

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

Financial Statements

Year Ended March 31, 2018

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION

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Year Ended March 31, 2018

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DMD

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INDEPENDENT AUDITOR'S REPORT

To the Members of Community Futures Development Corporation of the Powell River Region

We have audited the accompanying financial statements of Community Futures Development Corporation of the Powell River Region, which comprise the statement of financial position as at March 31, 2018 and the statements of revenues and expenditures, changes in net assets and cash flow 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 the Powell River Region as at March 31, 2018 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Powell River, British Columbia
July 31, 2018


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AUDITORS' REPORT ON THE COMPLIANCE WITH WESTERN ECONOMIC DIVERSIFICATION CONTRIBUTION AGREEMENT

To Western Economic Diversification Canada:

We have audited the **Community Futures Development Corporation of the Powell River Region's** (the 'Corporation') compliance as at March 31, 2018 with the criteria established in the Contribution Agreement between Western Economic Diversification and the Corporation dated April 1, 2006. 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 generally accepted 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 included examining, on a test basis, evidence supporting compliance, evaluating the overall compliance with the Contribution Agreement, and where applicable, assessing the accounting principles used and significant estimates made by management.

In our opinion, the Corporation is in compliance, in all material respects, with the criteria established by the Contribution Agreement, except for: one loan, in the amount of \$143,455 and secured by real property, has a term of 15 years, in excess of the seven year term criterion; and two borrowers with loans issued in excess of \$150,000, were not approved by the Board of Directors but rather a sub-committee and for one of these two loans, it was not documented if any enhanced due diligence was required.

Powell River, British Columbia
July 31, 2018



CHARTERED PROFESSIONAL ACCOUNTANTS


**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

Statement of Financial Position

March 31, 2018

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT		
Cash (Note 3)	\$ 3,023,024	\$ 3,099,153
Accounts receivable	16,586	23,304
Interest receivable	9,146	31,092
Prepaid expenses	4,956	11,928
	<u>3,053,712</u>	<u>3,165,477</u>
LOANS RECEIVABLE (Note 4)	2,312,932	2,051,328
TANGIBLE CAPITAL ASSETS (Note 5)	17,516	14,529
	<u>\$ 5,384,160</u>	<u>\$ 5,231,334</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 22,243	\$ 15,443
Wages and deductions payable	30,825	22,593
Deferred income	-	25,316
	<u>53,068</u>	<u>63,352</u>
LONG TERM DEBT (Note 6)	820,000	820,000
	<u>873,068</u>	<u>883,352</u>
NET ASSETS		
NET ASSETS	<u>4,511,092</u>	<u>4,347,982</u>
	<u>\$ 5,384,160</u>	<u>\$ 5,231,334</u>
CONTINGENT LIABILITY (Note 6)		
INTERFUND BALANCES (Note 7)		
COMMITMENTS (Note 8.)		
SUBSEQUENT EVENTS (Note 9.)		

ON BEHALF OF THE BOARD


Director


Director

The accompanying notes form an integral part of these financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

**Statement of Revenues and Expenditures
Year Ended March 31, 2018**

	2018	2017
REVENUES		
Western Economic Diversification Canada	\$ 303,790	\$ 303,790
Interest - loans	148,845	135,804
Interest - bank	40,324	28,422
Miscellaneous program revenue	24,438	9,877
Self Employment Program	100,735	96,685
	<u>618,132</u>	<u>574,578</u>
EXPENSES		
Advertising and promotion	8,040	12,058
Amortization	6,838	4,430
Bad debts	10,868	28,649
Client Workshops	5,702	6,103
Conferences	3,364	7,974
Consulting	3,000	-
Directors	1,564	2,257
Dues and memberships	2,488	1,789
Insurance	4,376	3,932
Interest and bank charges	-	15
Miscellaneous projects	37,476	2,326
Office	30,652	29,343
Professional fees	14,900	10,635
Rent and utilities	29,182	28,930
Telephone	9,607	9,754
Travel	860	690
Wages and benefits	286,105	263,285
	<u>455,022</u>	<u>412,170</u>
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	163,110	162,408
LOSS ON DISPOSAL OF TANGIBLE ASSETS	-	(2,838)
EXCESS OF REVENUES OVER EXPENSES	\$ 163,110	\$ 159,570

The accompanying notes form an integral part of these financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

