

**COMMUNITY FUTURES DEVELOPMENT  
CORPORATION OF OKANAGAN SIMILKAMEEN**

**Non-Consolidated Financial Statements**

**March 31, 2014**

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## INDEPENDENT AUDITORS' REPORT

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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, 2014, 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.



**INDEPENDENT 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, 2014, 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.

**CHARTERED ACCOUNTANTS**

Penticton, British Columbia  
June 17, 2014

# COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN SIMILKAMEEN

## NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2014, With Comparative Figures for 2013

|   | Operating Fund | Loan Fund        | 2014             | 2013             |
|---|----------------|------------------|------------------|------------------|
| <b>ASSETS</b>                             |                |                  |                  |                  |
| <b>CURRENT</b>                            |                |                  |                  |                  |
| Cash (Note 4)                             | \$ 58,669      | \$ 705,076       | \$ 763,745       | \$ 470,496       |
| Marketable securities (Note 5)            | -              | -                | -                | 1,343,914        |
| Accounts receivable (Note 6)              | 20,035         | -                | 20,035           | 71,200           |
| Prepaid expenses                          | 1,907          | -                | 1,907            | 30,507           |
| Due from related party (Note 7)           | 50,136         | 714,820          | 764,956          | 672,820          |
|   | <u>130,747</u> | <u>1,419,896</u> | <u>1,550,643</u> | <u>2,588,937</u> |
| <b>LOANS RECEIVABLE (Note 8)</b>          | -              | 4,290,519        | 4,290,519        | 2,706,573        |
| <b>INVESTMENTS IN SUBSIDIARY (Note 9)</b> | 2              | -                | 2                | 2                |
| <b>PROPERTY AND EQUIPMENT (Note 10)</b>   | 5,954          | -                | 5,954            | 4,746            |
|   | <u>136,703</u> | <u>5,710,415</u> | <u>5,847,118</u> | <u>5,300,258</u> |

## LIABILITIES AND FUND BALANCES

|  |                |                  |                  |                  |
|--|----------------|------------------|------------------|------------------|
| <b>CURRENT</b>                                     |                |                  |                  |                  |
| Accounts payable and accrued liabilities (Note 11) | 82,509         | 3,115            | 85,624           | 82,129           |
| Interfund balances                                 | 47,638         | (47,638)         | -                | -                |
| Deferred revenue                                   | 1,432          | -                | 1,432            | 1,745            |
| Current portion of long term debt (Note 12)        | -              | 44,890           | 44,890           | -                |
| Due to related party (Note 7)                      | -              | -                | -                | 3,948            |
|  | <u>131,579</u> | <u>367</u>       | <u>131,946</u>   | <u>87,822</u>    |
| <b>LONG TERM DEBT (Note 12)</b>                    | -              | 555,110          | 555,110          | -                |
|  |                |                  |                  |                  |
| <b>FUND BALANCES</b>                               |                |                  |                  |                  |
| Investment in Capital Assets                       | 5,954          | -                | 5,954            | 4,746            |
| Externally Restricted Funds (Note 13)              | 36,349         | 5,154,938        | 5,191,287        | 5,191,563        |
| Unrestricted                                       | (37,179)       | -                | (37,179)         | 16,127           |
|  | <u>5,124</u>   | <u>5,154,938</u> | <u>5,160,062</u> | <u>5,212,436</u> |
|  | <u>136,703</u> | <u>5,710,415</u> | <u>5,847,118</u> | <u>5,300,258</u> |

## ECONOMIC DEPENDENCE (Note 14)

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, 2014, With Comparative Figures for 2013

