

**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH AGREEMENT**

To Western Economic Diversification:

We have audited the Community Futures Development Corporation of Sun Country's (the corporation) compliance as at March 31, 2016 with the criteria described in Sections 12.1 to 12.4 (Conflict of Interest) and Attachment B, Section II (Investment Fund Terms and Conditions) of the Contribution Agreement between Western Economic Diversification and the corporation. Compliance with the criteria established by the provisions of the agreement is the responsibility of the Board of Directors of the corporation. Our responsibility is to express an opinion on this compliance based on our audit.

We conducted our audit in accordance with Canadian Auditing Standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the corporation complied with the criteria established by the provisions of the agreement referred to above. Such an audit includes examining, on a test basis, evidence supporting compliance, evaluating the overall compliance with the agreement, and where applicable, assessing the accounting principles used and significant estimates made by management.

In our opinion, Community Futures Development Corporation of Sun Country is in compliance in all material respects with the criteria established in Sections 12.1 to 12.4 (Conflict of Interest) and Attachment B, Section II (Investment Fund Terms and Conditions) of the Contribution Agreement.

Kamloops, B.C.
June 23, 2016



Chartered Professional Accountants

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Financial Statements

Year Ended March 31, 2016

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

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Year Ended March 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Community Futures Development Corporation of Sun Country

We have audited the accompanying financial statements of Community Futures Development Corporation of Sun Country, which comprise the statement of financial position as at March 31, 2016 and the 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 for the Financial Statements

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 from 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Community Futures Development Corporation of Sun Country as at March 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Kamloops, British Columbia
June 23, 2016

CHARTERED PROFESSIONAL ACCOUNTANTS

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY
Statement of Financial Position
March 31, 2016

	Operating Fund	SE Fund	Regular Investment Loan Fund	Youth Loan Fund	FCBP Loan Fund	Disabled Entrepreneur Loan Fund	Capital Fund	2016 Total	2015 Total
ASSETS									
CURRENT									
Cash	\$ 117,282	\$ 64,515	\$ 175,811	\$ 268,158	\$ 197,095	\$ 54,719	\$ -	\$ 877,580	\$ 1,226,015
Accounts receivable (Note 4)	5,370	-	-	-	-	-	-	5,370	9,827
Interest receivable (Note 5)	-	-	7,271	60	55	-	-	7,386	12,299
INTER-FUND RECEIVABLE	122,652	64,515	183,082	268,218	197,150	54,719	-	890,336	1,248,141
LOANS RECEIVABLE (Note 6)	-	-	-	-	-	-	-	-	982
TANGIBLE	-	-	1,227,747	8,303	9,865	-	-	1,245,915	765,971
CAPITAL ASSETS (Note 8)	-	-	-	-	-	-	16,673	16,673	5,141
	\$ 122,652	\$ 64,515	\$ 1,410,829	\$ 276,521	\$ 207,015	\$ 54,719	\$ 16,673	\$ 2,152,924	\$ 2,020,235
LIABILITIES AND NET ASSETS									
CURRENT									
Accounts payable and accruals (Note 9)	\$ 50,454	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,454	\$ 75,654
GOVERNMENT ASSISTANCE (Note 10)	-	-	-	200,000	-	200,000	-	400,000	400,000
INTER-FUND PAYABLE	-	-	-	-	-	-	-	-	982
	50,454	1,000	-	200,000	-	200,000	-	451,454	476,636
FUND BALANCES									
Government contributions (Note 11)	-	-	864,052	-	100,000	-	-	964,052	964,052
Interfund transfers (Note 11)	-	-	(100,000)	-	100,000	-	-	-	-
Fund balances	72,198	63,515	646,777	76,521	7,015	(145,281)	16,673	737,418	579,547
	72,198	63,515	1,410,829	76,521	207,015	(145,281)	16,673	1,701,470	1,543,599
	\$ 122,652	\$ 64,515	\$ 1,410,829	\$ 276,521	\$ 207,015	\$ 54,719	\$ 16,673	\$ 2,152,924	\$ 2,020,235

COMMITMENTS (Note 16)

See notes to financial statements

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY
Statement of Changes in Fund Balances
Year Ended March 31, 2016

