

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY
Financial Statements
Year Ended March 31, 2019

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Index to Financial Statements

Year Ended March 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Community Futures Development Corporation of Sun Country

Report on the Financial Statements

Opinion

We have audited the financial statements of Community Futures Development Corporation of Sun Country (the Corporation), which comprise the statement of financial position as at March 31, 2019 and the statement 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.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

(continues)

Independent Auditor's Report to the Board of Directors of Community Futures Development Corporation of Sun Country (continued)

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Kamloops, British Columbia
June 27, 2019

CHARTERED PROFESSIONAL ACCOUNTANTS

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Statement of Financial Position

March 31, 2019

| | Operating Fund | SE Fund | Regular Investment Loan Fund | Youth Loan Fund | FCBP Loan Fund | Disabled Entrepreneur Loan Fund | Capital Fund | 2019 Total | 2018 Total |
|---|------------------|---------------------|------------------------------|-------------------|------------------|---------------------------------|---------------------|---------------------|------------|
| ASSETS | | | | | | | | | |
| CURRENT | | | | | | | | | |
| Cash | \$ 71,007 | \$ 41,939 | \$ 148,761 | \$ 81,056 | \$ 64,796 | \$ 44,313 | \$ - | \$ 451,872 | \$ 892,345 |
| Accounts receivable (Note 4) | 13,945 | - | - | - | - | - | - | 13,945 | 17,047 |
| Interest receivable (Note 5) | - | - | 3,426 | 53 | - | 142 | - | 3,621 | 5,809 |
| LOANS RECEIVABLE (Note 6) | 84,952 | 41,939 | 152,187 | 81,109 | 64,796 | 44,455 | - | 469,438 | 915,201 |
| CFLIP RECEIVABLE (Note 8) | - | - | 1,056,060 | 24,966 | - | 15,100 | - | 1,096,126 | 1,421,604 |
| TANGIBLE | - | - | 500,000 | 180,000 | 150,000 | - | - | 830,000 | - |
| CAPITAL ASSETS (Note 9) | - | - | - | - | - | - | 6,239 | 6,239 | 10,601 |
| \$ 84,952 | \$ 41,939 | \$ 1,708,247 | \$ 286,075 | \$ 214,796 | \$ 59,555 | \$ 6,239 | \$ 2,401,803 | \$ 2,347,406 | |
| LIABILITIES AND NET ASSETS | | | | | | | | | |
| CURRENT | | | | | | | | | |
| Accounts payable and accruals (Note 10) | \$ 61,796 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 61,796 | \$ 56,433 |
| Deferred revenue (Note 11) | - | - | - | - | - | - | - | - | 44,460 |
| GOVERNMENT ASSISTANCE (Note 12) | 61,796 | - | - | - | - | - | - | 61,796 | 100,893 |
| | - | - | - | 200,000 | - | 200,000 | - | 400,000 | 400,000 |
| | 61,796 | - | - | 200,000 | - | 200,000 | - | 461,796 | 500,893 |
| FUND BALANCES | | | | | | | | | |
| Government contributions (Note 13) | - | - | 864,052 | - | 100,000 | - | - | 964,052 | 964,052 |
| Interfund transfers (Note 13) | - | - | (100,000) | - | 100,000 | - | - | - | - |
| Fund balances | 23,156 | 41,939 | 944,195 | 86,075 | 14,796 | (140,445) | 6,239 | 975,955 | 882,461 |
| | 23,156 | 41,939 | 1,708,247 | 86,075 | 214,796 | (140,445) | 6,239 | 1,940,007 | 1,846,513 |
| \$ 84,952 | \$ 41,939 | \$ 1,708,247 | \$ 286,075 | \$ 214,796 | \$ 59,555 | \$ 6,239 | \$ 2,401,803 | \$ 2,347,406 | |
| COMMITMENTS (Note 17) | | | | | | | | | |

