

**COMMUNITY FUTURES DEVELOPMENT  
CORPORATION OF THE DEHCHO  
Operating as  
Dehcho Business Development Centre**

**FINANCIAL STATEMENTS**

**March 31, 2019**

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE DEHCHO**  
**Operating as Dehcho Business Development Centre**  
**Financial Statements**  
**Year ended March 31, 2019**

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## INDEPENDENT AUDITOR'S REPORT

To the Directors of  
**Community Futures Development Corporation of the Dehcho**  
Operating as Dehcho Business Development Centre

### *Opinion*

We have audited the accompanying financial statements of **Community Futures Development Corporation of the Dehcho**, which comprise the statement of financial position as at March 31, 2019, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Community Futures Development Corporation of the Dehcho** 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 **Community Futures Development Corporation of the Dehcho** 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 these 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 **Community Futures Development Corporation of the Dehcho's** ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate **Community Futures Development Corporation of the Dehcho** or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing **Community Futures Development Corporation of the Dehcho'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:

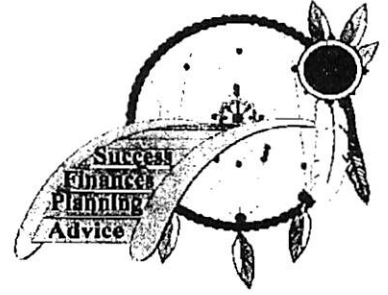
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 **Community Futures Development Corporation of the Dehcho'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 **Community Futures Development Corporation of the Dehcho** 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 **Community Futures Development Corporation of the Dehcho** 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.

*EPR Yellowknife Accounting Prof. Corp.*

**EPR Yellowknife Accounting Professional Corporation**  
**Chartered Professional Accountants**  
Yellowknife, NT  
June 13, 2019

# *Deh Cho Business Development Centre*



## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Community Futures Development Corporation of the Dehcho are the responsibility of management and have been approved by the Board.

The financial statements have been prepared by management in accordance with Canadian accounting standards for not for profit organizations as recommended by the board of the Canadian Institute of Chartered Professional Accountants and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the financial statements.

The board meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditor's report.

The external auditors, EPR Yellowknife Accounting Professional Corporation., conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Community Futures Development Corporation of the Dehcho and meet when required.

On behalf of Community Futures Development Corporation of the Dehcho

A handwritten signature in black ink, appearing to read "Todd Noseworthy".

Todd Noseworthy  
Executive Director  
Community Futures Development Corporation of the Dehcho  
Operating as Dehcho Business Development Centre  
June 13, 2019

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE DEHCHO**  
**Operating as Dehcho Business Development Centre**  
**STATEMENT OF FINANCIAL POSITION**  
**As At March 31, 2019**

**Statement I**

|  | 2019                | 2018                |
|--|---------------------|---------------------|
| <b>ASSETS</b>                              |                     |                     |
| <b>Current Assets</b>                      |                     |                     |
| Cash                                       | \$ 11,787           | \$ -                |
| Restricted cash (Note 3)                   | 184,641             | 170,058             |
| Accounts receivable                        | 36,236              | 71,070              |
| Prepaid Expense                            | 400                 | 400                 |
|  | <b>233,064</b>      | <b>241,528</b>      |
| INVESTMENT FUND ASSETS (Note 2b)           | 1,383,910           | 1,295,461           |
| BDIC LOAN FUND ASSETS (Note 2c)            | 369,553             | 390,495             |
| NWTCFA LOAN FUND ASSETS (Note 2d)          | 298,240             | 304,363             |
| CAPITAL ASSETS (Note 7)                    | 20,496              | 10,119              |
| <b>TOTAL ASSETS</b>                        | <b>2,305,263</b>    | <b>2,241,966</b>    |
| <b>LIABILITIES</b>                         |                     |                     |
| <b>Current liabilities</b>                 |                     |                     |
| Bank Indebtedness                          | -                   | 17,222              |
| Accounts Payable and Accrued Liabilities   | 30,692              | 35,430              |
| Employee Severance Liability               | 184,641             | 170,058             |
|  | <b>215,333</b>      | <b>222,710</b>      |
| BDIC INVESTMENT FUND LIABILITY (NOTE 8)    | 362,892             | 386,501             |
| NWTCFA INVESTMENT FUND LIABILITY (NOTE 9)  | 340,000             | 340,000             |
|  | <b>918,225</b>      | <b>949,211</b>      |
| <b>EQUITY</b>                              |                     |                     |
| OPERATING FUND SURPLUS                     | 17,731              | 18,818              |
| INVESTMENT IN CAPITAL ASSETS               | 20,496              | 10,120              |
| INVESTMENT FUND                            | 1,383,910           | 1,295,460           |
| BDIC INVESTMENT FUND (DEFIENCY) (Note 8)   | 6,662               | 3,994               |
| NWTCFA INVESTMENT FUND (DEFIENCY) (Note 9) | (41,761)            | (35,637)            |
|  | <b>1,387,038</b>    | <b>1,292,755</b>    |
| <b>TOTAL LIABILITIES AND EQUITY</b>        | <b>\$ 2,305,263</b> | <b>\$ 2,241,966</b> |