|  | Operating Fund  | Loan Fund      | 2014            | 2013           |
|--|-----------------|----------------|-----------------|----------------|
| <b>REVENUE</b>                         | \$              | \$             | \$              | \$             |
| Operating contributions                | 371,850         | -              | 371,850         | 391,285        |
| Interest from loans                    | -               | 256,427        | 256,427         | 156,477        |
| Miscellaneous (Note 15)                | 57,410          | -              | 57,410          | 38,293         |
| Project funding                        | 15,598          | -              | 15,598          | 115,729        |
| Interest from bank and investments     | 231             | 5,597          | 5,828           | 1,479          |
|  | <u>445,089</u>  | <u>262,024</u> | <u>707,113</u>  | <u>703,263</u> |
| <b>EXPENSES</b>                        |                 |                |                 |                |
| Wages and benefits (Note 11)           | 367,793         | -              | 367,793         | 402,023        |
| Bad debts (recovered)                  | -               | 243,370        | 243,370         | 8,073          |
| Rent                                   | 53,556          | -              | 53,556          | 56,384         |
| Professional fees                      | 23,254          | -              | 23,254          | 18,987         |
| Office and sundry (Note 6)             | 22,007          | -              | 22,007          | 9,509          |
| Interest                               | -               | 19,832         | 19,832          | -              |
| Director's expenses                    | 8,383           | -              | 8,383           | 10,384         |
| Investment management fees             | -               | 6,566          | 6,566           | 22,905         |
| Advertising and promotion              | 5,931           | -              | 5,931           | 6,480          |
| Project expenses                       | 5,751           | -              | 5,751           | 21,075         |
| Repairs and maintenance                | 4,515           | -              | 4,515           | 8,170          |
| Telephone                              | 4,403           | -              | 4,403           | 4,223          |
| Travel                                 | 4,384           | -              | 4,384           | 10,896         |
| Licenses, dues and fees                | 3,782           | -              | 3,782           | 6,073          |
| Bank charges and interest              | 3,619           | -              | 3,619           | 2,563          |
| Client loan expenses                   | 3,425           | -              | 3,425           | 1,880          |
| Training                               | 2,972           | -              | 2,972           | 6,048          |
| Amortization                           | 2,412           | -              | 2,412           | 1,960          |
| Insurance                              | 1,392           | -              | 1,392           | 1,295          |
| Website development                    | 680             | -              | 680             | 8,836          |
| Strategic planning expense             | -               | -              | -               | 1,075          |
| Facilitators                           | -               | -              | -               | 1,749          |
|  | <u>518,259</u>  | <u>269,768</u> | <u>788,027</u>  | <u>610,588</u> |
| <b>OTHER INCOME</b>                    |                 |                |                 |                |
| Investment income                      | -               | 13,158         | 13,158          | 84,416         |
| Gain on sale of investments            | -               | 20,676         | 20,676          | 89,242         |
|  | -               | 33,834         | 33,834          | 173,658        |
| <b>EXCESS OF REVENUE OVER EXPENSES</b> | <u>(73,170)</u> | <u>26,090</u>  | <u>(47,080)</u> | <u>266,333</u> |

(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, 2014, With Comparative Figures for 2013

|   | Operating Fund | Loan Fund        | 2014             | 2013             |
|---|----------------|------------------|------------------|------------------|
|   | \$             | \$               | \$               | \$               |
| FUND BALANCE, beginning of year               | 48,294         | 5,164,142        | 5,212,436        | 4,965,703        |
| Excess (deficiency) of revenues over expenses | (73,170)       | 26,090           | (47,080)         | 266,333          |
| Interfund interest transfer (Note 16)         | 30,000         | (30,000)         | -                | -                |
| Reduction in externally restricted funds      | -              | (5,294)          | (5,294)          | (19,601)         |
| <b>FUND BALANCE, end of year</b>              | <b>5,124</b>   | <b>5,154,938</b> | <b>5,160,062</b> | <b>5,212,435</b> |

(5)

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 CASH FLOWS**

As at March 31, 2014, With Comparative Figures for 2013

|   | Operating Fund  | Loan Fund          | 2014               | 2013             |
|---|-----------------|--------------------|--------------------|------------------|
|   | \$              | \$                 | \$                 | \$               |
| <b>CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES</b> |                 |                    |                    |                  |
| Operations:   |                 |                    |                    |                  |
| Excess of revenue over expenses                           | (73,170)        | 26,090             | (47,080)           | 266,333          |
| Amortization  | 2,412           | -                  | 2,412              | 1,960            |
|   | <u>(70,758)</u> | <u>26,090</u>      | <u>(44,668)</u>    | <u>268,293</u>   |
| Net change in non-cash working capital items              |                 |                    |                    |                  |
| Marketable securities                                     | -               | 1,343,914          | 1,343,914          | 752,850          |
| Accounts receivable                                       | 50,135          | 1,030              | 51,165             | (21,869)         |
| Prepaid expenses  | 28,600          | -                  | 28,600             | (28,963)         |
| Accounts payable and accrued liabilities                  | 43,129          | (39,959)           | 3,170              | 35,371           |
| Interfund   | 27,922          | (27,596)           | 326                | -                |
| Deferred revenue  | (313)           | -                  | (313)              | (68)             |
|   | <u>149,473</u>  | <u>1,277,389</u>   | <u>1,426,862</u>   | <u>737,321</u>   |
| <b>INVESTING ACTIVITIES</b>                               |                 |                    |                    |                  |
| Property and equipment acquired                           | (3,620)         | -                  | (3,620)            | (2,163)          |
| Net increase in loans receivable                          | -               | (1,583,947)        | (1,583,947)        | (667,604)        |
|   | <u>(3,620)</u>  | <u>(1,583,947)</u> | <u>(1,587,567)</u> | <u>(669,767)</u> |
| <b>FINANCING ACTIVITIES</b>                               |                 |                    |                    |                  |
| Repayment of fund loans                                   | -               | (5,294)            | (5,294)            | (19,600)         |
| Proceed from long term financing                          | -               | 600,000            | 600,000            | -                |
| Received from related parties                             | (54,084)        | (42,000)           | (96,084)           | (680,185)        |
|   | <u>(54,084)</u> | <u>552,706</u>     | <u>498,622</u>     | <u>(699,785)</u> |
| <b>NET CASH INFLOW (OUTFLOW)</b>                          | <u>21,011</u>   | <u>272,238</u>     | <u>293,249</u>     | <u>(363,938)</u> |
| <b>CASH AND CASH EQUIVALENTS, beginning of year</b>       | <u>37,658</u>   | <u>432,838</u>     | <u>470,496</u>     | <u>834,434</u>   |
| <b>CASH AND CASH EQUIVALENTS, end of year</b>             | <u>58,669</u>   | <u>705,076</u>     | <u>763,745</u>     | <u>470,496</u>   |