	Operating Fund	SE Fund	Regular Investment Loan Fund	Youth Loan Fund	FCBP Loan Fund	Disabled Entrepreneur Loan Fund	Capital Fund	2016 Total	2015 Total
BALANCE - BEGINNING OF YEAR	\$ 24,493	\$ 44,432	\$ 569,119	\$ 73,836	\$ 4,671	\$ (142,145)	\$ 5,141	\$ 579,547	\$ 523,194
Excess (deficiency) of revenues over expenses	64,428	19,083	77,658	2,685	2,344	(3,136)	(5,191)	157,871	56,353
Tangible capital asset purchases from operating fund	(16,723)	-	-	-	-	-	16,723	-	-
BALANCE - END OF YEAR	\$ 72,198	\$ 63,515	\$ 646,777	\$ 76,521	\$ 7,015	\$ (145,281)	\$ 16,673	\$ 737,418	\$ 579,547

Approved by the Board

W. Anderson - Director
Karen Johnson - Director

See notes to financial statements

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY
Statement of Operations
Year Ended March 31, 2016

	Operating Fund	SE Fund	Regular Investment Loan Fund	Youth Loan Fund	FCBP Loan Fund	Disabled Entrepreneur Loan Fund	Capital Fund	2016 Total	2015 Total
REVENUES									
Federal Government contributions (Note 12)	\$ 324,241	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 324,241	\$ 274,357
Interest from loans	-	-	89,552	766	901	383	-	91,602	62,717
Administrative billings (Note 13)	3,849	-	-	-	-	-	-	3,849	5,427
Interest from investments and deposits	1,129	28	1,802	1,919	1,443	406	-	6,727	10,816
Other contract revenue (Note 14)	-	21,600	-	-	-	-	-	21,600	23,626
Write-offs recovered	-	-	1,517	-	-	-	-	1,517	647
Loan processing fee	9,198	-	-	-	-	-	-	9,198	1,214
	338,417	21,628	92,871	2,685	2,344	789	-	458,734	378,804
EXPENSES									
Advertising	17,178	-	-	-	-	-	-	17,178	10,300
Amortization	-	-	-	-	-	-	5,191	5,191	4,340
Conferences and seminars	20,151	1,520	-	-	-	-	-	21,671	14,854
Insurance	3,330	-	-	-	-	-	-	3,330	3,428
Licence, dues and fees	1,984	-	-	-	-	-	-	1,984	2,143
Office	16,523	-	-	-	-	-	-	16,523	15,983
Other contract expenses (Note 15)	-	25	-	-	-	-	-	25	12
Professional fees	27,753	1,000	-	-	-	-	-	28,753	20,285
Rent	13,837	-	-	-	-	-	-	13,837	14,100
Repairs and maintenance	3,373	-	-	-	-	-	-	3,373	2,727
Reserves for loan impairment and loan write-offs	-	-	15,213	-	-	3,925	-	19,138	11,394
Telephone and utilities	11,033	-	-	-	-	-	-	11,033	11,460
Travel	8,009	-	-	-	-	-	-	8,009	9,583
Venture investment program	-	-	-	-	-	-	-	-	100
Wages and benefits	150,818	-	-	-	-	-	-	150,818	201,742
	273,989	2,545	15,213	-	-	3,925	5,191	300,863	322,451

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See notes to financial statements

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Statement of Operations (continued)

Year Ended March 31, 2016

	Operating Fund	SE Fund	Regular Investment Loan Fund	Youth Loan Fund	FCBP Loan Fund	Disabled Entrepreneur Loan Fund	Capital Fund	2016 Total	2015 Total
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 64,428	\$ 19,083	\$ 77,658	\$ 2,685	\$ 2,344	\$ (3,136)	\$ (5,191)	\$ 157,871	\$ 56,353