The accompanying notes and schedules form an integral part of the financial statements.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE DEHCHO**  
**Operating as Dehcho Business Development Centre**  
**STATEMENT OF CHANGE IN NET ASSETS**  
**For the Year Ended March 31, 2019**

|  | 2019               | 2018               |
|--|--------------------|--------------------|
| <b>OPERATING FUND</b>                  |                    |                    |
| Surplus, Opening                       | \$ 18,818          | \$ 35,225          |
| Excess revenues for the year           | (1,087)            | (16,407)           |
| Surplus, Closing                       | 17,731             | 18,818             |
| <b>INVESTMENT IN CAPITAL ASSETS</b>    |                    |                    |
| Balance Opening                        | 10,119             | 13,238             |
| Additions to capital assets            | 14,126             | -                  |
| Amortization                           | (3,749)            | (3,119)            |
| Balance Closing                        | 20,496             | 10,119             |
| <b>INVESTMENT FUND</b>                 |                    |                    |
| BALANCE, OPENING                       | 1,295,448          | 1,254,607          |
| Capital Contribution                   | -                  | -                  |
| Loan Interest Income                   | 61,448             | 47,262             |
| Administration Fees and other expenses | (1,162)            | (17,777)           |
| Loan Loss Recovery (Provision)         | 28,176             | 11,369             |
| Balance, Closing                       | 1,383,910          | 1,295,461          |
| <b>BDIC INVESTMENT FUND</b>            |                    |                    |
| BALANCE, OPENING                       | 3,994              | 1,909              |
| Loan Interest Income                   | 5,851              | 9,292              |
| Administration Fees and other expenses | (3,183)            | (7,207)            |
| Balance, Closing                       | \$ 6,662           | \$ 3,994           |
| <b>NWTCFA INVESTMENT FUND</b>          |                    |                    |
| Balance (Deficiency), Opening          | \$ (35,637)        | \$ (20,266)        |
| Loan Interest Income                   | 2,872              | 3,259              |
| Administration fees and other expenses | 705                | (2,440)            |
| Loan Loss Provision (net)              | (9,701)            | (16,190)           |
| <b>BALANCE (DEFICIENCY), CLOSING</b>   | <b>\$ (41,761)</b> | <b>\$ (35,637)</b> |

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE DEHCHO**  
**Operating as Dehcho Business Development Centre**  
**STATEMENT OF REVENUE AND EXPENDITURES**  
**For the Year Ended March 31, 2019**

