</u>	<u>2012</u>
	\$	\$
Loan accounts	424,553	708,990
Monies held in trust	-	57,000
Operating account	33,261	46,823
SEEB administration account	4,247	13,475
Investment cash accounts	8,285	8,046
Petty cash	150	100
	<u>470,496</u>	<u>834,434</u>

6. Marketable Securities

	<u>2013</u>	<u>2012</u>
	\$	\$
Scotia Asset Investment Funds	1,343,914	2,096,764

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN
SIMILKAMEEN**

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2013

7. Accounts receivable

	<u>2013</u>	<u>2012</u>
	\$	\$
Trade receivable	54,566	39,498
GST/HST receivable	16,634	9,832
	<u>71,200</u>	<u>49,330</u>

8. Due from related party

The balance receivable is due from Southern Interior Development Corporation. This loan relates to the purchase of a building subsequent to the year end. It is repayable at a minimum of \$60,000 per year, due April 1st of each year, plus 1% interest, due on demand if funds are required for client loans.

9. Loans Receivable

	<u>2013</u>	<u>2012</u>
	\$	\$
General	1,360,582	1,156,726
Community business	626,138	380,453
Partnerships	418,265	319,067
Youth	214,895	218,094
Disabled entrepreneur investment	226,438	163,192
	<u>2,846,318</u>	<u>2,237,532</u>
Less portion payable to loan partners	-	25,951
Less allowance for doubtful loans:		
Specific provision	78,745	111,611
General provision	61,000	61,000
	<u>139,745</u>	<u>172,611</u>
	<u>2,706,573</u>	<u>2,038,970</u>
Allowance for doubtful loans		
Balance, beginning of year	172,611	119,119
Additional provision during the year	26,942	53,492
Amounts recovered	(40,209)	-
Written off during the year	(19,599)	-
	<u>139,745</u>	<u>172,611</u>

The loans receivable are due in monthly payments including interest at rates varying from 5.00% to 8.75% and are secured by one, or a combination, of debentures, personal guarantees, promissory notes, general security agreements, mortgages and other charges on property.

A significant portion of the loans are to individuals or corporations involved in or starting a small business and as such, the company is exposed to all of the risks associated with that segment of the industry.

The allowance as a percentage of total loans is 4.91% (2012 - 7.71%).

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN
SIMILKAMEEN**

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2013

9. Investments In Subsidiary Companies

	Percent owned	Shares	Advances	2013	2012
		\$	\$	\$	\$
Southern Interior Development Corporation	100%	1	-	1	1
Canadian Centre for Economic Gardening Corporation (formerly SIDCO Leasing Corporation)	100%	1	-	1	1
		<u>2</u>	<u>-</u>	<u>2</u>	<u>2</u>

10. Property and Equipment

	Cost	Accumulated Amortization	Net Book Value	
			2013	2012
	\$	\$	\$	\$
Furniture and equipment	87,070	83,658	3,412	3,499
Computer hardware	66,361	65,027	1,334	1,044
	<u>153,431</u>	<u>148,685</u>	<u>4,746</u>	<u>4,543</u>

11. Accounts Payable and Accrued Liabilities

	2013	2012
	\$	\$
Accounts payable and accruals	17,271	33,991
Employee deductions payable	9,963	12,736
WCB payable	80	31
HST/GST payable	11,740	-
Loan Fund	43,075	-
	<u>82,129</u>	<u>46,758</u>

Included in accounts payable are amounts that will become repayable if the programs they relate to are not completed as well as amounts that are restricted to specific programs that have not been expended.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN
SIMILKAMEEN**

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2013

12. Externally Restricted Net Assets

Major categories of externally imposed restrictions on loan funds are as follows:

	<u>2013</u>	<u>2012</u>
	\$	\$
Conditionally Repayable:		
Community Business Fund	547,048	547,048
Youth Investment Fund	110,486	118,589
Disabled Entrepreneur Fund	71,365	82,862
Contributed Capital:		
Loan Fund	2,009,609	2,009,609
Operating Fund	14,697	14,697
Accumulated Earnings:		
Non-Repayable Fund	1,865,338	1,634,573
Community Business Fund	278,137	270,572
Youth Investment Fund	138,650	127,259
Disabled Entrepreneur Fund	143,509	128,483
Self-Employment Program Fund	12,724	608
	<u>5,191,563</u>	<u>4,934,300</u>

YOUTH INVESTMENT FUND & DISABLED ENTREPRENEUR FUND

Western Economic Diversification's actual contribution to date are as follows:

Youth Investment Fund	200,000
Disabled Entrepreneur Fund	200,000

These funds are repayable if the following conditions occur:

- i) The Conditionally Repayable Fund ("Fund") is not administered according to the terms and conditions specified in the Agreement; or
- ii) Based on reviews and evaluations of the operations and the Fund of the Corporation, the Fund is not providing a satisfactory level of benefits in terms of employment creation, the development of Community-owned or controlled business, and strengthening of the Western Canadian economy; or
- iii) In the opinion of the Minister, the Fund is no longer necessary or relevant to the development of the Western Canadian economy; or
- iv) The Agreement is terminated; or
- v) An event of default occurs, as described in the Agreement; or
- vi) The Minister does not approve terms and conditions to extend the Project beyond the Completion Date.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN
SIMILKAMEEN**

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2013

10. Externally Restricted Net Assets (continued)

FOREST RENEWAL BC FUND LOAN & COMMUNITY BUSINESS FUND LOAN

Under the terms of an agreement amended March 27, 1997, December 15, 1999, and December 18, 2000 the company has received \$650,000 from Forest Renewal BC which has been contributed to a fund along with the company's matching contribution. Upon termination of the agreement, the company must pay an amount equal to 50% of the funds not lent out and 50% of any subsequent receipts of interest or principal. One half of the loans that have been written off as bad debts are recorded as a reduction of the repayable amount. On November 1, 2010, a new agreement was signed to transfer the Forest Renewal BC Fund to the Community Business Fund.

CONTRIBUTED CAPITAL

This amount consists of the net asset balances transferred to the company by Okanagan Similkameen Community Futures Association, Okanagan Similkameen Community Development Association and Southern Interior Development Corporation on April 1, 1995 for consideration of \$1.

13. Economic Dependence

The company receives a substantial portion of its funding from Western Economic Diversification.

14. Related Party Transactions

Related Party	Type of Transaction	Received (Paid)	
		2013	2012
		\$	\$
Southern Interior Development Corporation <i>(wholly owned subsidiary)</i>			
	Rent	(36,456)	(36,456)
	Rent (SE)	(14,528)	(26,718)
	Rent (Economic Gardening)	(5,400)	-
	Consulting fee	-	(1,804)
	Reimbursement for janitorial services (SE)	-	(1,909)
		(56,384)	(66,887)

The above transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

15. Miscellaneous Revenue

	2013	2012
	\$	\$
Loan administration fees	27,793	23,726
Conferences	9,499	3,105
Loan legal fees recovered	1,001	3,725
	38,293	30,556

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN SIMILKAMEEN

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2013

16. Interfund Interest Transfer

During the year, Western Economic Diversification Canada authorized a transfer of \$35,000 from Community Business fund to the General Operating fund to be used to provide assistance in the day to day operations.

17. Financial Instruments

The company's financial instruments consist of cash, marketable securities, accounts receivable, loans receivable, accounts payable and accrued liabilities.

Fair value

The company's carrying value of cash and cash equivalents, accounts receivable, and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

The fair value of marketable securities is determined by reference to stated market values.

The carrying value of the loans receivables approximates the fair value as the interest rates are consistent with the current rates offered by the company for debt with similar terms.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The company is exposed to credit risk from customers. In order to reduce its credit risk, the company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The company has a significant number of customers, which minimizes concentration of credit risk

Interest rate risk

Interest rate risk is the risk that fluctuations in interest rates will result in changes in fair value or cash flow on a financial instrument. The marketable securities held by the company are subject to interest rate risk due to changes in interest rates on investments. The company mitigates against large fluctuations in interest rates by investing in stable, quality marketable securities.

Currency risk

Unless otherwise noted, it is management's opinion that the company is not exposed to significant currency risks arising from these financial instruments.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk also reflects interest rate risk and currency risk. The marketable securities held by the company are subject to market risk as a result of changes in market prices. The market mitigates against large fluctuations in market prices by investing in stable, quality marketable securities.

18. Income Tax

The company is exempt from income tax under Section 149(1) of the Income Tax Act.

19. Comparative Figures

The comparative figures have been reclassified to conform with the current year's financial statement presentation.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN SIMILKAMEEN

SCHEDULE OF OPERATING FUND STATEMENT OF FINANCIAL POSITION

As at March 31, 2013, With Comparative Figures for 2012

	Operating Fund	Economic Gardening	2013	2012
ASSETS				
CURRENT	\$	\$	\$	\$
Cash	33,411	-	33,411	46,923
Accounts receivable	70,003	-	70,003	35,699
Prepaid expenses	2,929	27,578	30,507	1,544
	106,343	27,578	133,921	84,166
INVESTMENTS IN SUBSIDIARY	2	-	2	2
PROPERTY AND EQUIPMENT	4,746	-	4,746	4,543
	111,091	27,578	138,669	88,711
LIABILITIES AND FUND BALANCES				
CURRENT				
Accounts payable and accrued liabilities	27,314	-	27,314	46,758
Interfund balances	39,766	30,326	70,092	(17,273)
Deferred revenue	1,745	-	1,745	1,813
Due to related party	3,948	-	3,948	11,313
	72,773	30,326	103,099	42,611
FUND BALANCES				
Investment in Capital Assets	4,746	-	4,746	4,543
Externally Restricted Funds	14,697	-	14,697	15,305
Unrestricted	18,875	(2,748)	16,127	26,252
	38,318	(2,748)	35,570	46,100
	111,091	27,578	138,669	88,711