(6)

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



# COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN SIMILKAMEEN

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended March 31, 2014

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### 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. Summary of Significant Accounting Policies

#### Basis of Presentation

The financial statements were prepared in accordance with Canadian Accounting Standards for not-for-profit organizations (ASNPO).

#### 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.

#### Cash and cash equivalents policy

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

#### 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.

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, 2014

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### 2. Summary of Significant Accounting Policies (Continued)

#### Investment in Subsidiary

Investments in Southern Interior Development Corporation and Canadian Centre for Economic Gardening Corporation, wholly owned subsidiaries, are recorded using the cost method. 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

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

Restricted contributions related to general operations are recognized as revenue of the 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 Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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.

#### Fund Accounting

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.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN  
SIMILKAMEEN**

**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2014

**3. Summary of Significant Accounting Policies (Continued)**

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

**4. Cash**

|                             | <u>2014</u>    | <u>2013</u>    |
|-----------------------------|----------------|----------------|
|                             | \$             | \$             |
| Loan accounts               | 705,076        | 424,553        |
| Operating account           | 58,519         | 33,261         |
| Investment cash accounts    | -              | 8,285          |
| SEEB administration account | -              | 4,247          |
| Petty cash                  | 150            | 150            |
|                             | <u>763,745</u> | <u>470,496</u> |

**5. Marketable Securities**

|                               | <u>2014</u> | <u>2013</u> |
|-------------------------------|-------------|-------------|
|                               | \$          | \$          |
| Scotia Asset Investment Funds | -           | 1,343,914   |

**6. Accounts receivable**

|                    | <u>2014</u>   | <u>2013</u>   |
|--------------------|---------------|---------------|
|                    | \$            | \$            |
| Trade receivable   | 18,827        | 54,566        |
| GST/HST receivable | 1,208         | 16,634        |
|                    | <u>20,035</u> | <u>71,200</u> |

GST/HST repayable decrease includes a reduction of \$12,787 as a result of GST that was not able to be claimed as a rebate and has been included in office and sundry expense in the current year.

**7. Due from related party**

The balance receivable due from Southern Interior Development Corporation relates to the purchase of a building. 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. The balance at March 31, 2014 is \$564,820 (2013 - \$672,820).

The demand loan receivable of \$150,000 due from Canadian Centre for Economic Gardening Corporation is a loan bearing interest at 4.00%, repayable in monthly payments of interest only due on the 1st day of each month commencing May 1, 2014. The principal will be repaid as cash flow allows and can be redrawn as required. This loan is due on demand. The remaining balance due from Canadian Centre for Economic Gardening Corporation has a balance of \$50,136.07 at March 31, 2014 and has no terms of repayment.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN  
SIMILKAMEEN**

**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2014

**8. Loans Receivable**

|                                      | 2014             | 2013             |
|--------------------------------------|------------------|------------------|
|                                      | \$               | \$               |
| General                              | 1,468,357        | 1,360,582        |
| Community business                   | 2,134,808        | 626,138          |
| Partnerships                         | 414,543          | 418,265          |
| Youth                                | 469,536          | 214,895          |
| Disabled entrepreneur investment     | 189,295          | 226,438          |
|                                      | <u>4,676,539</u> | <u>2,846,318</u> |
| Less allowance for doubtful loans:   |                  |                  |
| Specific provision                   | 386,020          | 78,745           |
| General provision                    | -                | 61,000           |
|                                      | <u>386,020</u>   | <u>139,745</u>   |
|                                      | <u>4,290,519</u> | <u>2,706,573</u> |
| <b>Allowance for doubtful loans</b>  |                  |                  |
| Balance, beginning of year           | 139,745          | 172,611          |
| Additional provision during the year | 267,873          | 26,942           |
| Amounts recovered                    | (16,304)         | (40,209)         |
| Written off during the year          | (5,294)          | (19,599)         |
|                                      | <u>386,020</u>   | <u>139,745</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 9.56% (2013 - 4.91%).

