

**COMMUNITY FUTURES DEVELOPMENT  
CORPORATION OF OKANAGAN SIMILKAMEEN**

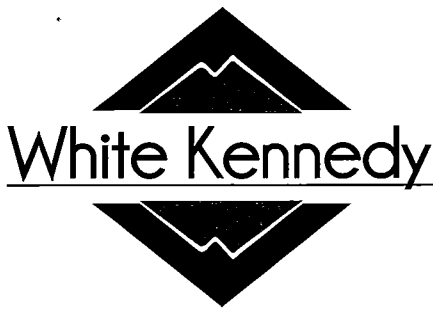
**Non-Consolidated Financial Statements**

**March 31, 2015**

**Contents**

	<b>Page</b>
<b>Independent Auditors' Report</b>	<b>1 - 2</b>
<b>Non-Consolidated Statement of Financial Position</b>	<b>3</b>
<b>Non-Consolidated Statement of Operations</b>	<b>4</b>
<b>Non-Consolidated Statement of Changes in Fund Balances</b>	<b>5</b>
<b>Non-Consolidated Statement of Cash Flows</b>	<b>6</b>
<b>Notes to Non-Consolidated Financial Statements</b>	<b>7 - 15</b>
<b>Schedule of Operating fund</b>	<b>16 - 19</b>
<b>Schedule of Loan Fund</b>	<b>20 - 23</b>





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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 comprises the non-consolidated statement of financial position as at March 31, 2015, 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.

(continues)

**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, 2015, 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 PROFESSIONAL ACCOUNTANTS**

Penticton, British Columbia  
July 7, 2015


**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN SIMILKAMEEN**

**Non-Consolidated Statement of Financial Position  
March 31, 2015**

	Operating Fund	Loan Fund	2015	2014
<b>ASSETS</b>				
<b>CURRENT</b>				
Cash (Note 2)	\$ 41,049	\$ 328,441	\$ 369,490	\$ 763,745
Accounts receivable (Note 3)	13,231	-	13,231	20,035
Prepaid expenses	4,416	-	4,416	1,907
Due from related parties (Note 4)	50,136	659,819	709,955	764,956
<b>LOANS RECEIVABLE (Note 5)</b>	<b>108,832</b>	<b>988,260</b>	<b>1,097,092</b>	<b>1,550,643</b>
<b>INVESTMENT IN SUBSIDIARIES (Note 6)</b>	<b>-</b>	<b>4,889,926</b>	<b>4,889,926</b>	<b>4,290,519</b>
<b>PROPERTY AND EQUIPMENT (Note 7)</b>	<b>4,082</b>	<b>-</b>	<b>2</b>	<b>2</b>
	<b>4,082</b>	<b>-</b>	<b>4,082</b>	<b>5,954</b>
	<b>112,916</b>	<b>5,878,186</b>	<b>5,991,102</b>	<b>5,847,118</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>CURRENT</b>				
Accounts payable and accrued liabilities (Note 9)	27,628	3,941	31,569	85,624
Interfund balances	49,894	(49,894)	-	-
Deferred revenue	1,432	-	1,432	1,432
Current portion of long term debt (Note 10)	-	48,047	48,047	44,890
	<b>78,954</b>	<b>2,094</b>	<b>81,048</b>	<b>131,946</b>
<b>LONG TERM DEBT (Note 10)</b>	<b>-</b>	<b>686,742</b>	<b>686,742</b>	<b>555,110</b>
	<b>78,954</b>	<b>688,836</b>	<b>767,790</b>	<b>687,056</b>
<b>FUND BALANCES</b>				
Investment in Capital Assets	4,082	-	4,082	5,954
Externally Restricted Funds (Note 11)	56,931	5,189,350	5,246,281	5,191,287
Unrestricted	(27,051)	-	(27,051)	(37,179)
	<b>33,962</b>	<b>5,189,350</b>	<b>5,223,312</b>	<b>5,160,062</b>
	<b>112,916</b>	<b>5,878,186</b>	<b>5,991,102</b>	<b>5,847,118</b>

ECONOMIC DEPENDENCE (Note 12)  
SUBSEQUENT EVENTS (Note 18)

On behalf of the Board:

 Director

 Director

See accompanying notes to the non-consolidated financial statements.



# COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN SIMILKAMEEN

Non-Consolidated Statement Of Operations  
Year Ended March 31, 2015

	2015	2014
	Operating Fund	Loan Fund
	\$	\$
<b>REVENUE</b>		
Operating contributions	361,325	-
Interest from loans	-	309,817
Interest transfers (Note 14)	82,000	-
Miscellaneous (Note 13)	24,618	-
Project funding	7,750	-
Interest from bank and investments	626	6,480
	<b>476,319</b>	<b>316,297</b>
	<b>\$ 792,616</b>	<b>\$ 737,113</b>
<b>EXPENSES</b>		
Wages and benefits	313,753	-
Interest transfers (Note 14)	82,000	-
Rent	53,556	-
Interest	-	36,050
Professional fees	20,952	-
Travel	11,455	-
Director's expenses	7,198	-
Client loan expenses	6,761	-
Facilitators	5,976	-
Repairs and maintenance	5,869	-
Advertising and promotion	5,795	-
Office and sundry	4,288	-
Licenses, dues and fees	3,638	-
Telephone	3,590	-
Amortization	2,370	-
Bank charges and interest	911	-
Strategic planning expense	734	-
Insurance	348	-
Training	287	-
Website development	-	-
Investment management fees	-	-
Project expenses	-	-
Bad debts (recovered)	-	-
	<b>447,481</b>	<b>(47,508)</b>
	<b>70,542</b>	<b>518,023</b>
	<b>\$ 518,023</b>	<b>\$ 243,370</b>
<b>OTHER INCOME</b>		
Investment income	-	-
Gain on sale of investments	-	-
	<b>28,838</b>	<b>245,755</b>
	<b>274,593</b>	<b>(47,080)</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>		
	<b>28,838</b>	<b>(47,080)</b>

(4)

See accompanying notes to the non-consolidated financial statements.



# COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN SIMILKAMEEN

## Non-Consolidated Statement of Changes In Fund Balances March 31, 2015

	Operating Fund	Loan Fund	2015	2014
	\$	\$	\$	\$
<b>FUND BALANCES, beginning of year</b>	5,124	5,154,938	5,160,062	5,212,436
Excess (deficiency) of revenue over expenses	28,838	245,755	274,593	(47,080)
Reduction in externally restricted funds	-	(211,343)	(211,343)	(5,294)
<b>FUND BALANCES, end of year</b>	<b>33,962</b>	<b>5,189,350</b>	<b>5,223,312</b>	<b>5,160,062</b>
Included in Fund Balances:				
INVESTMENT IN CAPITAL ASSETS, beginning of year	5,954	-	5,954	4,746
Amortization of property and equipment	(2,370)	-	(2,370)	(2,412)
Purchase of property and equipment	498	-	498	3,620
<b>INVESTMENT IN CAPITAL ASSETS, end of year</b>	<b>4,082</b>	<b>-</b>	<b>4,082</b>	<b>5,954</b>

(5)

See accompanying notes to the non-consolidated financial statements.



**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN SIMILKAMEEN**

**Non-Consolidated Statement of Cash Flows  
Year Ended March 31, 2015**

	Operating Fund	Loan Fund	2015	2014
	\$	\$	\$	\$
<b>CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES</b>				
Operations:				
Excess (deficiency) of revenue over expenses	28,838	245,755	274,593	(47,080)
Amortization	2,370	-	2,370	2,412
	31,208	245,755	276,963	(44,668)
<b>Net change in non-cash working capital items</b>				
Marketable securities	-	-	-	1,343,914
Unrealized gain/loss on investments	-	-	6,805	51,165
Accounts receivable	6,805	-	(2,509)	28,600
Prepaid expenses	(2,509)	-	(54,055)	3,496
Accounts payable and accrued liabilities	(54,882)	827	-	-
Interfund balances	2,256	(2,256)	-	(313)
Deferred revenue	-	-	-	(1,426,862)
	(48,330)	(1,429)	(49,759)	-
<b>INVESTING ACTIVITIES</b>				
Property and equipment acquired	(498)	-	(498)	(3,620)
Net increase in loans receivable	-	(599,407)	(599,407)	(1,583,947)
	(498)	(599,407)	(599,905)	(1,587,567)
<b>FINANCING ACTIVITIES</b>				
Repayment of fund loans	-	(211,343)	(211,343)	(5,294)
Proceeds from long term financing	-	134,789	134,789	600,000
Received from related parties	-	55,000	55,000	(96,084)
	-	(21,554)	(21,554)	498,622
<b>NET CASH INFLOW (OUTFLOW)</b>	(17,620)	(376,635)	(394,255)	293,249
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	58,669	705,076	763,745	470,496
<b>CASH AND CASH EQUIVALENTS, end of year</b>	41,049	328,441	369,490	763,745

(6)

See accompanying notes to the non-consolidated financial statements.



# COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN SIMILKAMEEN

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS Year Ended March 31, 2015

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### NATURE OF OPERATIONS

Community Futures Development Corporation of Okanagan Similkameen (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. 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 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 Year Ended March 31, 2015

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### 1. 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%

#### 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.

#### 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.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN  
SIMILKAMEEN**

**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended March 31, 2015**

**2. CASH**

	<u>2015</u>	<u>2014</u>
	\$	\$
Loan accounts	328,441	705,076
Operating account	40,899	58,519
Petty cash	150	150
	<u>369,490</u>	<u>763,745</u>

**3. ACCOUNTS RECEIVABLE**

	<u>2015</u>	<u>2014</u>
	\$	\$
Trade receivable	12,771	18,827
GST receivable	460	1,208
	<u>13,231</u>	<u>20,035</u>

Included in the trade receivable balance is a balance owing from Southern Interior Development Corporation, a wholly owned subsidiary, in the amount of \$3,238. The balance receivable from the related party relates to transactions that occur in the normal course of business and was received subsequent to the year end.

**4. DUE FROM RELATED PARTIES**

	<u>2015</u>	<u>2014</u>
	\$	\$
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.	509,820	564,820
Canadian Centre for Economic Gardening Corporation, demand loan receivable of \$150,000 due from bears 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.	150,000	150,000
Canadian Centre for Economic Gardening Corporation, related to related party transactions that took place in the normal course of business and has no set terms of repayment	50,136	50,136
	<u>709,956</u>	<u>764,956</u>

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN  
SIMILKAMEEN**

**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended March 31, 2015**

**5. LOANS RECEIVABLE**

	<b>2015</b>	<b>2014</b>
	\$	\$
Non-repayable	<b>1,199,485</b>	1,468,357
Community business	<b>2,734,092</b>	2,134,808
Partnerships	<b>560,190</b>	414,543
Youth	<b>691,548</b>	469,536
Disabled entrepreneur investment	<b>40,219</b>	189,295
	<b>5,225,534</b>	4,676,539
Less allowance for doubtful loans:		
Specific provision	<b>(335,608)</b>	(386,020)
General provision	-	-
	<b>(335,608)</b>	(386,020)
	<b>4,889,926</b>	4,290,519
<b>Allowance for doubtful loans</b>		
Balance, beginning of year	<b>386,020</b>	139,745
Additional provision during the year	<b>223,116</b>	267,873
Amounts recovered	<b>(62,185)</b>	(16,304)
Written off during the year	<b>(211,343)</b>	(5,294)
Balance, end of year	<b>335,608</b>	386,020

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 6.42% (2014 - 8.25%).

**6. INVESTMENT IN SUBSIDIARIES**

	Percent owned	Shares	<b>2015</b>	<b>2014</b>
		\$	\$	\$
Southern Interior Development Corporation	100%	1	1	1
Canadian Centre for Economic Gardening Corporation	100%	1	1	1
		<u>2</u>	<u>2</u>	<u>2</u>

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN  
SIMILKAMEEN**

**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended March 31, 2015**

**7. PROPERTY AND EQUIPMENT**

	Cost	Accumulated Amortization	Net Book Value	
			2015	2014
	\$	\$	\$	\$
Furniture and equipment	87,568	84,937	<b>2,631</b>	2,729
Computer hardware	69,981	68,530	<b>1,451</b>	3,225
	<b>157,549</b>	<b>153,467</b>	<b>4,082</b>	<b>5,954</b>

**8. BANK INDEBTEDNESS**

During the year the company obtained an demand line of credit in the amount of \$360,000. It is secured by general security agreement and is guaranteed by both mortgage and assignment of rents by a related party as well as assignment of leases by Southern Interior Development Corporation, a wholly owned subsidiary. Interest on draws will be calculated at prime plus 6%. As at March 31, 2015 no funds have been drawn.