See notes to financial statements



COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY
Statement of Changes in Fund Balances
Year Ended March 31, 2019

| | Operating Fund | SE Fund | Regular Investment Loan Fund | Youth Loan Fund | FCBP Loan Fund | Disabled Entrepreneur Loan Fund | Capital Fund | 2019 Total | 2018 Total |
|---|----------------|-----------|------------------------------|-----------------|----------------|---------------------------------|--------------|------------|------------|
| BALANCE - BEGINNING OF YEAR | \$ 13,984 | \$ 54,625 | \$ 853,373 | \$ 80,970 | \$ 11,121 | \$ (142,213) | \$ 10,601 | \$ 882,461 | \$ 795,756 |
| Excess (deficiency) of revenues over expenses | 9,172 | (12,686) | 90,822 | 5,105 | 3,675 | 1,768 | (4,362) | 93,494 | 86,705 |
| BALANCE - END OF YEAR | \$ 23,156 | \$ 41,939 | \$ 944,195 | \$ 86,075 | \$ 14,796 | \$ (140,445) | \$ 6,239 | \$ 975,955 | \$ 882,461 |

Approved by  on behalf of the Board of Directors
 Director
 Director



See notes to financial statements

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Statement of Operations

Year Ended March 31, 2019

| | Operating Fund | SE Fund | Regular Investment Loan Fund | Youth Loan Fund | FCBP Loan Fund | Disabled Entrepreneur Loan Fund | Capital Fund | 2019 Total | 2018 Total |
|--|----------------|-------------|------------------------------|-----------------|----------------|---------------------------------|--------------|------------|------------|
| REVENUES | | | | | | | | | |
| Federal Gov't contributions | \$ 324,241 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 324,241 | \$ 299,299 |
| Interest from loans | - | - | 90,753 | 309 | - | 917 | - | 91,979 | 101,627 |
| Administrative billings (Note 14) | 5,594 | - | - | - | - | - | - | 5,594 | 11,772 |
| Interest from investments | 1,855 | 21 | 8,069 | 4,796 | 3,675 | 851 | - | 19,267 | 8,397 |
| Other contract revenue (Note 15) | 28,500 | - | - | - | - | - | - | 28,500 | 19,980 |
| Write-offs recovered | - | - | 12,000 | - | - | - | - | 12,000 | 2,265 |
| Loan processing fee | 1,405 | - | - | - | - | - | - | 1,405 | 3,359 |
| Wildfire recovery (Note 16) | 93,558 | - | - | - | - | - | - | 93,558 | 28,643 |
| | 455,153 | 21 | 110,822 | 5,105 | 3,675 | 1,768 | - | 576,544 | 475,342 |
| EXPENSES | | | | | | | | | |
| Advertising | 15,333 | 12,707 | - | - | - | - | - | 28,040 | 15,807 |
| Amortization | - | - | - | - | - | - | 4,362 | 4,362 | 5,411 |
| Conferences and seminars | 18,212 | - | - | - | - | - | - | 18,212 | 21,301 |
| Insurance | 3,997 | - | - | - | - | - | - | 3,997 | 3,690 |
| Licence, dues and fees | 2,026 | - | - | - | - | - | - | 2,026 | 3,341 |
| Office | 18,029 | - | - | - | - | - | - | 18,029 | 15,557 |
| Professional fees | 20,136 | - | - | - | - | - | - | 20,136 | 23,876 |
| Rent | 13,837 | - | - | - | - | - | - | 13,837 | 13,837 |
| Repairs and maintenance | 3,785 | - | - | - | - | - | - | 3,785 | 3,287 |
| Reserves and loan write-offs | - | - | 20,000 | - | - | - | - | 20,000 | 5,000 |
| Telephone and utilities | 12,095 | - | - | - | - | - | - | 12,095 | 11,459 |
| Travel | 9,304 | - | - | - | - | - | - | 9,304 | 10,204 |
| Wages and benefits | 235,669 | - | - | - | - | - | - | 235,669 | 227,224 |
| Wildfire recovery (Note 16) | 93,558 | - | - | - | - | - | - | 93,558 | 28,643 |
| | 445,981 | 12,707 | 20,000 | - | - | - | 4,362 | 483,050 | 388,637 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | \$ 9,172 | \$ (12,686) | \$ 90,822 | \$ 5,105 | \$ 3,675 | \$ 1,768 | \$ (4,362) | \$ 93,494 | \$ 86,705 |