Statement of Changes in Net Assets

Year Ended March 31, 2018

	2017 Balance	Excess of revenues over (under) expenses	Transfers	2018 Balance
Administration fund	\$ 36,147	\$ 1,827	\$ 386	\$ 38,360
Investment fund	2,446,541	123,953	-	2,570,494
Disabled entrepreneur investment fund	184,280	13,790	-	198,070
Forest renewal BC investment fund	412,615	12,301	-	424,916
Project funds	897,632	(25,387)	(386)	871,859
Fisheries legacy investment fund	316,523	14,935	-	331,458
Self employment program	54,244	21,691	-	75,935
	<u>\$ 4,347,982</u>	<u>\$ 163,110</u>	<u>\$ -</u>	<u>\$ 4,511,092</u>

	2016 Balance	Excess of revenues over (under) expenses	Transfers	2017 Balance
Administration Fund	\$ 24,109	\$ 5,110	\$ 6,928	\$ 36,147
Investment Fund	2,256,370	82,940	107,231	2,446,541
Disabled Entrepreneur Investment Fund	172,988	11,292	-	184,280
Youth Investment Fund	104,981	2,250	(107,231)	-
Forestry renewal BC investment fund	401,926	10,689	-	412,615
Fisheries access to credit investment fund	826,914	4,772	(831,686)	-
Project funds	12,126	3,786	881,720	897,632
Fisheries legacy investment fund	313,925	17,598	(15,000)	316,523
Theodosia salmon project	41,795	167	(41,962)	-
Self employment program	33,278	20,966	-	54,244
	<u>\$ 4,188,412</u>	<u>\$ 159,570</u>	<u>\$ -</u>	<u>\$ 4,347,982</u>

The accompanying notes form an integral part of these financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

**Statement of Cash Flow
Year Ended March 31, 2018**

	2018	2017
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 163,110	\$ 159,570
Items not affecting cash:		
Amortization of tangible capital assets	6,838	4,430
Loss on disposal of tangible capital assets	-	2,838
	<u>169,948</u>	<u>166,838</u>
Changes in non-cash working capital:		
Accounts receivable	6,718	(17,846)
Interest receivable	21,946	15,887
Prepaid expenses	6,972	2,655
Loans and notes receivable	(261,604)	63,133
Accounts payable and accrued liabilities	6,799	1,219
Wages and deductions payable	8,232	751
Deferred income	(25,316)	-
	<u>(236,253)</u>	<u>65,799</u>
Cash flow from (used by) operating activities	<u>(66,305)</u>	<u>232,637</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(9,824)	(12,213)
Long term Investments	-	150,000
Cash flow from (used by) investing activities	<u>(9,824)</u>	<u>137,787</u>
INCREASE (DECREASE) IN CASH FLOW	(76,129)	370,424
Cash - beginning of year	<u>3,099,153</u>	<u>2,728,729</u>
CASH - END OF YEAR	\$ 3,023,024	\$ 3,099,153

The accompanying notes form an integral part of these financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

Notes to Financial Statements

Year Ended March 31, 2018

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

Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	45%	declining balance method
Equipment	20%	declining balance method
Leasehold improvements	5 years	straight-line method

The Corporation regularly reviews its tangible capital assets to eliminate obsolete items. In the year of acquisition, the Corporation provides for amortization of additions (net of proceeds from disposals) at one-half the normal rate.

Investments

Short term investments, which consist primarily of commercial paper with original maturities at date of purchase beyond three months and less than twelve month, are carried at amortized cost.

Revenue recognition

Government funding and most miscellaneous program revenue is recognized in the year for which the funds were approved. Bank interest is recorded in the period earned. Shared costs recovery are recognized in the same period as the related expenses. Bad debt recoveries are recorded in the period received.

3. **CASH**

Cash consists of the following:

	<u>2018</u>	<u>2017</u>
Cash - Administration	\$ 51,714	\$ 62,911
Cash - Community Business Loans Investment Fund	557,410	585,241
Cash - Disabled Entrepreneur Investment Fund	307,763	298,118
Cash - Fisheries Legacy Investment Fund	337,358	533,780
Cash - Investment fund	820,710	680,397
Cash - Project funds	880,945	897,631
Cash - Self Employment Program	67,124	41,075
	<u>\$ 3,023,024</u>	<u>\$ 3,099,153</u>

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

Notes to Financial Statements

Year Ended March 31, 2018

4. LOANS RECEIVABLE

	2018	2017
Loan funds		
Marine Transfer	\$ 412,448	\$ 202,293
Investment Fund	1,693,681	1,709,322
Disabled Entrepreneur	89,780	63,232
Community Business Loans	117,023	76,481
	\$ 2,312,932	\$ 2,051,328

Loans receivable bear interest at rates ranging from 5% to 9.5% and have due dates ranging to Jun 25, 2027 and are secured by various forms of security ranging from promissory notes, personal guarantees and general security agreements, to land, buildings and equipment.