**9. Investments In Subsidiary Companies**

|  | Percent<br>owned | Shares   | Advance<br>s | 2014     | 2013     |
|--|------------------|----------|--------------|----------|----------|
|  |                  | \$       | \$           | \$       | \$       |
| Southern Interior Development Corporation  | 100%             | 1        | -            | 1        | 1        |
| Canadian Centre for Economic Gardening Corporation<br>(formerly SIDCO Leasing Corporation) | 100%             | 1        | -            | 1        | 1        |
|  |                  | <u>2</u> | <u>-</u>     | <u>2</u> | <u>2</u> |

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN  
SIMILKAMEEN**

**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2014

**10. Property and Equipment**

|                         | Cost    | Accumulated<br>Amortization | Net Book Value |       |
|-------------------------|---------|-----------------------------|----------------|-------|
|                         |         |                             | 2014           | 2013  |
|                         | \$      | \$                          | \$             | \$    |
| Furniture and equipment | 87,070  | 84,341                      | 2,729          | 3,412 |
| Computer hardware       | 69,981  | 66,756                      | 3,225          | 1,334 |
|                         | 157,051 | 151,097                     | 5,954          | 4,746 |

**11. Accounts Payable and Accrued Liabilities**

|                               | 2014   | 2013   |
|-------------------------------|--------|--------|
|                               | \$     | \$     |
| Accounts payable and accruals | 70,829 | 17,271 |
| Employee deductions payable   | 9,337  | 9,963  |
| WCB payable                   | 57     | 80     |
| HST/GST payable               | 2,286  | 11,740 |
| Loan Fund                     | 3,115  | 43,075 |
|                               | 85,624 | 82,129 |

During the year, severance payable has been accrued and is included in accounts payable and wages and benefits expense. Subsequent to the year-end, Western Economic Diversification Canada authorized a transfer of \$35,000 from the Loan Fund to the General Operating fund towards these costs.

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, 2014

**12. Long term debt**

During the year Community Futures Development Corporation of Okanagan Similkameen (CFDC OS) entered into a loan participation and administration agreement with a number of Community Futures, as listed below, in order to advance a loan in the amount of \$900,000. As per the agreement, CFDC OS will provide a portion of the loan to be advanced in the amount of \$300,000 and will administer the loan. CFDC OS has granted and assigned an undivided interest in the security held in respect of the loan proportionate to the respective shares of the participants which includes a 2nd mortgage on farm land held by the recipient of the loan, personal guarantees of the shareholders, a general security agreement over the assets of the corporation and a life insurance policy as first loss payee. The participants share of the loan is repayable to the participants in monthly payments bearing interest at 6.00%, the first six payments being interest only payments after which the remaining payments are blended in the amounts listed below. The loan matures on August 1, 2023.

|  | <u>2014</u>    | <u>2013</u> |
|--|----------------|-------------|
|  | \$             | \$          |
| Community Futures Development Corporation of Boundary Area loan repayable in monthly blended payments of \$1,660.  | 150,000        | -           |
| Community Futures Development Corporation North Okanagan loan repayable in monthly blended payments of \$1,660.    | 150,000        | -           |
| Community Futures Development Corporation Caribou-Chilcotin loan repayable in monthly blended payments of \$1,107. | 100,000        | -           |
| Community Futures Development Corporation Sun Country loan repayable in monthly blended payments of \$553.         | 50,000         | -           |
| Community Futures Development Corporation Revelstoke loan repayable in monthly blended payments of \$1,660.        | 150,000        | -           |
|  | <u>600,000</u> | <u>-</u>    |
| Amounts payable within one year  | (44,890)       | -           |
|  | <u>555,110</u> | <u>-</u>    |

Principal repayment terms are approximately:

|            |         |
|------------|---------|
| 2015       | 44,890  |
| 2016       | 47,658  |
| 2017       | 50,598  |
| 2018       | 53,718  |
| 2019       | 57,032  |
| Thereafter | 346,104 |

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN  
SIMILKAMEEN**

**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2014

**13. Externally Restricted Net Assets**

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

|                              | <u>2014</u>      | <u>2013</u>      |
|------------------------------|------------------|------------------|
|                              | \$               | \$               |
| Conditionally Repayable:     |                  |                  |
| Community Business Fund      | 547,048          | 547,048          |
| Youth Investment Fund        | 110,486          | 110,486          |
| Disabled Entrepreneur Fund   | 71,365           | 71,365           |
| Contributed Capital:         |                  |                  |
| Loan Fund                    | 2,004,315        | 2,009,609        |
| Operating Fund               | 14,697           | 14,697           |
| Accumulated Earnings:        |                  |                  |
| Non-Repayable Fund           | 1,872,958        | 1,865,338        |
| Community Business Fund      | 323,666          | 278,137          |
| Youth Investment Fund        | 179,825          | 138,650          |
| Disabled Entrepreneur Fund   | 45,275           | 143,509          |
| Self-Employment Program Fund | 21,652           | 12,724           |
|                              | <u>5,191,287</u> | <u>5,191,563</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, 2014

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### 13. 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.