|                                     | <b>2019<br/>BUDGET</b> | <b>2019<br/>ACTUAL</b> | <b>2018<br/>ACTUAL</b> |
|-------------------------------------|------------------------|------------------------|------------------------|
| <b>REVENUE</b>                      |                        |                        |                        |
| <b>Core</b>                         |                        |                        |                        |
| <b>Contributions -</b>              |                        |                        |                        |
| Industry, Tourism and Investment    |                        |                        |                        |
| Operating Contribution              | \$ 203,629             | \$ 203,630             | \$ 203,630             |
| Economic Development Officer        | 108,000                | 108,000                | 107,250                |
| Admin Fees                          | 20,100                 | 14,028                 | 11,304                 |
| <b>Other Projects</b>               |                        |                        |                        |
| ECE - Additional Contracts          | -                      | 3,125                  | 4,125                  |
| NACCA - Support & Training Fund     | -                      | (3)                    | 30,302                 |
| ITI and other contributions         | -                      | 28,791                 | 1,427                  |
|                                     | <b>331,729</b>         | <b>357,571</b>         | <b>358,038</b>         |
| <b>EXPENDITURES</b>                 |                        |                        |                        |
| Advertising                         | 2,000                  | 957                    | 1,980                  |
| Capital Purchases - Core            | 2,000                  | 15,557                 | -                      |
| Communication                       | 7,800                  | 7,473                  | 7,778                  |
| Conferences and Workshops           | 3,000                  | -                      | -                      |
| Employee severance expense          | 14,582                 | 14,582                 | 9,205                  |
| Fees, Dues and Credit Checks        | 4,655                  | 5,324                  | 4,339                  |
| Insurance                           | 3,050                  | 3,046                  | 2,974                  |
| Miscellaneous-ITC adjustment        | -                      | 2,876                  | -                      |
| Office                              | 3,025                  | 3,952                  | 2,858                  |
| Professional Fees                   | 9,800                  | 6,494                  | 8,903                  |
| Project Cost                        | -                      | 17,791                 | -                      |
| Rent and building overhead          | 41,954                 | 39,872                 | 58,908                 |
| Board Travel                        | 7,000                  | 5,092                  | 9,973                  |
| Staff Travel                        | 4,800                  | -                      | 7,659                  |
| Training-Board and Staff            | 2,000                  | -                      | 24,916                 |
| Wages & Benefits                    | 240,623                | 235,642                | 234,949                |
|                                     | <b>346,289</b>         | <b>358,658</b>         | <b>374,442</b>         |
| <b>EXCESS REVENUE (EXPENDITURE)</b> | <b>\$ (14,560)</b>     | <b>\$ (1,087)</b>      | <b>\$ (16,404)</b>     |



**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE DEHCHO**  
**Operating as Dehcho Business Development Centre**  
**STATEMENT OF CASH FLOW**  
**For the Year Ended March 31, 2019**

**Statement IV**

|   | <b>2019</b>       |           | <b>2018</b>     |
|---|-------------------|-----------|-----------------|
| <b>OPERATING FUND</b>   |                   |           |                 |
| <b>Operating activities</b>                                   |                   |           |                 |
| Excess (deficiency) of revenue over expenditure               | \$ (1,087)        | \$        | (16,404)        |
| Net Change in Working Capital Balances relating to Operations |                   |           |                 |
| Account Receivables   | 31,395            |           | (28,912)        |
| Capital Asset purchase  | (14,125)          |           | -               |
| Accounts payable and accrued liabilities                      | 12,731            |           | 3,198           |
| Employee severance liability                                  | 14,582            |           | 9,204           |
| <b>INCREASE (DECREASE) IN CASH &amp; EQUIVALENTS</b>          | <b>43,496</b>     |           | <b>(32,914)</b> |
| <b>CASH, OPENING</b>  | <b>152,839</b>    |           | <b>185,753</b>  |
| <b>CASH CLOSING</b>   | <b>\$ 196,335</b> | <b>\$</b> | <b>152,839</b>  |
| <b>INVESTMENT FUND</b>  |                   |           |                 |
| <b>Financial activities</b>                                   |                   |           |                 |
| Interest received (net of cost)                               | 60,286            |           | 29,486          |
|   | 60,286            |           | 29,486          |
| <b>Investing Activities</b>                                   |                   |           |                 |
| Account Receivables/Payables                                  | (4,568)           |           | 16,813          |
| Admin fees due from/ to operating fund                        | (1,630)           |           | 8,104           |
| Loan repayment (disbursement) (net)                           | 20,712            |           | 162,254         |
|   | 14,514            |           | 187,171         |
| <b>INCREASE (DECREASE) IN CASH &amp; EQUIVALENTS</b>          | <b>74,800</b>     |           | <b>216,657</b>  |
| <b>CASH, OPENING</b>  | <b>674,852</b>    |           | <b>458,195</b>  |
| <b>CASH CLOSING</b>   | <b>\$ 749,652</b> | <b>\$</b> | <b>674,852</b>  |
| <b>BDIC INVESTMENT FUND</b>                                   |                   |           |                 |
| <b>Financial activities</b>                                   |                   |           |                 |
| Loan Contribution received (repaid)                           | \$ (23,610)       | \$        | (23,018)        |
| Interest received (net of cost)                               | 2,668             |           | 2,084           |
|   | (20,942)          |           | (20,934)        |
| <b>Investing Activities</b>                                   |                   |           |                 |
| Account Receivables/Payables                                  | -                 |           | (20,500)        |
| Admin fees due from/ to operating fund                        | (144)             |           | 33              |
| Loan repayment (disbursement) (net)                           | 12,150            |           | 21,005          |
|   | 12,006            |           | 538             |
| <b>INCREASE (DECREASE) IN CASH &amp; EQUIVALENTS</b>          | <b>(8,936)</b>    |           | <b>(20,396)</b> |
| <b>CASH, OPENING</b>  | <b>298,354</b>    |           | <b>318,750</b>  |
| <b>CASH CLOSING</b>   | <b>\$ 289,418</b> | <b>\$</b> | <b>298,354</b>  |