See notes to financial statements



COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Statement of Cash Flows

Year Ended March 31, 2019

| | Operating Fund | SE Fund | Regular Investment Loan Fund | Youth Loan Fund | FCBP Loan Fund | Disabled Entrepreneur Loan Fund | Capital Fund | 2019 Total | 2018 Total |
|--|----------------|-------------|------------------------------|-----------------|----------------|---------------------------------|--------------|------------|------------|
| OPERATING ACTIVITIES | | | | | | | | | |
| Excess (deficiency) of revenues over expenses | \$ 9,172 | \$ (12,686) | \$ 90,822 | \$ 5,105 | \$ 3,675 | \$ 1,768 | \$ (4,362) | \$ 93,494 | \$ 86,705 |
| Item not affecting cash: | | | | | | | | | |
| Amortization | - | - | 90,822 | 5,105 | 3,675 | 1,768 | 4,362 | 4,362 | 5,411 |
| Change in non-cash working capital: | | | | | | | | | |
| Accounts receivable | 3,102 | - | - | - | - | - | - | 3,102 | (14,339) |
| Inter-fund receivable | - | - | - | - | - | - | - | - | - |
| Accounts payable and accruals | 5,363 | - | - | - | - | - | - | 5,363 | 9,997 |
| Deferred revenue | (44,460) | - | - | - | - | - | - | (44,460) | 19,518 |
| | (35,995) | - | - | - | - | - | - | (35,995) | 15,176 |
| Cash flows from (used by) operating activities | (26,823) | (12,686) | 90,822 | 5,105 | 3,675 | 1,768 | - | 61,861 | 107,292 |
| INVESTING ACTIVITIES | | | | | | | | | |
| Decrease (increase) in interest receivable | - | - | 2,316 | (53) | - | (75) | - | 2,188 | (485) |
| Decrease (increase) in loans receivable | - | - | 358,946 | (24,966) | - | (8,502) | - | 325,478 | (210,814) |
| Increase in CFLIP receivable | - | - | (500,000) | (180,000) | (150,000) | - | - | (830,000) | - |
| Cash flows used by investing activities | - | - | (138,738) | (205,019) | (150,000) | (8,577) | - | (502,334) | (211,299) |
| DECREASE IN CASH | (26,823) | (12,686) | (47,916) | (199,914) | (146,325) | (6,809) | - | (440,473) | (104,007) |
| CASH - BEGINNING OF YEAR | 97,830 | 54,625 | 196,677 | 280,970 | 211,121 | 51,122 | - | 892,345 | 996,352 |
| CASH - END OF YEAR | \$ 71,007 | \$ 41,939 | \$ 148,761 | \$ 81,056 | \$ 64,796 | \$ 44,313 | \$ - | \$ 451,872 | \$ 892,345 |

See notes to financial statements



COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Notes to Financial Statements

Year Ended March 31, 2019

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.

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

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:

Youth Program - to account for monies loaned from the Government of Canada for youth investments.

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.

Disabled Entrepreneur Program - to account for monies loaned from the Government of Canada for small businesses operated by persons with disabilities.

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.

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COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Notes to Financial Statements

Year Ended March 31, 2019

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

(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.

(c) Loans receivable

The loans receivable represent the outstanding principal at year end.

The Corporation has accounted for credit risk, as defined in *(Note 19)*, 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:

| | |
|-----------------------------------|---------|
| Computer equipment | 3 years |
| Furniture, fixtures and equipment | 5 years |

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

(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.

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COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Notes to Financial Statements

Year Ended March 31, 2019

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

(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.

Other revenue including administrative billings and fees, interest from investments, other contract revenue, write-offs recovered and loan processing fees are recognized when received.

The wildfire revenues are recognized when received.

(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, loans receivable and CFLIP receivable.

Financial liabilities measured at amortized cost include the accounts payable, deferred revenue 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.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Notes to Financial Statements

Year Ended March 31, 2019

4. ACCOUNTS RECEIVABLE

| | <u>2019</u> | | <u>2018</u> |
|-------------------------------|------------------|----|---------------|
| Operating Fund | | | |
| G.S.T. rebate | \$ 2,215 | \$ | 2,268 |
| Accounts receivable - general | 5,768 | | 2,560 |
| Wildfire recovery program | 5,962 | | 12,219 |
| | <u>\$ 13,945</u> | \$ | <u>17,047</u> |