### 14. Economic Dependence

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

### 15. Miscellaneous Revenue

|                           | 2014          | 2013          |
|---------------------------|---------------|---------------|
|                           | \$            | \$            |
| Loan administration fees  | 42,914        | 27,793        |
| Conferences               | 2,235         | 9,499         |
| Loan legal fees recovered | 12,261        | 1,001         |
|                           | <u>57,410</u> | <u>38,293</u> |

### 16. Interfund Interest Transfer

During the year, Western Economic Diversification Canada authorized a transfer of \$30,000 from Community Business fund to the General Operating fund to be used to provide assistance in the day to day operation.

### 17. Income Tax

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

### 18. Prior Period Adjustment

The unrealized gains and losses on marketable securities have been reclassified in the prior year from the statement of net assets to the statement of operations resulting in an increase in the excess of revenues over expenses of \$37,326.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN  
SIMILKAMEEN**

**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2014

**19. Related Party Transactions**

| Related Party   | Type of Transaction            | Received (Paid) |                 |
|---|--------------------------------|-----------------|-----------------|
|   |                                | 2014            | 2013            |
|   |                                | \$              | \$              |
| Southern Interior Development Corporation<br>(wholly owned subsidiary)  |                                |                 |                 |
|   | Rent                           | (36,456)        | (36,456)        |
|   | Rent (SE)                      | (17,100)        | (14,528)        |
|   | Rent (Economic Gardening)      | -               | (5,400)         |
|   | Interest on debt               | 5,569           | -               |
|   |                                | <u>(47,987)</u> | <u>(56,384)</u> |
| Canadian Centre for Economic Gardening Corporation<br>(formerly SIDCO Leasing Corporation)<br>(wholly owned subsidiary) |                                |                 |                 |
|   | Interest on debt               | 4,300           | -               |
|   | Administration fees            | 12,000          | -               |
|   | Subcontractor expense recovery | 91,528          | -               |
|   |                                | <u>107,828</u>  | <u>-</u>        |

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.

**20. Financial Instruments**

The company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the company's risk exposure and concentration as of March 31, 2014.

**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.

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company is exposed to this risk mainly in respect of its loans receivable and related sources and long-term debt.

**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. In seeking to minimize the risks from interest rate fluctuations, the company manages exposure through its normal operating and financing activities. The company is exposed to interest rate risk primarily through any marketable securities held during the year.



**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN  
SIMILKAMEEN**

**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2014

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**21. Financial Instruments (continued)**

**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.

**22. 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, 2014, With Comparative Figures for 2013

|   | Operating Fund |          | Self Employment<br>Program | 2014     | 2013    |
|---|----------------|----------|----------------------------|----------|---------|
|   | \$             | \$       | \$                         | \$       | \$      |
| <b>ASSETS</b>   |                |          |                            |          |         |
| <b>CURRENT</b>  |                |          |                            |          |         |
| Cash  | 58,669         | -        | -                          | 58,669   | 37,658  |
| Accounts receivable   | 8,305          | 11,730   | -                          | 20,035   | 70,170  |
| Prepaid expenses  | 1,907          | -        | -                          | 1,907    | 30,507  |
| Due from related party                                      | 50,136         | -        | -                          | 50,136   | -       |
|   | 119,017        | 11,730   | 11,730                     | 130,747  | 138,335 |
| <b>INVESTMENTS IN SUBSIDIARY<br/>PROPERTY AND EQUIPMENT</b> | 2              | -        | -                          | 2        | 2       |
|   | 5,954          | -        | -                          | 5,954    | 4,746   |
|   | 124,973        | 11,730   | 11,730                     | 136,703  | 143,083 |
|   |                |          |                            |          |         |
| <b>LIABILITIES AND FUND BALANCES</b>                        |                |          |                            |          |         |
| <b>CURRENT</b>  |                |          |                            |          |         |
| Accounts payable and accrued liabilities                    | 80,223         | 2,286    | -                          | 82,509   | 39,054  |
| Interfund balances  | 59,846         | (12,208) | -                          | 47,638   | 50,042  |
| Deferred revenue  | 1,432          | -        | -                          | 1,432    | 1,745   |
| Due to related party  | -              | -        | -                          | -        | 3,948   |
|   | 141,501        | (9,922)  | (9,922)                    | 131,579  | 94,789  |
|   |                |          |                            |          |         |
| <b>FUND BALANCES</b>  |                |          |                            |          |         |
| Investment in Capital Assets                                | 5,954          | -        | -                          | 5,954    | 4,746   |
| Externally Restricted Funds                                 | 14,697         | 21,652   | -                          | 36,349   | 27,421  |
| Unrestricted  | (37,179)       | -        | -                          | (37,179) | 16,127  |
|   | (16,528)       | 21,652   | 21,652                     | 5,124    | 48,294  |
|   | 124,973        | 11,730   | 11,730                     | 136,703  | 143,083 |



**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN SIMILKAMEEN**  
**SCHEDULE OF OPERATING FUND**  
**STATEMENT OF OPERATIONS**