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN SIMILKAMEEN
SCHEDULE OF OPERATING FUND
NON-CONSOLIDATED STATEMENT OF OPERATIONS
As at March 31, 2013, With Comparative Figures for 2012

	Operating Fund	Economic Gardening	2013	2012
	\$	\$	\$	\$
REVENUE				
Operating contributions	286,480	-	286,480	338,055
Project funding	4,504	111,225	115,729	126,246
Miscellaneous (Note 15)	38,293	-	38,293	30,556
Interest from bank and investments	804	-	804	830
	330,081	111,225	441,306	495,687
EXPENDITURES				
Wages and benefits	254,574	79,031	333,605	344,427
Rent	36,456	5,400	41,856	36,456
Professional fees	17,350	1,637	18,987	19,177
Project expenses	-	17,966	17,966	70,962
Travel	7,616	3,196	10,812	12,015
Director's expenses	10,384	-	10,384	13,216
Office and sundry	8,825	631	9,456	13,050
Website development	8,836	-	8,836	-
Repairs and maintenance	7,693	180	7,873	7,691
Advertising and promotion	6,380	-	6,380	11,044
Licenses, dues and fees	1,651	4,422	6,073	4,707
Telephone	3,866	357	4,223	4,222
Bank charges and interest	2,563	-	2,563	2,775
Amortization	1,960	-	1,960	2,160
Client loan expenses	1,880	-	1,880	4,062
Training	459	1,153	1,612	150
Insurance	1,295	-	1,295	1,295
Strategic planning expense	1,075	-	1,075	3,717
	372,863	113,973	486,836	551,126
EXCESS OF REVENUE OVER EXPENDITURES	(42,782)	(2,748)	(45,530)	(55,439)

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN SIMILKAMEEN

**SCHEDULE OF OPERATING FUND
NON-CONSOLIDATED STATEMENT OF CHANGES IN FUND BALANCES**
As at March 31, 2013, With Comparative Figures for 2012

	Operating Fund	Economic Gardening	2013	2012
FUND BALANCE, beginning of year	\$ 46,100	\$ -	\$ 46,100	\$ 81,539
Excess (deficiency) of revenues over expenditures	(42,782)	(2,748)	(45,530)	(55,439)
Interfund interest transfer (Note 16)	35,000	-	35,000	20,000
FUND BALANCE, end of year	38,318	(2,748)	35,570	46,100

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN SIMILKAMEEN

SCHEDULE OF OPERATING FUND NON-CONSOLIDATED STATEMENT OF CASH FLOWS

As at March 31, 2013, With Comparative Figures for 2012

	Operating Fund	Economic Gardening	2013	2012
	\$	\$	\$	\$
CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES				
Operations:				
Excess of revenue over expenditures	(42,782)	(2,748)	(45,530)	(55,439)
Amortization	1,960	-	1,960	2,160
	(40,822)	(2,748)	(43,570)	(53,279)
Net change in non-cash working capital items				
Accounts receivable	(34,304)	-	(34,304)	18,904
Prepaid expenses	(1,385)	(27,578)	(28,963)	63
Accounts payable and accrued liabilities	(19,444)	-	(19,444)	(27,470)
Interfund	92,039	30,326	122,365	(9,666)
Deferred revenue	(68)	-	(68)	(1,404)
	(3,984)	-	(3,984)	(72,852)
INVESTING ACTIVITIES				
Property and equipment acquired	(2,163)		(2,163)	
FINANCING ACTIVITIES				
Received from related parties	(7,365)	-	(7,365)	(1,963)
	(7,365)	-	(7,365)	(1,963)
NET CASH INFLOW (OUTFLOW)	(13,512)	-	(13,512)	(74,815)
CASH AND CASH EQUIVALENTS, beginning of year	46,923	-	46,923	121,738
CASH AND CASH EQUIVALENTS, end of year	33,411	-	33,411	46,923