5. INTEREST RECEIVABLE

| | <u>2019</u> | | <u>2018</u> |
|--------------------------------------|-----------------|----|--------------|
| Regular Investment Fund | | | |
| Loan interest receivable | \$ 3,426 | \$ | 5,742 |
| Less: allowances for loan impairment | - | | - |
| | <u>3,426</u> | | <u>5,742</u> |
| Youth Loan Fund | | | |
| Loan interest receivable | 53 | | - |
| Less: allowances for loan impairment | - | | - |
| | <u>53</u> | | <u>-</u> |
| Disabled Loan Fund | | | |
| Loan interest receivable | 142 | | 67 |
| Less: allowances for loan impairment | - | | - |
| | <u>142</u> | | <u>67</u> |
| | <u>\$ 3,621</u> | \$ | <u>5,809</u> |

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Notes to Financial Statements

Year Ended March 31, 2019

6. LOANS RECEIVABLE

| | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|
| Regular Investment Loan Fund | | |
| Loans receivable | \$ 1,139,060 | \$ 1,490,006 |
| Less: allowance for loan impairment | (83,000) | (75,000) |
| | <u>\$ 1,056,060</u> | <u>\$ 1,415,006</u> |
| Youth Loan Fund | | |
| Loans receivable | \$ 24,966 | \$ - |
| Less: allowance for loan impairment | - | - |
| | <u>\$ 24,966</u> | <u>\$ -</u> |
| Disabled Entrepreneur Loan Fund | | |
| Loans receivable | \$ 15,100 | \$ 6,598 |
| Less: allowance for loan impairment | - | - |
| | <u>\$ 15,100</u> | <u>\$ 6,598</u> |
| Total | | |
| Loans receivable | \$ 1,179,126 | \$ 1,496,604 |
| Less: allowance for loan impairment (Note 7) | (83,000) | (75,000) |
| | <u>\$ 1,096,126</u> | <u>\$ 1,421,604</u> |

The loans bear interest at rates established by contract varying from 4.95% to 10.00%. The minimum interest rate that can be charged is generally the bank prime rate plus 2.00%. 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.

7. ALLOWANCE FOR LOAN IMPAIRMENT

| | <u>2019</u> | <u>2018</u> |
|-------------------------------------|------------------|------------------|
| Regular Investment Loan Fund | | |
| #09-101186 | \$ 50,000 | \$ 50,000 |
| #13-101267 | 13,000 | 15,000 |
| #18-101358 | 13,000 | - |
| #17-101335 | 7,000 | - |
| #13-101269 | - | 10,000 |
| | <u>\$ 83,000</u> | <u>\$ 75,000</u> |

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Notes to Financial Statements

Year Ended March 31, 2019

8. CFLIP RECEIVABLE

| | <u>2019</u> | <u>2018</u> |
|--|-------------------|-------------|
| Regular Investment Loan Fund | | |
| CFLIP receivable | \$ 500,000 | \$ - |
| Youth Fund | | |
| CFLIP receivable | <u>180,000</u> | - |
| Forest Community Business Program Loan Fund | | |
| CFLIP receivable | <u>150,000</u> | - |
| | <u>\$ 830,000</u> | <u>\$ -</u> |

The Community Futures Lending and Investment Pool of British Columbia ("CFLIP") was formed by Community Futures British Columbia to promote access to investment loan funds for members who do not have sufficient levels of cash on hand to meet local demands and for other members who have investment fund surpluses. The loans are non-interest bearing, have no set repayment terms, and have no collateral. If the Corporation wishes to withdraw their proportionate share, the Corporation must give Community Futures British Columbia 14-days notice.

9. TANGIBLE CAPITAL ASSETS

| | Cost | Accumulated amortization | 2019 Net book value | 2018 Net book value |
|-----------------------------------|------------------|-----------------------------|---------------------------|---------------------------|
| Computer equipment | \$ 35,412 | \$ 35,412 | \$ - | \$ 934 |
| Furniture, fixtures and equipment | 39,667 | 36,949 | 2,718 | 3,922 |
| Leasehold improvements | 11,119 | 7,598 | 3,521 | 5,745 |
| | <u>\$ 86,198</u> | <u>\$ 79,959</u> | <u>\$ 6,239</u> | <u>\$ 10,601</u> |

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Notes to Financial Statements