See notes to financial statements

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Statement of Cash Flows

Year Ended March 31, 2016

	Operating Fund	SE Fund	Regular Investment Loan Fund	Youth Loan Fund	FCBP Loan Fund	Disabled Entrepreneur Loan Fund	Capital Fund	2016 Total	2015 Total
OPERATING ACTIVITIES									
Excess (deficiency) of revenues over expenses	\$ 64,428	\$ 19,083	\$ 77,658	\$ 2,685	\$ 2,344	\$ (3,136)	\$ (5,191)	\$ 157,871	\$ 56,353
Item not affecting cash:									
Amortization	-	-	-	-	-	-	5,191	5,191	4,340
	64,428	19,083	77,658	2,685	2,344	(3,136)	-	163,062	60,693
Change in non-cash working capital:									
Accounts receivable	4,457	-	-	-	-	-	-	4,457	6,539
Inter-fund receivable	980	-	-	-	-	-	-	980	3,589
Accounts payable and accruals	(23,198)	(1,000)	-	-	-	-	-	(24,198)	3,420
Inter-fund payable	-	(982)	-	-	-	-	-	(982)	(3,587)
	(17,761)	(1,982)	-	-	-	-	-	(19,743)	9,961
Cash flow from (used by) operating activities	46,667	17,101	77,658	2,685	2,344	(3,136)	-	143,319	70,654
INVESTING ACTIVITIES									
Decrease (increase) in interest receivable	-	-	5,028	(60)	(55)	-	-	4,913	18,002
Decrease (increase) in loans receivable	-	-	(481,095)	(8,303)	5,416	4,038	-	(479,944)	211,227
Purchase of tangible capital assets	(16,723)	-	-	-	-	-	-	(16,723)	-
Cash flow from (used by) investing activities	(16,723)	-	(476,067)	(8,363)	5,361	4,038	-	(491,754)	229,229
INCREASE (DECREASE) IN CASH	29,944	17,101	(398,409)	(5,678)	7,705	902	-	(348,435)	299,883
CASH - BEGINNING OF YEAR	87,338	47,414	574,220	273,836	189,390	53,817	-	1,226,015	926,132
CASH - END OF YEAR	\$ 117,282	\$ 64,515	\$ 175,811	\$ 268,158	\$ 197,095	\$ 54,719	\$ -	\$ 877,580	\$ 1,226,015

See notes to financial statements

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Notes to Financial Statements

Year Ended March 31, 2016

1. GENERAL

Community Futures Development Corporation of Sun Country (the "Corporation") was incorporated under the Canada Corporations Act on March 31, 1995. As a not-for-profit corporation, the Corporation is exempt from the payment of income tax. The Corporation serves communities in the Sun Country catchment area.

Community Futures Development Corporation of Sun Country is a community based Corporation that provides loans and financial services to small businesses that are otherwise unable to obtain financing. In addition, the Corporation delivers various programs for Federal and Provincial agencies.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Fund accounting

Community Futures Development Corporation of Sun Country follows the restricted fund method of accounting for contributions. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Current funds in use are as follows:

Operating Fund - To account for all financial resources and administration expenses.

SE Fund - To account for subcontract services performed for the Self Employment Program on behalf of an external provider.

Loan Funds - To account for loan funds received.

Capital Fund - To account for all tangible capital assets of the Corporation.

Programs are as follows:

1. Youth Program - to account for monies loaned from the Government of Canada for youth investments.
2. Forest Community Business Program (FCBP) - to account for contribution monies received from the Province of British Columbia for investments in the forest, aquaculture, manufacturing or tourism sector.
3. Disabled Entrepreneur Program - to account for monies loaned from the Government of Canada for small businesses operated by the disabled.
4. Self Employment (SE) Program - this program is to provide advice and temporary financial support to qualifying individuals who wish to develop a business and be self-employed.

(b) Cash

The Corporation's policy is to disclose bank balances under cash, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn.

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COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Notes to Financial Statements

Year Ended March 31, 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Loans receivable

The loans receivable represent the outstanding principal at year end.

The Corporation has provided for credit risk, as defined in *(Note 18)*, by establishing allowances for impaired loans and netting the allowances against the carrying value of certain impaired loans. Loans are considered impaired as soon as collection of the full principal and interest on the loan becomes doubtful. The allowance for losses on loans is determined on the basis of historical allowance requirements and specific loans which, in management's opinion, may not be fully collectible. Amounts considered uncollectible are written off through operating expenses and written down to the fair market value of any security held in the appropriate loan fund in the applicable period.

Loans are secured by one, or a combination, of debentures, personal guarantees, promissory notes, general security agreements, mortgages and other charges on property.

(d) Tangible capital assets

Tangible capital assets are recorded at cost and are amortized over their estimated useful lives. Amortization is calculated on a straight-line basis over the following years:

Furniture, fixtures and equipment	5 years
Computer equipment	3 years

Leasehold improvements are amortized on a straight-line basis over the term of the lease.

The Corporation regularly reviews its tangible capital assets to eliminate obsolete items.

(e) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

(f) Revenue recognition

Community Futures Development Corporation of Sun Country follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year received or receivable. 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.

Interest on loans to clients is recognized as revenue of the applicable Loan Investment Fund when received or receivable. Interest is not accrued on loans which have been classified as impaired.

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COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Notes to Financial Statements

Year Ended March 31, 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial instruments policy

Measurement of financial instruments

The Corporation initially measures its financial assets and liabilities at fair value.