As at March 31, 2014, With Comparative Figures for 2013

|  | Operating Fund  |               | Self Employment Program |                 | 2014 | 2013 |
|--|-----------------|---------------|-------------------------|-----------------|------|------|
|  | \$              |               | \$                      |                 | \$   | \$   |
| <b>REVENUE</b>                         |                 |               |                         |                 |      |      |
| Operating contributions                | 284,306         | 87,544        | 371,850                 | 391,265         |      |      |
| Project funding                        | 15,598          | -             | 15,598                  | 115,729         |      |      |
| Miscellaneous (Note 15)                | 57,410          | -             | 57,410                  | 38,293          |      |      |
| Interest from bank and investments     | 231             | -             | 231                     | 889             |      |      |
|  | <u>357,545</u>  | <u>87,544</u> | <u>445,089</u>          | <u>546,196</u>  |      |      |
| <b>EXPENSES</b>                        |                 |               |                         |                 |      |      |
| Wages and benefits                     | 309,598         | 58,195        | 367,793                 | 402,023         |      |      |
| Rent                                   | 36,456          | 17,100        | 53,556                  | 56,384          |      |      |
| Professional fees                      | 23,254          | -             | 23,254                  | 18,987          |      |      |
| Project expenses                       | 5,751           | -             | 5,751                   | 21,075          |      |      |
| Travel                                 | 4,384           | -             | 4,384                   | 10,896          |      |      |
| Director's expenses                    | 8,383           | -             | 8,383                   | 10,384          |      |      |
| Office and sundry                      | 21,256          | 751           | 22,007                  | 9,509           |      |      |
| Website development                    | 680             | -             | 680                     | 8,836           |      |      |
| Repairs and maintenance                | 4,515           | -             | 4,515                   | 8,170           |      |      |
| Advertising and promotion              | 5,931           | -             | 5,931                   | 6,480           |      |      |
| Licenses, dues and fees                | 3,782           | -             | 3,782                   | 6,073           |      |      |
| Telephone                              | 4,403           | -             | 4,403                   | 4,223           |      |      |
| Bank charges and interest              | 3,619           | -             | 3,619                   | 2,563           |      |      |
| Amortization                           | 2,412           | -             | 2,412                   | 1,960           |      |      |
| Client loan expenses                   | 3,425           | -             | 3,425                   | 1,880           |      |      |
| Training                               | 402             | 2,570         | 2,972                   | 6,048           |      |      |
| Insurance                              | 1,392           | -             | 1,392                   | 1,295           |      |      |
| Strategic planning expense             | -               | -             | -                       | 1,075           |      |      |
| Facilitators                           | -               | -             | -                       | 1,749           |      |      |
|  | <u>439,643</u>  | <u>78,616</u> | <u>518,259</u>          | <u>579,610</u>  |      |      |
| <b>EXCESS OF REVENUE OVER EXPENSES</b> | <u>(82,098)</u> | <u>8,928</u>  | <u>(73,170)</u>         | <u>(33,414)</u> |      |      |



**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN SIMILKAMEEN**

**SCHEDULE OF OPERATING FUND**

**STATEMENT OF CHANGES IN FUND BALANCES**

As at March 31, 2014, With Comparative Figures for 2013

|   | Operating Fund  | Self Employment Program | 2014         | 2013          |
|---|-----------------|-------------------------|--------------|---------------|
| FUND BALANCE, beginning of year               | \$ 35,570       | \$ 12,724               | \$ 48,294    | \$ 46,708     |
| Excess (deficiency) of revenues over expenses | (82,098)        | 8,928                   | (73,170)     | (33,414)      |
| Interfund interest transfer (Note 16)         | 30,000          | -                       | 30,000       | 35,000        |
| <b>FUND BALANCE, end of year</b>              | <b>(16,528)</b> | <b>21,652</b>           | <b>5,124</b> | <b>48,294</b> |