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE DEHCHO**  
**Operating as Dehcho Business Development Centre**  
**STATEMENT OF CASH FLOW- (CONTD....)**  
**For the Year Ended March 31, 2019**

**Statement IV**

|  | <b>2019</b>       |           | <b>2018</b>    |
|--|-------------------|-----------|----------------|
| <b>NWTFCA INVESTMENT FUND</b>                        |                   |           |                |
| <b>Financial activities</b>                          |                   |           |                |
| Loan Contribution received (repaid)                  | \$ -              | \$        | 55,000         |
| Interest received (net of cost)                      | 3,576             |           | 820            |
|  | <b>3,576</b>      |           | <b>55,820</b>  |
| <b>Investing Activities</b>                          |                   |           |                |
| Account Receivables/Payables                         | (488)             |           | 2,744          |
| Admin/legal fees due from/ to operating fund         | 90                |           | 177            |
| Loan repayment (disbursement) (net)                  | 771               |           | 3,784          |
|  | <b>373</b>        |           | <b>6,705</b>   |
| <b>INCREASE (DECREASE) IN CASH &amp; EQUIVALENTS</b> | <b>3,949</b>      |           | <b>62,525</b>  |
| <b>CASH, OPENING</b>                                 | <b>245,594</b>    |           | <b>183,069</b> |
| <b>CASH CLOSING</b>                                  | <b>\$ 249,543</b> | <b>\$</b> | <b>245,594</b> |

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE DEHCHO**  
**Operating as Dehcho Business Development Centre**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2019**

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**1. NATURE OF ORGANIZATION**

The Community Future Development Corporation of the Dehcho operating as Dehcho Business Development Centre (the "Centre") was incorporated as a not-for-profit corporation under the Canada Corporations Act and commenced operations November 26, 1998 to carry out community development activities, establish and administer a loan fund for the purposes of providing financial services and directly related advisory services to businesses in the Dehcho Region. The Centre is registered as an extra-territorial corporation in the Northwest Territories. The Centre's loan fund capital and operating contribution is provided by the Government of the Northwest Territories. Consequently, the Board is dependent upon funding from the Department of Industry, Tourism and Investment ("ITI"). The Centre is a non-taxable organization as defined under Section 149(1) of the Income Tax Act.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The Centre has prepared its financial statements in accordance with Canadian accounting standards for not-for-profit organizations using fund accounting.

**2a) Measurement Uncertainty**

The preparation of financial statements in accordance with stated accounting policies requires the Centre to make estimates and assumptions that affect the amount of assets, liabilities, revenues and expenditures reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the Centre believes the estimates and assumptions to be reasonable. Some of the more significant management estimates based on past experience relate to allowance for doubtful accounts valuation.

**2b) Investment Fund**

All payments received from the government in respect of the Investment Fund are credited to the Centre's Investment Fund. All revenues from loans and other Investment Fund activities, all revenue from ancillary investments out of the Investment Fund, and all repayments on account of principle in respect of the Investment Fund activities are credited to the Investment Fund. Funds required to be credited to the Investment Fund under the Contribution Agreement shall not be used for purposes other than Investment Fund activities without prior written approval of the Minister responsible. Any amount advanced to the Centre on account of the capital contribution that, at the end of the funding period has not been committed in respect of a loan, loan guarantee or equity investment under a legally binding contractual agreement, is deemed not to be required as a reserve for the Centre's capitalization costs and constitutes an overpayment which may be requested to be repaid to the Government. Such amounts are not accrued in the accounts until notice is given. The Investment Fund is comprised as follows:

|  | <b>2019</b> | <b>2018</b> |
|--|-------------|-------------|
| Cash                                       | 749,652     | 674,852     |
| Accounts Receivable                        | -           | -           |
| Accounts Payable                           | (16,474)    | (22,673)    |
| Loans Receivable (notes 2g & 4)            | 863,787     | 869,500     |
|  | 1,596,965   | 1,521,679   |
| Allowance for doubtful debt (notes 2g & 4) | (213,055)   | (226,218)   |
|  | 1,383,910   | 1,295,461   |