The Corporation subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable and loans receivable.

Financial liabilities measured at amortized cost include the accounts payable, deferred contributions and Government assistance.

Impairment

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

4. ACCOUNTS RECEIVABLE

	<u>2016</u>	<u>2015</u>
Operating Fund		
G.S.T. rebate	\$ 2,725	\$ 1,096
Accounts receivable - general	2,645	1,070
Western Economic Diversification Canada - contribution receivable	-	7,661
	<u>\$ 5,370</u>	<u>\$ 9,827</u>

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Notes to Financial Statements

Year Ended March 31, 2016

5. INTEREST RECEIVABLE

	<u>2016</u>	<u>2015</u>
Regular Investment Fund		
Loan interest receivable	\$ 7,271	\$ 12,299
Less: allowances for loan impairment	-	-
	<u>7,271</u>	<u>12,299</u>
Youth Loan Fund		
Loan interest receivable	60	-
Less: allowances for loan impairment	-	-
	<u>60</u>	<u>-</u>
Forest Community Business Program Loan Fund		
Loan interest receivable	55	-
Less: allowances for loan impairment	-	-
	<u>55</u>	<u>-</u>
	<u>\$ 7,386</u>	<u>\$ 12,299</u>

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Notes to Financial Statements

Year Ended March 31, 2016

6. LOANS RECEIVABLE

	<u>2016</u>	<u>2015</u>
Regular Investment Loan Fund		
Loans receivable	\$ 1,302,747	\$ 821,652
Less: allowance for loan impairment	<u>(75,000)</u>	<u>(75,000)</u>
	<u>\$ 1,227,747</u>	<u>\$ 746,652</u>
 Youth Loan Fund		
Loans receivable	\$ 8,303	\$ -
Less: allowance for loan impairment	<u>-</u>	<u>-</u>
	<u>\$ 8,303</u>	<u>\$ -</u>
 Forest Community Business Program Loan Fund		
Loans receivable	\$ 9,865	\$ 15,281
Less: allowance for loan impairment	<u>-</u>	<u>-</u>
	<u>\$ 9,865</u>	<u>\$ 15,281</u>
 Disabled Entrepreneur Loan Fund		
Loans receivable	\$ -	\$ 4,038
Less: allowance for loan impairment	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 4,038</u>
 Total		
Loans receivable	\$ 1,320,915	\$ 840,971
Less: allowance for loan impairment (<i>Note 7</i>)	<u>(75,000)</u>	<u>(75,000)</u>
	<u>\$ 1,245,915</u>	<u>\$ 765,971</u>

The loans bear interest at rates established by contract varying from 4% to 10%. The minimum interest rate that can be charged is generally the bank prime rate plus 2%. The scheduled maturities range from a period of less than one year to a maximum of five years. Security is taken on these loans as appropriate to the situation and includes personal guarantees, general security agreements covering business assets and mortgages on land and building. The Corporation's revenue may be significantly impacted by the varying interest rates available.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Notes to Financial Statements

Year Ended March 31, 2016

7. ALLOWANCE FOR LOAN IMPAIRMENT

	Principal	Interest	2016
Regular Investment Loan Fund			
#09-101186	\$ 50,000	\$ -	\$ 50,000
#13-101267	20,000	-	20,000
#13-101269	5,000	-	5,000
Total	\$ 75,000	\$ -	\$ 75,000

8. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Furniture, fixtures and equipment	\$ 35,339	\$ 34,421	\$ 918	\$ 2,201
Computer equipment	35,412	29,849	5,563	2,940
Leasehold improvements	11,119	927	10,192	-
	\$ 81,870	\$ 65,197	\$ 16,673	\$ 5,141

9. ACCOUNTS PAYABLE AND ACCRUALS

	2016	2015
Operating Fund		
Auditing accrual	\$ 15,000	\$ 14,500
Accounts payable - general	-	3,623
Wages payable	1,043	-
Funds held on behalf of external entities:		
Recreation Committee - recreation guides	858	857
Farmers' Market	1,284	1,284
2010 Legacies Now Society - Literacy Now Communities Program	30,165	45,092
Branding Committee Volunteer Group	2,104	8,298
	50,454	73,654
SE Fund		
Auditing accrual	1,000	2,000
	\$ 51,454	\$ 75,654

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Notes to Financial Statements

Year Ended March 31, 2016

10. GOVERNMENT ASSISTANCE

Youth Loan Fund

The Corporation received a repayable contribution in the amount of \$200,000 from the Government of Canada to administer, through the Youth Loan Fund, loans, loan guarantees and equity participation in businesses owned and operated by youths. The contribution is non-interest bearing and conditionally repayable.