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN SIMILKAMEEN
SCHEDULE OF LOAN FUND
STATEMENT OF FINANCIAL POSITION

As at March 31, 2013, With Comparative Figures for 2012

	NON- REPAYABLE	COMMUNITY BUSINESS	YOUTH	DISABLED	2013	2012
ASSETS						
CURRENT	\$	\$	\$	\$	\$	\$
Cash	284,429	21,033	77,950	49,426	432,838	774,036
Marketable securities	1,334,122	9,792	-	-	1,343,914	2,096,764
Accounts receivable	1,030	-	-	-	1,030	948
Due from related party	672,820	-	-	-	672,820	-
	2,292,401	30,825	77,950	49,426	2,450,602	2,871,748
LOANS RECEIVABLE	1,665,587	626,138	203,157	211,691	2,706,573	2,038,970
	3,957,988	656,963	281,107	261,117	5,157,175	4,910,718
LIABILITIES						
CURRENT						
Accounts payable and accrued liabilities	43,075	-	-	-	43,075	-
Interfund balances	39,966	(168,222)	31,971	46,243	(50,042)	(8,277)
	83,041	(168,222)	31,971	46,243	(6,967)	(8,277)
NET ASSETS						
Fund balances	3,874,947	825,185	249,136	214,874	5,164,142	4,918,995
	3,874,947	825,185	249,136	214,874	5,164,142	4,918,995
	3,957,988	656,963	281,107	261,117	5,157,175	4,910,718

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN SIMILKAMEEN
SCHEDULE OF LOAN FUND
STATEMENT OF OPERATIONS AND STATEMENT OF COMPREHENSIVE INCOME
As at March 31, 2013, With Comparative Figures for 2012

	NON- REPAYABLE	COMMUNITY BUSINESS	YOUTH	DISABLED	2013	2012
REVENUE	\$	\$	\$	\$	\$	\$
Interest from loans	104,909	26,538	16,704	8,326	156,477	145,481
Interest from bank and investments	1,960	(2,395)	347	678	590	10,675
	106,869	24,143	17,051	9,004	157,067	156,156
EXPENDITURES						
Investment management fees	20,274	2,631	-	-	22,905	16,749
Bad debts (recovered)	8,434	-	5,661	(6,022)	8,073	58,835
	28,708	2,631	5,661	(6,022)	30,978	75,584
OTHER INCOME						
Investment income	75,458	8,958	-	-	84,416	60,449
Gain (loss) on sale of investments	41,203	10,712	-	-	51,915	(11,693)
	116,661	19,670	-	-	136,331	48,756
EXCESS OF REVENUE OVER EXPENDITURES	194,822	41,182	11,390	15,026	262,420	129,328

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN SIMILKAMEEN
SCHEDULE OF LOAN FUND
STATEMENT OF CHANGES IN FUND BALANCES
As at March 31, 2013, With Comparative Figures for 2012

	NON- REPAYABLE	COMMUNITY BUSINESS	YOUTH	DISABLED	2013	2012
	\$	\$	\$	\$	\$	\$
FUND BALANCE, beginning of year	3,644,182	817,620	245,848	211,345	4,918,995	4,809,626
Excess (deficiency) of revenues over expenditures	194,822	41,182	11,390	15,026	262,420	129,328
Change in market value of investments classified as available-for-sale	35,943	1,383	-	-	37,326	41
Interfund interest transfer	-	(35,000)	-	-	(35,000)	(20,000)
Repayment of externally restricted funds	-	-	(8,102)	(11,497)	(19,599)	-
FUND BALANCE, end of year	3,874,947	825,185	249,136	214,874	5,164,142	4,918,995

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN SIMILKAMEEN
SCHEDULE OF LOAN FUND
STATEMENT OF CASH FLOW

As at March 31, 2013, With Comparative Figures for 2012

	NON- REPAYABLE	COMMUNITY BUSINESS	YOUTH	DISABLED	2013	2012
	\$	\$	\$	\$	\$	\$
CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES						
Operations:						
Excess of revenue over expenditures	194,822	41,182	11,390	15,026	262,420	129,328
Net change in non-cash working capital items						
Marketable securities	405,640	336,563	10,647	-	752,850	(1,151,977)
Unrealized Gain (loss) of investments	35,943	1,383	-	-	37,326	41
Other current asset	-	-	-	-	-	1,276,053
Accounts receivable	(173)	93	-	-	(80)	948
Accounts payable and accrued liabilities	43,075	-	-	-	43,075	-
Interfund	125,564	(303,721)	49,025	52,367	(76,765)	(12,286)
	804,871	75,500	71,062	67,393	1,018,826	242,107
INVESTING ACTIVITIES						
Net increase in loans receivable	(353,461)	(245,685)	6,835	(75,293)	(667,604)	(44,989)
FINANCING ACTIVITIES						
Repayment of fund loans	-	-	(8,103)	(11,497)	(19,600)	-
Received from (paid to) related parties	(672,820)	-	-	-	(672,820)	-
NET CASH INFLOW (OUTFLOW)	(221,410)	(170,185)	69,794	(19,397)	(341,198)	197,118
CASH AND CASH EQUIVALENTS, beginning of year	505,839	191,218	8,156	68,823	774,036	576,918
CASH AND CASH EQUIVALENTS, end of year	284,429	21,033	77,950	49,426	432,838	774,036