Year Ended March 31, 2019

10. ACCOUNTS PAYABLE AND ACCRUALS

| | <u>2019</u> | <u>2018</u> |
|--|------------------|------------------|
| Operating Fund | | |
| Accounts payable - general | \$ 4,694 | \$ 741 |
| Auditing accrual | 16,000 | 16,000 |
| Funds held on behalf of external entities: | | |
| 2010 Legacies Now Society - | | |
| Literacy Now Communities Program | 35,175 | 35,770 |
| Wages payable | 4,427 | 3,922 |
| McAbee Fossil Beds Heritage Site | 1,500 | - |
| | <u>\$ 61,796</u> | <u>\$ 56,433</u> |

11. DEFERRED REVENUE

| | <u>2019</u> | <u>2018</u> |
|---|-------------|------------------|
| Operating Fund | | |
| <u>Federal Government Contributions</u> | | |
| Opening balance, deferred revenue | \$ - | \$ 24,942 |
| Funds received | - | - |
| Funds spent | - | (24,942) |
| Ending balance, deferred revenue | <u>-</u> | <u>-</u> |
| <u>McAbee Fossil Beds Heritage Site</u> | | |
| Opening balance, deferred revenue | 44,460 | - |
| Funds received | - | 49,500 |
| Funds spent | (42,960) | (5,040) |
| Transfer to accounts payable | (1,500) | - |
| Ending balance, deferred revenue | <u>-</u> | <u>44,460</u> |
| | <u>\$ -</u> | <u>\$ 44,460</u> |

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Notes to Financial Statements

Year Ended March 31, 2019

12. 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.

13. 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.

14. ADMINISTRATIVE BILLINGS

| | 2019 | 2018 |
|---|-----------------|------------------|
| Operating Fund | | |
| Administration fee - Literacy Now Project | \$ 1,593 | \$ 3,186 |
| Miscellaneous revenue | 396 | 5,308 |
| Photocopies and fax | 3,605 | 3,278 |
| | <u>\$ 5,594</u> | <u>\$ 11,772</u> |

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SUN COUNTRY

Notes to Financial Statements

Year Ended March 31, 2019

15. OTHER CONTRACT REVENUE

| | <u>2019</u> | <u>2018</u> |
|---------------------------|-------------|-------------|
| Operating Fund | | |
| Wildfire recovery program | \$ 28,500 | \$ 19,980 |

16. WILDFIRE RECOVERY PROGRAM

In response to the 2017 wildfires, the Corporation supported the Wildfire Recovery Program managed and administered by Community Futures Cariboo Chilcotin. The program was launched to support affected business and non-for-profits in the region. Program Ambassadors meet with business owners to ensure that they are able to access the resources and services available to assist with their ongoing sustainability. The Corporation is reimbursed for expenses incurred.

17. COMMITMENTS

The Corporation rents office space under a long term lease which expires February 24, 2022. There is an option to extend the lease a further four years. Future minimum lease payments for the use of office space will aggregate \$42,525 over the next three years:

| | |
|------|------------------|
| 2020 | \$ 14,175 |
| 2021 | 14,175 |
| 2022 | <u>14,175</u> |
| | <u>\$ 42,525</u> |

Future minimum payments under operating leases and maintenance agreements relating to equipment will aggregate \$8,400 including the following payments over the next three years:

| | |
|------|-----------------|
| 2020 | \$ 3,360 |
| 2021 | 3,360 |
| 2022 | <u>1,680</u> |
| | <u>\$ 8,400</u> |

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18. SUBSEQUENT EVENTS

McAbee Fossil Beds Heritage Site

Subsequent to the year-end, the Corporation entered into a contract with the Heritage Branch from May 1, 2019 to October 31, 2019 to provide project management services to facilitate the McAbee Fossil Beds Heritage Site with an estimated starting value of \$87,495.

WorkBC Employment Services Agreement

Subsequent to the year-end, the Corporation entered into a contract with Community Futures Development Corporation of Thompson Country commencing April 1, 2019 and ending on March 31, 2024 with an opportunity to extend up to four years. The Corporation will sub-contract to provide self-employment services to eligible WorkBC clients in the Lillooet and Ashcroft storefront locations in British Columbia and will receive financial contributions, according to the contract, from Community Futures Development Corporation of Thompson Country for the services provided.

19. 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, 2019.

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.