**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2015	2014
	\$	\$
Accounts payable and accruals	<b>20,515</b>	70,829
Employee deductions payable	<b>6,186</b>	9,337
WCB payable	<b>53</b>	57
GST payable	<b>874</b>	2,286
Loan Fund payable	<b>3,941</b>	3,115
	<b>31,569</b>	<b>85,624</b>

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  
Year Ended March 31, 2015**

**10. LONG TERM DEBT**

	<u>2015</u>	<u>2014</u>
	\$	\$
<u>Agreement #1 participants</u>		
Community Futures Development Corporation of Boundary Area loan repayable in monthly blended payments of \$1,660.	<b>139,564</b>	150,000
Community Futures Development Corporation North Okanagan loan repayable in monthly blended payments of \$1,660.	<b>139,564</b>	150,000
Community Futures Development Corporation Caribou-Chilcotin loan repayable in monthly blended payments of \$1,107.	<b>93,043</b>	100,000
Community Futures Development Corporation Sun Country loan repayable in monthly blended payments of \$553.	<b>46,521</b>	50,000
Community Futures Development Corporation Revelstoke loan repayable in monthly blended payments of \$1,660.	<b>139,564</b>	150,000
<u>Agreement #2 participants</u>		
Community Futures Development Corporation Alberni-Clayoquot loan.	<b>25,219</b>	-
Community Futures Development Corporation Caribou-Chilcotin loan.	<b>25,219</b>	-
Community Futures Development Corporation East Kootenay loan.	<b>25,219</b>	-
Community Futures Development Corporation North Caribou loan.	<b>25,219</b>	-
Community Futures Development Corporation Peace River Laird loan.	<b>25,219</b>	-
Community Futures Development Corporation Powell River loan.	<b>25,219</b>	-
Community Futures Development Corporation Sun Country loan.	<b>25,219</b>	-
	<b>734,789</b>	600,000
Amounts payable within one year	<b>(48,047)</b>	(44,890)
	<b>686,742</b>	555,110

Principal repayment terms are approximately:

2016	<b>48,047</b>
2017	<b>51,057</b>
2018	<b>54,166</b>
2019	<b>57,465</b>
2020	<b>60,917</b>
Thereafter	<b>463,137</b>

Agreement #1

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 above, 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 above. The loan matures on August 1, 2023.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN  
SIMILKAMEEN**

**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended March 31, 2015**

**10. LONG TERM DEBT (Continued)**

Agreement #2

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 above, in order to advance a loan in the amount of \$1,127,125. As per the agreement, CFDC OS will provide a portion of the loan to be advanced in the amount of \$189,125 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 the building, personal guarantees of the shareholders, a general security agreement over the assets of the corporation. Interest only will be paid until the full amount has been disbursed after which the participants' share of the loan is repayable to the participants in monthly payments bearing interest at 7.00%. The loan matures in one hundred twenty months after the funds have been fully disbursed.

**11. EXTERNALLY RESTRICTED FUNDS**

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

	<u>2015</u>	<u>2014</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	1,910,709	2,004,315
Operating Fund	14,697	14,697
Accumulated Earnings:		
Non-Repayable Fund	1,952,928	1,872,958
Community Business Fund	419,046	323,666
Youth Investment Fund	142,432	179,825
Disabled Entrepreneur Fund	35,336	45,275
Self-Employment Program Fund	42,234	21,652
	<u>5,246,281</u>	<u>5,191,287</u>

Youth Investment Fund and 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 Year Ended March 31, 2015

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### 10. EXTERNALLY RESTRICTED FUNDS (continued)

#### Community Business Fund Loan

On November 1, 2010, a new agreement was signed to transfer the Forest Renewal BC Fund to the Community Business Fund, with similar repayment terms. The company originally received \$650,000 from Forest Renewal BC which had 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.

#### 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.

### 12. ECONOMIC DEPENDENCE

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

### 13. MISCELLANEOUS REVENUE

	<u>2015</u>	<u>2014</u>
	\$	\$
Loan administration fees	23,148	42,914
Loan legal fees recovered	1,385	12,261
Conferences	85	2,235
	<u>24,618</u>	<u>57,410</u>

### 14. INTERFUND INTEREST TRANSFER

During the year, Western Economic Diversification Canada authorized a transfer of \$82,000 from the Loan Fund to the General Operating fund to be used to provide assistance in the day to day operation.