**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN SIMILKAMEEN**

**SCHEDULE OF OPERATING FUND  
STATEMENT OF CASH FLOWS**

As at March 31, 2014, With Comparative Figures for 2013

|   | Operating Fund  | Self Employment<br>Program | 2014            | 2013            |
|---|-----------------|----------------------------|-----------------|-----------------|
|   | \$              | \$                         | \$              | \$              |
| <b>CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES</b>                             |                 |                            |                 |                 |
| Operations:   |                 |                            |                 |                 |
| Excess of revenue over expenses   | (82,098)        | 8,928                      | (73,170)        | (33,414)        |
| Amortization  | 2,412           | -                          | 2,412           | 1,960           |
|   | <u>(79,686)</u> | <u>8,928</u>               | <u>(70,758)</u> | <u>(31,454)</u> |
| Net change in non-cash working capital items  |                 |                            |                 |                 |
| Accounts receivable   | 61,698          | (11,563)                   | 50,135          | (21,789)        |
| Prepaid expenses  | 28,600          | -                          | 28,600          | (28,963)        |
| Accounts payable and accrued liabilities  | 52,583          | (9,454)                    | 43,129          | (7,703)         |
| Interfund   | 20,080          | 7,842                      | 27,922          | 76,765          |
| Deferred revenue  | (313)           | -                          | (313)           | (68)            |
|   | <u>162,648</u>  | <u>(13,175)</u>            | <u>149,473</u>  | <u>18,242</u>   |
| <b>INVESTING ACTIVITIES</b>   |                 |                            |                 |                 |
| Property and equipment acquired   | (3,620)         |                            | (3,620)         | (2,163)         |
|   | <u>(54,084)</u> |                            | <u>(54,084)</u> | <u>(7,365)</u>  |
| <b>FINANCING ACTIVITIES</b>   |                 |                            |                 |                 |
| Received from related parties   |                 |                            |                 |                 |
|   | 25,258          | (4,247)                    | 21,011          | (22,740)        |
| <b>NET CASH INFLOW (OUTFLOW)<br/>CASH AND CASH EQUIVALENTS,<br/>beginning of year</b> | <u>33,411</u>   | <u>4,247</u>               | <u>37,658</u>   | <u>60,398</u>   |
| <b>CASH AND CASH EQUIVALENTS, end of year</b>   | <u>58,669</u>   | <u>-</u>                   | <u>58,669</u>   | <u>37,658</u>   |



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

As at March 31, 2014, With Comparative Figures for 2013

|  | NON-REPAYABLE | COMMUNITY BUSINESS | YOUTH     | DISABLED  | 2014       | 2013       |
|--|---------------|--------------------|-----------|-----------|------------|------------|
| ASSETS                                   |               |                    |           |           |            |            |
| <b>CURRENT</b>                           |               |                    |           |           |            |            |
| Cash                                     | \$ 449,063    | \$ 98,626          | \$ 60,595 | \$ 96,792 | \$ 705,076 | \$ 432,838 |
| Marketable securities                    | -             | -                  | -         | -         | -          | 1,343,914  |
| Accounts receivable                      | -             | -                  | -         | -         | -          | 1,030      |
| Due from related party                   | 714,820       | -                  | -         | -         | 714,820    | 672,820    |
| <b>LOANS RECEIVABLE</b>                  | 1,163,883     | 98,626             | 60,595    | 96,792    | 1,419,896  | 2,450,602  |
|  | 1,618,035     | 2,134,808          | 469,537   | 68,139    | 4,290,519  | 2,706,573  |
|  | 2,781,918     | 2,233,434          | 530,132   | 164,931   | 5,710,415  | 5,157,175  |
| <b>LIABILITIES</b>                       |               |                    |           |           |            |            |
| <b>CURRENT</b>                           |               |                    |           |           |            |            |
| Accounts payable and accrued liabilities | 75            | 3,040              | -         | -         | 3,115      | 43,074     |
| Interfund balances                       | (1,095,430)   | 759,680            | 239,821   | 48,291    | (47,638)   | (50,042)   |
| Current portion of long term debt        | -             | 44,890             | -         | -         | 44,890     | -          |
| <b>LONG TERM DEBT</b>                    | (1,095,355)   | 807,610            | 239,821   | 48,291    | 367        | (6,968)    |
|  | -             | 555,110            | -         | -         | 555,110    | -          |
|  | (1,095,355)   | 1,362,720          | 239,821   | 48,291    | 555,477    | (6,968)    |
| <b>NET ASSETS</b>                        |               |                    |           |           |            |            |
| Fund balances                            | 3,877,273     | 870,714            | 290,311   | 116,640   | 5,154,938  | 5,164,142  |
|  | 3,877,273     | 870,714            | 290,311   | 116,640   | 5,154,938  | 5,164,142  |
|  | 2,781,918     | 2,233,434          | 530,132   | 164,931   | 5,710,415  | 5,157,174  |



**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN SIMILKAMEEN**  
**SCHEDULE OF LOAN FUND**  
**STATEMENT OF OPERATIONS**