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE DEHCHO**  
**Operating as Dehcho Business Development Centre**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2019**

**2c) NWT Business Development & Investment Corporation (“BDIC”) Investment Fund**

All payments received from the BDIC in respect of the BDIC Investment Fund are credited to the Centre's BDIC Investment Fund. All revenues from loans and other BDIC Investment Fund activities, all revenue from ancillary investments out of the BDIC Investment Fund, and all repayments on account of principle in respect of the BDIC Investment Fund activities are credited to the BDIC Investment Fund. Funds required to be credited to the BDIC Investment Fund under the Loan Agreement shall not be used for purposes other than BDIC Investment Fund activities without prior written approval of the BDIC. Any amount advanced to the Centre that, at the end of the funding period has not been committed in respect of a loan, loan guarantee or equity investment under a legally binding contractual agreement, is deemed not to be required as a reserve for the Centre's capitalization costs and constitutes an overpayment which may be requested to be repaid to the BDIC. Such amounts are not accrued in the accounts until notice is given. The BDIC Investment Fund is comprised as follows:

|   | 2019    | 2018    |
|---|---------|---------|
| Cash  | 289,418 | 298,354 |
| Account Payable                             | (881)   | (1,025) |
| Loan Receivable (note 2g & 5)               | 81,016  | 93,166  |
|   | 369,553 | 390,495 |
| Allowance for Doubtful Loans (notes 2g & 5) | -       | -       |
|   | 369,553 | 390,495 |

**2d) NWT Community Futures Association (“NWT CFA”) Investment Fund**

All payments received from the NWT CFA in respect of the NWT CFA Investment Fund are credited to the Centre's NWT CFA Investment Fund. All revenues from loans and other NWT CFA Investment Fund activities, all revenue from ancillary investments out of the NWT CFA Investment Fund, and all repayments on account of principle in respect of the NWT CFA Investment Fund activities are credited to the NWT CFA Investment Fund. Funds required to be credited to the NWT CFA Investment Fund under the Loan Agreement shall not be used for purposes other than NWT CFA Investment Fund activities without prior written approval of the NWT CFA. Any amount advanced to the Centre that, at the end of the funding period has not been committed in respect of a loan, loan guarantee or equity investment under a legally binding contractual agreement, is deemed not to be required as a reserve for the Centre's capitalization costs and constitutes an overpayment which may be requested to be repaid to the NWT CFA. Such amounts are not accrued in the accounts until notice is given. The NWT CFA Investment Fund is comprised as follows:

|                               | 2019     | 2018     |
|-------------------------------|----------|----------|
| Cash                          | 249,543  | 245,594  |
| Account Payable               | (3,422)  | (3,822)  |
| Loan Receivable (note 2g & 6) | 108,699  | 109,470  |
|                               | 354,820  | 351,242  |
| Allowance for Doubtful Loans  | (56,580) | (46,879) |
|                               | 298,240  | 304,363  |

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE DEHCHO**  
**Operating as Dehcho Business Development Centre**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2019**

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**2e) Operating Fund**

Operating surpluses constitute an overpayment which may be requested to be repaid to the Government. Such amounts are not accrued in the accounts until notice is given.

**2f) Capital Fund**

Capital Assets are funded by the Operating Contribution and recorded as expenditures in the year of acquisition. To account for the existence of these assets on the Balance Sheet, the cost of capital purchases are recorded in Capital Assets at cost with an offsetting credit to Investment in Capital Assets. Amortization is calculated by the declining balance method at the rates set out in Note 7. In the year of acquisition amortization is calculated at one half of the rates set out in Note 7.

**2g) Loans Receivable**

Loans receivable are stated at net realizable value. Interest income is recorded on a cash basis for all loans receivable. An Allowance for Doubtful Loans is provided for non-performing loans in the Investment Fund. Non-performing loans consist of those loans for which the collection process has been unsuccessful, or the possible outcome of the collection process is uncertain. The total amount of financial assistance that may be provided in respect of any business at any time shall not exceed \$200,000 from the general investment fund (\$100,000 from the NWTCFA investment fund). The minimum rate of interest charged on any loan will not be less than the prevailing rate charged by a lender, as defined in the Small Business Loans Act, for a similar loan.