Disabled Entrepreneur Loan Fund

The Corporation received a repayable contribution in the amount of \$200,000 from the Government of Canada to administer, through the Disabled Entrepreneur Loan Fund, loans, loan guarantees and equity participation in businesses owned and operated by disabled entrepreneurs. The contribution is non-interest bearing and conditionally repayable.

11. GOVERNMENT CONTRIBUTIONS

Regular Investment Loan Fund

The Corporation received a \$864,052 non-repayable contribution from the Government of Canada to administer, through the Regular Investment Loan Fund, loans, loan guarantees and equity participation in order to create new small businesses and to expand, stabilize and protect existing businesses resulting in the generation and maintenance of employment. As a condition of funding, the Corporation agrees to retain its non-profit status and to continue to administer the Investment Fund in conformity with criteria outlined in the original contribution agreement. Upon dissolution of the Corporation, assets shall be disposed of in a manner acceptable to the Government of Canada.

Forest Community Business Program Loan Fund

The Corporation received a contribution in the amount of \$100,000 from Forest Community Business Program of British Columbia which was matched by \$100,000 in funding transferred from the Corporation's Loan Fund. The \$200,000 in funds are to be used by the Corporation to provide loans, business counselling and training to small and medium sized forest sector enterprises in British Columbia. As a condition of the funding, the Corporation has agreed to administer the funds in accordance with the contribution agreement. If these conditions are not met, the agreement will be terminated and the funds will be disbursed as described in the terms of the contribution agreement.

12. FEDERAL GOVERNMENT CONTRIBUTIONS

	<u>2016</u>	<u>2015</u>
Operating Fund		
Core Operating Funding (Project #6016)	\$ 324,241	\$ 274,357

In March of 2016, the Corporation received an advance of \$24,942 per Amendment No. 1 in addition to the \$299,299 of cashflows for Project #6016.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Notes to Financial Statements

Year Ended March 31, 2016

13. ADMINISTRATIVE BILLINGS

	<u>2016</u>	<u>2015</u>
Operating Fund		
Administration fee - Literacy Now Project	\$ -	\$ 1,572
Board room rental	100	275
Miscellaneous revenue	1,264	1,581
Photocopies and fax	2,485	1,999
	<u>\$ 3,849</u>	<u>\$ 5,427</u>

14. OTHER CONTRACT REVENUE

	<u>2016</u>	<u>2015</u>
Operating Fund		
Self Employment Program - cost recovery	\$ -	\$ 2,026
SE Fund		
Subcontract - Self Employment Program Orientation/Assessment	<u>21,600</u>	<u>21,600</u>
	<u>\$ 21,600</u>	<u>\$ 23,626</u>

15. OTHER CONTRACT EXPENSES

	<u>2016</u>	<u>2015</u>
SE Fund		
Self Employment Workshop - administration and contract services	<u>\$ 25</u>	<u>\$ 12</u>

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Notes to Financial Statements

Year Ended March 31, 2016

16. COMMITMENTS

The Corporation rents office space under a long-term lease which expires September 30, 2018. There is an option to extend the lease a further four years. Future minimum lease payments for the use of office space will aggregate \$35,438 over the next five years:

2017	\$	14,175
2018		14,175
2019		7,088
		<u>35,438</u>
	\$	<u>35,438</u>

Future minimum payments under operating leases and maintenance agreements relating to equipment will aggregate \$15,750 including the following payments over the next five years:

2017	\$	3,150
2018		3,150
2019		3,150
2020		3,150
2021		3,150
		<u>15,750</u>
	\$	<u>15,750</u>

17. ECONOMIC DEPENDENCE

A significant portion of the Corporation's revenue is derived from Federal Government contributions.

18. FINANCIAL INSTRUMENTS

The Corporation is exposed to various risks through its financial instruments. The following analysis provides information about the Corporation's risk exposure and concentration as of March 31, 2016.

Liquidity Risk

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

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's main credit risks relate to its accounts receivable, interest receivable and loans receivable. The Corporation provides credit to its clients in the normal course of business.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is exposed to interest rate risk on its fixed interest rate financial instruments. Given the current composition of loans receivable, these fixed-rate instruments subject the Corporation to a fair value risk.