### 15. INCOME TAX

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

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN  
SIMILKAMEEN**

**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended March 31, 2015**

**16. RELATED PARTY TRANSACTIONS**

Related Party	Type of Transaction	Received (Paid)	
		2015	2014
		\$	\$
Southern Interior Development Corporation <i>(wholly owned subsidiary)</i>			
	Rent	(36,456)	(36,456)
	Rent (Self-Employment program)	(17,100)	(17,100)
	Interest on debt	5,158	5,569
		<u>(48,398)</u>	<u>(47,987)</u>
Canadian Centre for Economic Gardening Corporation <i>(wholly owned subsidiary)</i>			
	Interest on debt	3,573	4,300
	Administration fees	-	12,000
	Subcontractor expense recovery	-	91,528
		<u>3,573</u>	<u>107,828</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.

**17. 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, 2015.

**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.

**18. SUBSEQUENT EVENTS**

Subsequent to the year-end Community Futures Development Corporation of Okanagan Similkameen (CFDC OS) entered into a loan participation and administration agreement with another Community Futures, in order to advance a loan in the amount of \$300,000. As per the agreement, CFDC OS will provide a portion of the loan to be advanced in the amount of \$150,000 and will administer the loan. The balance of the loan advanced will be recorded as a liability to the partner Community Futures.

**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  
March 31, 2015

	Operating Fund	Self- Employment Program	2015	2014
<b>ASSETS</b>				
<b>CURRENT</b>				
Cash	\$ 41,049	\$ -	\$ 41,049	\$ 58,669
Accounts receivable	7,763	5,468	13,231	20,035
Prepaid expenses	3,965	451	4,416	1,907
Due from related parties	50,136	-	50,136	50,136
	102,913	5,919	108,832	130,747
	2	-	2	2
	4,082	-	4,082	5,954
	106,997	5,919	112,916	136,703
<b>INVESTMENT IN SUBSIDIARIES</b>				
<b>PROPERTY AND EQUIPMENT</b>				
<b>LIABILITIES AND FUND BALANCES</b>				
<b>CURRENT</b>				
Accounts payable and accrued liabilities	26,754	874	27,628	82,509
Interfund balances	87,083	(37,189)	49,894	47,638
Deferred revenue	1,432	-	1,432	1,432
	115,269	(36,315)	78,954	131,579
<b>FUND BALANCES</b>				
Investment in Capital Assets	4,082	-	4,082	5,954
Externally Restricted Funds	14,697	42,234	56,931	36,349
Unrestricted	(27,051)	-	(27,051)	(37,179)
	(8,272)	42,234	33,962	5,124
	106,997	5,919	112,916	136,703



**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN SIMILKAMEEN**  
**Schedule of Operating Fund**  
**Statement of Operations**  
**Year Ended March 31, 2015**

	Operating Fund		Self- Employment Program	2015	2014
	\$	\$	\$	\$	\$
<b>REVENUE</b>					
Operating contributions	284,306	77,019		361,325	371,850
Interest transfers	82,000	-		82,000	30,000
Miscellaneous (Note 13)	24,618	-		24,618	57,410
Project funding	7,750	-		7,750	15,598
Interest from bank and investments	626	-		626	231
	<b>399,300</b>	<b>77,019</b>		<b>476,319</b>	<b>475,089</b>
<b>EXPENSES</b>					
Wages and benefits	281,335	32,418		313,753	367,793
Rent	36,456	17,100		53,556	53,556
Professional fees	20,108	844		20,952	23,254
Travel	11,455	-		11,455	4,384
Director's expenses	7,198	-		7,198	8,383
Client loan expenses	6,761	-		6,761	3,425
Facilitators	-	5,976		5,976	-
Repairs and maintenance	5,869	-		5,869	4,515
Advertising and promotion	5,795	-		5,795	5,931
Office and sundry	4,251	37		4,288	22,007
Licenses, dues and fees	3,638	-		3,638	3,782
Telephone	3,590	-		3,590	4,403
Amortization	2,370	-		2,370	2,412
Bank charges and interest	911	-		911	3,619
Strategic planning expense	734	-		734	-
Insurance	348	-		348	1,392
Training	225	62		287	2,972
Project expenses	-	-		-	5,751
Website development	-	-		-	680
	<b>391,044</b>	<b>56,437</b>		<b>447,481</b>	<b>518,259</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>8,256</b>	<b>20,582</b>		<b>28,838</b>	<b>(43,170)</b>



COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN SIMILKAMEEN

Schedule of Operating Fund  
Statement of Changes in Fund Balances  
March 31, 2015

	Operating Fund	Self- Employment Program	2015	2014
FUND BALANCES, beginning of year	\$ (16,528)	\$ 21,652	\$ 5,124	\$ 48,294
Excess (deficiency) of revenues over expenses	8,256	20,582	28,838	(43,170)
<b>FUND BALANCES, end of year</b>	<b>(8,272)</b>	<b>42,234</b>	<b>33,962</b>	<b>5,124</b>



**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN SIMILKAMEEN**

**Schedule of Operating Fund  
Statement of Cash Flows  
Year Ended March 31, 2015**

	Operating Fund	Self- Employment Program	2015	2014
	\$	\$	\$	\$
<b>CASH GENERATED FROM (USED IN)</b>				
<b>OPERATING ACTIVITIES</b>				
Operations:				
Excess (deficiency) of revenue over expenses	8,256	20,582	28,838	(43,170)
Amortization	2,370	-	2,370	2,412
	<u>10,626</u>	<u>20,582</u>	<u>31,208</u>	<u>(40,758)</u>
<b>Net change in non-cash working capital items:</b>				
Accounts receivable	542	6,263	6,805	50,135
Prepaid expenses	(2,058)	(451)	(2,509)	28,600
Accounts payable and accrued liabilities	(53,469)	(1,413)	(54,882)	43,455
Interfund balances	27,237	(24,981)	2,256	(2,404)
Deferred revenue	-	-	-	(313)
	<u>(27,748)</u>	<u>(20,582)</u>	<u>(48,330)</u>	<u>119,473</u>
<b>INVESTING ACTIVITIES</b>				
Property and equipment acquired	(498)		(498)	(3,620)
<b>FINANCING ACTIVITIES</b>				
Received from related parties	-	-	-	(54,084)
<b>NET CASH INFLOW (OUTFLOW)</b>	<u>(17,620)</u>	<u>-</u>	<u>(17,620)</u>	<u>21,011</u>
<b>CASH AND CASH EQUIVALENTS,</b>				
beginning of year	58,669	-	58,669	37,658
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>41,049</u>	<u>-</u>	<u>41,049</u>	<u>58,669</u>



**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN SIMILKAMEEN**

Schedule of Loan Fund  
Statement of Financial Position  
March 31, 2015

	Non- repayable & Partnership	Community Business Fund	Youth Investment Fund	Disabled Entrepreneur Fund	2015	2014
<b>ASSETS</b>						
<b>CURRENT</b>						
Cash	\$ 160,284	\$ 23,172	\$ 13,707	\$ 131,278	\$ 328,441	\$ 705,076
Due from related parties	659,819	-	-	-	659,819	714,820
<b>LOANS RECEIVABLE</b>	820,103	23,172	13,707	131,278	988,260	1,419,896
	1,511,930	2,734,092	621,483	22,421	4,889,926	4,290,519
	2,332,033	2,757,264	635,190	153,699	5,878,186	5,710,415
<b>LIABILITIES</b>						
<b>CURRENT</b>						
Accounts payable and accrued liabilities	-	3,713	228	-	3,941	3,115
Interfund balances	(1,531,604)	1,052,669	382,044	46,997	(49,894)	(47,638)
Current portion of long term debt	-	48,047	-	-	48,047	44,890
	(1,531,604)	1,104,429	382,272	46,997	2,094	367
<b>LONG TERM DEBT</b>	-	686,742	-	-	686,742	555,110
	(1,531,604)	1,791,171	382,272	46,997	688,836	555,477
<b>FUND BALANCES</b>						
Externally Restricted Funds	3,863,637	966,094	252,918	106,701	5,189,350	5,154,938
	3,863,637	966,094	252,918	106,701	5,189,350	5,154,938
	2,332,033	2,757,265	635,190	153,698	5,878,186	5,710,415