**2h) Budget**

The presented budget figures are those approved by the Board and are unaudited.

**2i) Revenue and Expenditure Recognition**

The Centre follows the deferral method of accounting for contributions received. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred or committed to. Unrestricted contributions are recognized as revenue when received if the amount to be received can be reasonably estimated and collection is reasonably assured. Expenditures are recognized in the year in which legal title transfers or services have been rendered, or commitments have been made to match related funding.

**3. FUTURE ACCOUNTING CHANGES**

In March 2018, the Accounting standards Board (AcSB) issued the following new standards in part III (Accounting Standards for Not-for-Profit Organizations) of the CPA Canada Hand Book.

**Section 4433 Tangible Capital Assets Held by Not-for-Profit Organizations and Section 4434 Intangibles Assets Held by Not-for-Profit Organizations** states that the cost of contributed tangible capital assets is deemed to be fair value at the date of contribution plus all cost directly attributable to its acquisition, including installing at the location and the condition necessary for its intended use. Previously, there was no guidance on how to determine the cost of a contributed tangible asset. **Section 4441, Collections held by Not-for-Profit Organizations** states that collections (which includes work of arts, historical treasures or similar assets) are recorded on the statement of financial position at either cost or nominal value on the statement of financial position. All collections are accounted for using the same method.

Section 4433, 4434 and 4441 (the new standards) replace Section 4431, 4432 and 4440 respectively. The new standards are effective for annual periods beginning on or after January 1, 2019. Earlier Application is permitted.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE DEHCHO**  
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**4. RESTRICTED FUNDS**

Certain funds have been set aside as restricted, as follows.

|  | <b>2019</b> | <b>2018</b> |
|--|-------------|-------------|
| Operating Fund -<br>Employee Severance Liability | \$ 184,641  | \$ 170,058  |

**5. GENERAL INVESTMENT LOAN PORTFOLIO CONTINUITY**

|                               | <b>2019</b> | <b>2018</b> |
|-------------------------------|-------------|-------------|
| Loans Receivables             |             |             |
| Opening Balance               | 869,500     | 1,031,754   |
| Loan disbursed                | 313,884     | 288,730     |
| Principle repayments          | (319,597)   | (450,984)   |
| Loan written off              | -           | -           |
| Closing Balance               | 863,787     | 869,500     |
| Doubtful Accounts             |             |             |
| Opening Balance               | 226,231     | 237,587     |
| Allowances (recoveries) (net) | (13,176)    | (11,356)    |
| Loan written off              | -           | -           |
| Closing Balance               | 213,055     | 226,231     |
| Net Loan Receivable           | \$ 650,732  | \$ 643,269  |

**6. NWT BDIC LOAN PORTFOLIO CONTINUITY**

|                      | <b>2019</b> | <b>2018</b> |
|----------------------|-------------|-------------|
| Loans Receivables    |             |             |
| Opening Balance      | 93,166      | 114,171     |
| Loan disbursed       | -           | -           |
| Principle repayments | (12,150)    | (21,005)    |
| Loan written off     | -           | -           |
| Closing Balance      | 81,016      | 93,166      |

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**7. NWT CFA LOAN PORTFOLIO CONTINUITY**

|                               | <b>2019</b> | <b>2018</b> |
|-------------------------------|-------------|-------------|
| Loans Receivables             |             |             |
| Opening Balance               | 109,470     | 113,254     |
| Loan disbursed                | 31,056      | 29,958      |
| Principle repayments          | (31,827)    | (33,742)    |
| Loan written off              | -           | -           |
| Closing Balance               | 108,699     | 109,470     |
| Doubtful Accounts             |             |             |
| Opening Balance               | 46,879      | 30,689      |
| Allowances (recoveries) (net) | 9,701       | 16,190      |
| Loan written off              | -           | -           |
| Closing Balance               | 56,580      | 46,879      |
| Net Loan Receivable           | 52,119      | 62,591      |

**8. CAPITAL ASSETS**

|                        | <b>2019</b> | <b>2018</b> |                          |                |                |
|------------------------|-------------|-------------|--------------------------|----------------|----------------|
|                        | Rate        | Cost        | Accumulated Depreciation | Net Book Value | Net Book Value |
| Furniture & Equip      | 20%         | 39,456      | 37,427                   | 2,029          | 2,537          |
| Computer Equipment     | 30%         | 26,243      | 23,938                   | 2,305          | 3,293          |
| Leasehold Improvements | 20%         | 39,968      | 24,170                   | 15,798         | 3,834          |
| Library Materials      | 20%         | 19,162      | 18,798                   | 364            | 455            |
|                        |             | 124,829     | 104,333                  | 20,496         | 10,119         |