Loan impairments		
Loans receivable	\$ 2,388,932	\$ 2,159,207
Allowance for doubtful accounts	(76,000)	(107,879)
	\$ 2,312,932	\$ 2,051,328

Allowance for impairments		
Opening balance	\$ 107,879	\$ 78,187
Provision for credit losses (recoveries)	(31,879)	29,692
	\$ 76,000	\$ 107,879

Total loans that are subject to an allowance or write down for impairment are \$77,701 (2017 - \$162,734).

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Computer equipment	\$ 26,152	\$ 16,665	\$ 9,487	\$ 8,804
Furniture and fixtures	61,483	53,454	8,029	5,725
Leasehold improvements	41,822	41,822	-	-
	\$ 129,457	\$ 111,941	\$ 17,516	\$ 14,529

6. LOANS PAYABLE AND CONTINGENT LIABILITIES

Payable to Community Business Loans

Upon termination of the agreement between Community Business Loans and the Corporation and receipt of written direction from Community Business Loans, the Corporation will pay to a corporation or agency approved by Community Business Loans an amount equal to 50% of the investment fund not lent out plus interest at an interest rate to be determined from the date of receipt of such written direction until the date of payment.

(continues)

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

Notes to Financial Statements

Year Ended March 31, 2018

6. LOANS PAYABLE AND CONTINGENT LIABILITIES *(continued)*

In addition:

- a) If the Corporation continues in operation, additional payments equal to 50% of any receipt of principal and interest payments on the loans after the date of termination of the agreement, net of all reasonable costs, up to 15% of the balance of the fund at the date of termination, will be payable to Community Business Loans.
- b) If the Corporation discontinues operations, the Corporation will provide to Community Business Loans a first assignment of and security interest in 50% of the principal and interest payments owing or that may become owing and a first assignment of and security interest in a 50% undivided beneficial interest in all security obtained for outstanding loans.

Payable to the Minister of Western Economic Diversification (the "Minister")

The Corporation will repay the unencumbered free cash of the Youth and Disabled Entrepreneur funds received as requested by the Minister.

If the original Youth and Disabled Entrepreneur funds have not been written off, the interest and other assets credited to these investment funds will be used to repay the outstanding balances until the entire amount of the original investment funds are repaid.

	2018	2017
Fisheries Legacy Investment Fund received	\$ 420,000	\$ 420,000
Disabled Entrepreneur Investment Fund received	200,000	200,000
Investment fund (Youth Investment Fund portion)	200,000	200,000
	\$ 820,000	\$ 820,000

When the original Youth and Disabled Entrepreneur funds have been fully repaid, 50% of the remaining assets of the Youth and Disabled Entrepreneur funds shall also be repaid.

If the realizable assets, including earned interest are insufficient to repay the full amount of the Youth and Disabled Entrepreneur funds, the Corporation's requirement to repay the full amount will be terminated once the full value of the realized assets is repaid.

7. INTERFUND BALANCES

	2017	Transfers	2018
Due from Community Business Loans - Investment Fund	\$ 250,000	\$ -	\$ 250,000
Due from Operations Fund - Self Employment Fund	-	1,062	1,062
Due to Investment Fund - Community Business Loans Fund	(250,000)	-	(250,000)
Due from Investment Fund - Operations Fund	-	400	400
Due to Operations Fund - Investment Fund	-	(400)	(400)
Due to Self Employment Fund - Operations Fund	-	(1,062)	(1,062)
Due from Self Employment Fund - Operating Fund	8,909	(1,969)	6,940
Due to Operating Fund - Self Employment Fund	(8,909)	1,969	(6,940)
	\$ -	\$ -	\$ -

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

Administration Fund

(Schedule 1)

Year Ended March 31, 2018

	2018	2017
REVENUES		
Western Economic Diversification Canada	\$ 303,790	\$ 303,790
Miscellaneous program revenue	19,715	8,634
Interest - bank	1,932	1,318
Gains (losses) on disposal of assets	-	(2,838)
	325,437	310,904
EXPENSES		
Advertising and promotion	7,351	6,816
Amortization	6,838	4,430
Conferences	3,364	7,974
Directors	1,059	1,550
Dues and memberships	2,488	1,789
Insurance	4,376	3,932
Miscellaneous projects	-	1,938
Office	25,268	25,567
Professional fees	12,999	10,635
Rent and utilities	24,317	24,105
Telephone	8,005	8,132
Travel	860	690
Wages and benefits	226,685	208,236
	323,610	305,794
EXCESS OF REVENUES OVER EXPENSES	\$ 1,827	\$ 5,110

The accompanying notes form an integral part of these financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

**Investment Fund
Year Ended March 31, 2018**

(Schedule 2)