**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN SIMILKAMEEN**

Schedule of Loan Fund  
Statement of Operations  
Year Ended March 31, 2015

	Non- repayable & Partnership \$	Community Business Fund \$	Youth Investment Fund \$	Disabled Entrepreneur Fund \$	2015 \$	2014 \$
<b>REVENUE</b>						
Interest from loans	120,354	153,828	32,127	3,508	309,817	256,427
Interest from bank and investments	3,902	1,102	544	932	6,480	5,597
	<u>124,256</u>	<u>154,930</u>	<u>32,671</u>	<u>4,440</u>	<u>316,297</u>	<u>262,024</u>
<b>EXPENSES</b>						
Interest transfers	58,500	23,500	-	-	82,000	30,000
Interest	-	36,050	-	-	36,050	19,832
Bad debts (recovered)	(14,214)	-	70,064	(103,358)	(47,508)	243,370
Investment management fees	-	-	-	-	-	6,566
	<u>44,286</u>	<u>59,550</u>	<u>70,064</u>	<u>(103,358)</u>	<u>70,542</u>	<u>299,768</u>
<b>OTHER INCOME</b>						
Investment income	-	-	-	-	-	13,158
Gain on sale of investments	-	-	-	-	-	20,676
	-	-	-	-	-	33,834
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>79,970</u>	<u>95,380</u>	<u>(37,393)</u>	<u>107,798</u>	<u>245,755</u>	<u>(3,910)</u>



**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN SIMILKAMEEN**  
 Schedule of Loan Fund  
 Statement of Changes in Fund Balances  
 March 31, 2015

	Non- repayable & Partnership \$	Community Business Fund \$	Youth Investment Fund \$	Disabled Entrepreneur Fund \$	2015 \$	2014 \$
FUND BALANCES, beginning of year	3,877,273	870,714	290,311	116,640	5,154,938	5,164,142
Excess (deficiency) of revenues over expenses	79,970	95,380	(37,393)	107,798	245,755	(3,910)
Repayment of externally restricted funds	(93,606)	-	-	(117,737)	(211,343)	(5,294)
<b>FUND BALANCES, end of year</b>	<b>3,863,637</b>	<b>966,094</b>	<b>252,918</b>	<b>106,701</b>	<b>5,189,350</b>	<b>5,154,938</b>



**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF OKANAGAN SIMILKAMEEN**

Schedule of Loan Fund  
Statement of Cash Flows  
Year Ended March 31, 2015

	Non- repayable & Partnership	Community Business Fund	Youth Investment Fund	Disabled Entrepreneur Fund	2015	2014
	\$	\$	\$	\$	\$	\$
<b>CASH GENERATED FROM (USED IN)</b>						
<b>OPERATING ACTIVITIES</b>						
Operations:						
Excess (deficiency) of revenue over expenses	79,970	95,380	(37,393)	107,798	<b>245,755</b>	(3,910)
Net change in non-cash working capital items:						
Marketable securities	-	-	-	-	-	1,343,914
Accounts receivable	-	-	-	-	-	1,030
Accounts payable and accrued liabilities	(75)	672	230	-	<b>827</b>	(39,959)
Interfund balances	(436,174)	292,989	142,223	(1,294)	<b>(2,256)</b>	2,404
	(436,249)	293,661	142,453	(1,294)	<b>(1,429)</b>	1,307,389
<b>INVESTING ACTIVITIES</b>						
Net increase in loans receivable	106,106	(599,284)	(151,948)	45,719	<b>(599,407)</b>	(1,583,947)
<b>FINANCING ACTIVITIES</b>						
Repayment of fund loans	(93,606)	-	-	(117,737)	<b>(211,343)</b>	(5,294)
Proceeds from long term financing	-	134,789	-	-	<b>134,789</b>	600,000
Received from (paid to) related parties	55,000	-	-	-	<b>55,000</b>	(42,000)
	(38,606)	134,789	-	(117,737)	<b>(21,554)</b>	552,706
<b>NET CASH INFLOW (OUTFLOW)</b>	<b>(288,779)</b>	<b>(75,454)</b>	<b>(46,888)</b>	<b>34,486</b>	<b>(376,635)</b>	<b>272,238</b>
<b>CASH AND CASH EQUIVALENTS,</b>						
beginning of year	449,063	98,626	60,595	96,792	<b>705,076</b>	432,838
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>160,284</b>	<b>23,172</b>	<b>13,707</b>	<b>131,278</b>	<b>328,441</b>	<b>705,076</b>