**9 .BDIC INVESTMENT FUND LIABILITY AND EQUITY DEFICIENCY**

The Centre has entered into a Loan Agreement with NWT Business Development & Investment Corporation (“BDIC”) for a total loan amount of \$900,000, secured by a Demand Promissory Note and General Security Agreement covering all present and after acquired property, to provide capital funding to the Centre, for providing loans to businesses in the Dehcho. The loan is amortized over 20 years and the term is for 3 years interest only. At the end of the 3 years of interest only the loan will be amortized over the remaining 17 years. The interest rate is 2% per annum.

The Centre may request to assign uncollected Loans (from BDIC proceeds) to the BDIC from time to time. The BDIC has full discretion whether to accept such requests. If an assignment is completed the Centre ceases to have any interest in the subject Loan. If the BDIC accepts such an assignment, the BDIC shall then credit the Centre’s Loan with the amount that the principal value of the assigned loan exceeds the accumulated profits that the Centre has generated through lending out the proceeds. Should the Centre suffer losses as a result of the BDIC Investment Fund, currently the Centre would have to fund such losses out of either the regular Investment Fund or the Operating Fund, however the current Contribution Agreements with the Department of Industry, Tourism and Investment do not cover such a possibility as an eligible cost.

**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE DEHCHO**  
**Operating as Dehcho Business Development Centre**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2019**

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**10. NWT CFA INVESTMENT FUND LIABILITY AND EQUITY DEFICIENCY**

The Centre has entered into a Loan Agreement with NWT Community Futures Association (“NWT CFA”) for a total loan amount of \$340,000, secured by a Demand Promissory Note, to provide capital funding to the Centre, for providing loans to businesses in the Dehcho. The loan has no amortization term. The interest rate is 0% per annum.

Should the Centre suffer losses as a result of the NWT CFA Investment Fund, currently the Centre would have to fund such losses out of either the regular Investment Fund or the Operating Fund, however the current Contribution Agreements with the Department of Industry, Tourism and Investment do not cover such a possibility as an eligible cost.

**11. COMMITMENTS**

The Centre has current commitments as follows:

- (a) lease of office accommodations to September 30, 2020 \$18,000 rent per year, payable in twelve equal monthly payments of \$1500.

**12. CONTINGENT LIABILITIES**

**(a) Legal Claims:**

A legal claim against Deh Cho Business Development Centre is currently Progressing through small claim court. The claim is seeking \$10,834 from the Centre. The Centre is defending the claim. The outcome is unknown at this point in time.

**(b) Letter of Credit and Loan Guarantees**

There are no Loan Guarantees outstanding on behalf of clients at year end ( 2018 - NIL). There are no Irrevocable Letter of Credits outstanding at year end.

**(c) Financial Instruments**

The Centre's financial instruments consist of cash, treasury bill mutual funds, loans receivable, accounts receivable and accounts payable. The financial statements and accompanying notes contain, according to management's best efforts, the relevant information necessary for a reasonable assessment of these risks. The Centre is exposed to financial risk that arises from the credit quality of the entities to which it provides loans. Credit risk arises from the possibility that the entities to which the Centre provides loans may experience financial difficulty and be unable to fulfil their obligations. A concentration of credit risk also arises as the debtors of the Centre are concentrated in the Dehcho Region, and the Centre is a lender of last resort.

The fair value of these financial instruments, where determinable, approximate their carrying amounts unless otherwise noted. However, the fair value of the loan fund cannot be determined. There is no secondary market for the loan portfolio and the uncertainty and potential broad range of outcomes pertaining to future cash flow related renders the calculation of a fair value with appropriate reliability impractical. If the circumstances under which these estimates and judgments were made change there could be a significant change to the allowance for credit losses and the calculation of the fair value of the loans.