	<u>2018</u>	<u>2017</u>
REVENUES		
Interest - bank	\$ 9,620	\$ 5,087
Interest - loans	112,539	105,769
Miscellaneous program revenue	870	365
	<u>123,029</u>	<u>111,221</u>
EXPENSES		
Bad debts (recovery)	(1,133)	28,266
Interest and bank charges	-	15
Office	209	-
	<u>(924)</u>	<u>28,281</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 123,953</u>	<u>\$ 82,940</u>

The accompanying notes form an integral part of these financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

**Disabled Entrepreneur Investment Fund
Year Ended March 31, 2018**

(Schedule 3)

	2018	2017
REVENUES		
Interest - bank	\$ 4,156	\$ 2,677
Interest - loans	9,666	9,702
Miscellaneous program revenue	3,180	60
	<u>17,002</u>	<u>12,439</u>
EXPENSES		
Bad debts	3	1,147
Office	209	-
Sub-contracts and consulting	3,000	-
	<u>3,212</u>	<u>1,147</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 13,790</u>	<u>\$ 11,292</u>

The accompanying notes form an integral part of these financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

**Youth Investment Fund
Year Ended March 31, 2018**

(Schedule 4)

	2018	2017
REVENUES		
Interest - bank	\$ -	\$ 254
Interest - loans	-	1,996
	-	2,250
EXPENSES	-	-
EXCESS OF REVENUES OVER EXPENSES	\$ -	\$ 2,250

The accompanying notes form an integral part of these financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

Community Business Loans Investment Fund

(Schedule 5)

Year Ended March 31, 2018

	2018	2017
REVENUES		
Interest - bank	\$ 7,449	\$ 5,692
Interest - loans	5,978	4,233
Miscellaneous program revenue	90	-
	<u>13,517</u>	<u>9,925</u>
EXPENSES		
Bad debts (recovery)	999	(764)
Office	217	-
	<u>1,216</u>	<u>(764)</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 12,301</u>	<u>\$ 10,689</u>

The accompanying notes form an integral part of these financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

Fisheries Access to Credit Investment Fund

(Schedule 6)

Year Ended March 31, 2018

	2018	2017
REVENUES		
Interest - bank	\$ -	\$ 3,054
Interest - loans	-	1,657
Miscellaneous program revenue	-	61
	-	4,772
EXPENSES	-	-
EXCESS OF REVENUES OVER EXPENSES	\$ -	\$ 4,772

The accompanying notes form an integral part of these financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

**Project Funds
Year Ended March 31, 2018**

(Schedule 7)

	2018	2017
REVENUES		
Interest - bank	\$ 11,771	\$ 5,028
Miscellaneous program revenue	583	758
	<u>12,354</u>	<u>5,786</u>
EXPENSES		
Advertising and promotion	-	2,000
Client Workshops	48	-
Miscellaneous projects	37,476	-
Office	217	-
	<u>37,741</u>	<u>2,000</u>
EXCESS (DEFICIENCY) OF EXPENSES OVER REVENUES	<u>\$ (25,387)</u>	<u>\$ 3,786</u>

The accompanying notes form an integral part of these financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

Fisheries Legacy Investment Fund

(Schedule 8)

Year Ended March 31, 2018

	2018	2017
REVENUES		
Interest - bank	\$ 5,341	\$ 5,121
Interest - loans	<u>20,661</u>	<u>12,447</u>
	<u>26,002</u>	<u>17,568</u>
EXPENSES		
Bad debts	11,000	-
Office (recovery)	<u>67</u>	<u>(30)</u>
	<u>11,067</u>	<u>(30)</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 14,935</u>	<u>\$ 17,598</u>

The accompanying notes form an integral part of these financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

**Theodosia Salmon Project
Year Ended March 31, 2018**

(Schedule 9)

	2018	2017
REVENUES		
Interest - bank	\$ -	\$ 167
EXPENSES	-	-
EXCESS OF REVENUE OVER EXPENSES	\$ -	\$ 167

The accompanying notes form an integral part of these financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE POWELL RIVER
REGION**

**Self Employment Program
Year Ended March 31, 2018**

(Schedule 10)

	2018	2017
REVENUES		
Self Employment Program	\$ 100,735	\$ 96,685
Interest - bank	54	24
	100,789	96,709
EXPENSES		
Advertising and promotion	688	3,242
Client Workshops	5,653	6,102
Directors	505	707
Miscellaneous projects	-	388
Office	4,466	3,805
Professional fees	1,900	-
Rent and utilities	4,865	4,825
Telephone	1,601	1,622
Wages and benefits	59,420	55,052
	79,098	75,743
EXCESS OF REVENUES OVER EXPENSES	\$ 21,691	\$ 20,966

The accompanying notes form an integral part of these financial statements.