As at March 31, 2014, With Comparative Figures for 2013

|  | NON-REPAYABLE  | COMMUNITY BUSINESS | YOUTH           | DISABLED        | 2014           | 2013           |
|--|----------------|--------------------|-----------------|-----------------|----------------|----------------|
| <b>REVENUE</b>                         | \$             | \$                 | \$              | \$              | \$             | \$             |
| Interest from loans                    | 125,433        | 94,657             | 28,745          | 7,592           | 256,427        | 156,477        |
| Interest from bank and investments     | 3,404          | 918                | 692             | 583             | 5,597          | 590            |
|  | <u>128,837</u> | <u>95,575</u>      | <u>29,437</u>   | <u>8,175</u>    | <u>262,024</u> | <u>157,067</u> |
| <b>EXPENSES</b>                        |                |                    |                 |                 |                |                |
| Investment management fees             | 6,535          | 31                 | -               | -               | 6,566          | 22,905         |
| Bad debts (recovered)                  | 148,700        | -                  | (11,739)        | 106,409         | 243,370        | 8,073          |
| Interest paid out                      | -              | 19,832             | -               | -               | 19,832         | -              |
|  | <u>155,235</u> | <u>19,863</u>      | <u>(11,739)</u> | <u>106,409</u>  | <u>269,768</u> | <u>30,978</u>  |
| <b>OTHER INCOME</b>                    |                |                    |                 |                 |                |                |
| Investment income                      | 13,071         | 87                 | -               | -               | 13,158         | 84,416         |
| Gain (loss) on sale of investments     | 20,947         | (271)              | -               | -               | 20,676         | 89,242         |
|  | <u>34,018</u>  | <u>(184)</u>       | <u>-</u>        | <u>-</u>        | <u>33,834</u>  | <u>173,658</u> |
| <b>EXCESS OF REVENUE OVER EXPENSES</b> | <u>7,620</u>   | <u>75,528</u>      | <u>41,176</u>   | <u>(98,234)</u> | <u>26,090</u>  | <u>299,747</u> |



**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN SIMILKAMEEN**  
**SCHEDULE OF LOAN FUND**  
**STATEMENT OF CHANGES IN FUND BALANCES**  
 As at March 31, 2014, With Comparative Figures for 2013

|   | NON-REPAYABLE    | COMMUNITY BUSINESS | YOUTH          | DISABLED       | 2014             | 2013             |
|---|------------------|--------------------|----------------|----------------|------------------|------------------|
|   | \$               | \$                 | \$             | \$             | \$               | \$               |
| FUND BALANCE, beginning of year               | 3,874,947        | 825,186            | 249,135        | 214,874        | 5,164,142        | 4,918,995        |
| Excess (deficiency) of revenues over expenses | 7,620            | 75,528             | 41,176         | (98,234)       | 26,090           | 299,747          |
| Interfund interest transfer                   | -                | (30,000)           | -              | -              | (30,000)         | (35,000)         |
| Repayment of externally restricted funds      | (5,294)          | -                  | -              | -              | (5,294)          | (19,600)         |
| <b>FUND BALANCE, end of year</b>              | <b>3,877,273</b> | <b>870,714</b>     | <b>290,311</b> | <b>116,640</b> | <b>5,154,938</b> | <b>5,164,142</b> |





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

As at March 31, 2014, With Comparative Figures for 2013

|   | NON-REPAYABLE | COMMUNITY BUSINESS | YOUTH     | DISABLED | 2014        | 2013      |
|---|---------------|--------------------|-----------|----------|-------------|-----------|
|   | \$            | \$                 | \$        | \$       | \$          | \$        |
| <b>CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES</b>                     |               |                    |           |          |             |           |
| Operations:   |               |                    |           |          |             |           |
| Excess of revenue over expenses   | 7,620         | 75,528             | 41,176    | (98,234) | 26,090      | 299,747   |
| Net change in non-cash working capital items                                  |               |                    |           |          |             |           |
| Marketable securities   | 1,334,122     | 9,792              | -         | -        | 1,343,914   | 752,850   |
| Accounts receivable   | 1,030         | -                  | -         | -        | 1,030       | (80)      |
| Accounts payable and accrued liabilities                                      | (43,000)      | 3,041              | -         | -        | (39,959)    | 43,075    |
| Interfund   | (1,135,396)   | 897,902            | 207,850   | 2,048    | (27,596)    | (76,765)  |
| Interest transfer   | 156,756       | 910,735            | 207,850   | 2,048    | 1,277,389   | 719,080   |
| <b>INVESTING ACTIVITIES</b>   |               |                    |           |          |             |           |
| Net increase in loans receivable  | 47,552        | (1,508,670)        | (266,381) | 143,552  | (1,583,947) | (667,604) |
| <b>FINANCING ACTIVITIES</b>   |               |                    |           |          |             |           |
| Repayment of fund loans   | (5,294)       | -                  | -         | -        | (5,294)     | (19,600)  |
| Proceeds from long term financing   | -             | 600,000            | -         | -        | 600,000     | -         |
| Repayment of long term financing  | -             | -                  | -         | -        | -           | -         |
| Received from (paid to) related parties                                       | (42,000)      | -                  | -         | -        | (42,000)    | (672,820) |
|   | (47,294)      | 600,000            | -         | -        | 552,706     | (692,420) |
| <b>NET CASH INFLOW (OUTFLOW) CASH AND CASH EQUIVALENTS, beginning of year</b> | 164,634       | 77,593             | (17,355)  | 47,366   | 272,238     | (341,197) |
|   | 284,429       | 21,033             | 77,950    | 49,426   | 432,838     | 774,035   |
| <b>CASH AND CASH EQUIVALENTS, end of year</b>                                 | 449,063       | 98,626             | 60,595    | 96,792   | 705,076     | 432,838   |