**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE DEHCHO**

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**SCHEDULE OF PROJECT REVENUE AND EXPENDITURES**

**For the Year Ended March 31, 2019**

|  | <b>Operations</b> | <b>EDO<br/>Project</b> | <b>SEO<br/>Program</b> | <b>Leasehold<br/>Improvement</b> | <b>ITI<br/>Project</b> | <b>Total</b>      |
|--|-------------------|------------------------|------------------------|----------------------------------|------------------------|-------------------|
| 4022 Operating Funds                       | \$ 203,630        | \$ -                   | \$ -                   | \$ -                             | \$ -                   | \$ 203,630        |
| 4028 EDO Contract                          | -                 | 108,000                | -                      | -                                | -                      | 108,000           |
| 4029 ITI Other contracts and contributions | -                 | -                      | -                      | 10,000                           | 18,791                 | 28,791            |
| 4225 NACCA Support- Bd. & Staff Training   | -                 | -                      | -                      | -                                | -                      | -                 |
| 4228 NACCA - S&T Other                     | (3)               | -                      | -                      | -                                | -                      | (3)               |
| 4244 Other Contribution                    | -                 | -                      | 3,125                  | -                                | -                      | 3,125             |
| 4246 Admin. Fees from Loan Fund            | 8,522             | -                      | -                      | -                                | -                      | 8,522             |
| 4250 Miscellaneous                         | 2,700             | -                      | -                      | -                                | -                      | 2,700             |
| 4255 Investment Interest                   | 2,806             | -                      | -                      | -                                | -                      | 2,806             |
|  | <b>217,655</b>    | <b>108,000</b>         | <b>3,125</b>           | <b>10,000</b>                    | <b>18,791</b>          | <b>357,571</b>    |
| 5410 Wages & Benefits                      | 124,026           | 107,810                | -                      | -                                | -                      | 231,836           |
| 5460 Other Employee Benefits               | 8,098             | 6,484                  | -                      | -                                | -                      | 14,582            |
| 5605 Legal Costs - Loan Security           | 265               | -                      | -                      | -                                | -                      | 265               |
| 5610 Accounting and Legal                  | 6,228             | -                      | -                      | -                                | -                      | 6,228             |
| 5470 Health Insurance                      | 1,570             | 2,236                  | -                      | -                                | -                      | 3,806             |
| 5615 Advertising & Promotion               | 957               | -                      | -                      | -                                | -                      | 957               |
| 5630 Board Travel                          | 5,092             | -                      | -                      | -                                | -                      | 5,092             |
| 5635 Copier Lease & Charges                | 834               | 555                    | -                      | -                                | -                      | 1,389             |
| 5660 Fees, Dues and Credit Checks          | 5,325             | -                      | -                      | -                                | -                      | 5,325             |
| 5670 Insurance                             | 1,520             | -                      | -                      | -                                | -                      | 1,520             |
| 5675 General Liability Insurance           | 1,526             | -                      | -                      | -                                | -                      | 1,526             |
| 5700 Office Supplies                       | 1,119             | 1,050                  | -                      | -                                | -                      | 2,169             |
| 5710 Postage & Freight                     | 394               | -                      | -                      | -                                | -                      | 394               |
| 5740 Meeting Costs                         | -                 | -                      | -                      | -                                | -                      | -                 |
| 5750 Capital Assets Purchases              | 993               | 439                    | -                      | -                                | -                      | 1,432             |
| 5760 Rent & Building Overhead              | 29,814            | 10,058                 | -                      | -                                | -                      | 39,872            |
| 5780 Telephone & Internet                  | 3,194             | 2,779                  | -                      | -                                | -                      | 5,973             |
| 5782 Internet                              | 1,500             | -                      | -                      | -                                | -                      | 1,500             |
| 5787 Training Board & Staff                | -                 | -                      | -                      | -                                | -                      | -                 |
| 5790 Staff Travel                          | -                 | -                      | -                      | -                                | -                      | -                 |
| 5797 Project Costs                         | -                 | -                      | -                      | -                                | 17,791                 | 17,791            |
| 5762 Leasehold Improvements                | -                 | -                      | -                      | 14,125                           | -                      | 14,125            |
| 5798 Adjustment Acct/ Admin Fee            | 2,876             | -                      | -                      | -                                | -                      | 2,876             |
|  | <b>195,331</b>    | <b>131,411</b>         | <b>-</b>               | <b>14,125</b>                    | <b>17,791</b>          | <b>358,658</b>    |
| <b>EXCESS REVENUES<br/>(EXPENDITURES)</b>  | <b>\$ 22,324</b>  | <b>\$ (23,411)</b>     | <b>\$ 3,125</b>        | <b>\$ (4,125)</b>                | <b>1,000</b>           | <b>\$ (1,087)</b> |