

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

FINANCIAL STATEMENTS

MARCH 31, 2016

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

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MARCH 31, 2016

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

P.O. Box 238
Fort Simpson, NT X0E 0N0
(867) 695-2441 FAX (867) 695-2052 tnoseworthy@northwestel.net

Management's Responsibility for Financial Reporting

May 27, 2016

To the Directors of
COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE DEHCHO
Fort Simpson, Northwest Territories

The accompanying financial statements were prepared by management in conformity with generally accepted accounting principles appropriate in the circumstances. The financial statements are considered by management to present fairly the company's financial position and results of operation.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE DEHCHO maintains internal financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis and that the Centre acts in accordance with the laws of the Northwest Territories and Canada. The Centre's management recognizes its responsibility for conducting the Centre's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate.

The external auditor annually provides an independent, objective audit for the purposes of expressing an opinion on the financial statements. He also considers whether transactions which come to his notice in the course of this audit are, in all significant respects, in accordance with the specified legislation.

Mr. T. Noseworthy,
Executive Director
COMMUNITY FUTURES DEVELOPMENT CORPORATION
OF THE DEHCHO

Robert
Stewart

Chartered Accountant/
Management Consultants
Box 2196
Yellowknife, N.W.T. X1A 2P6
Tel (867) 873-5595
Fax (309) 407-6576
Email: stewartr@peace.ca

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE DEHCHO
operating as Dehcho Business Development Centre
Fort Simpson, Northwest Territories

We have audited the accompanying financial statements of COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE DEHCHO, which comprise the balance sheet as at March 31, 2016, and the statements of operations, equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles 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 my opinion, the financial statements present fairly, in all material respects, the financial position of the COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE DEHCHO as at March 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.



CHARTERED ACCOUNTANT

May 27, 2016
Yellowknife, N.W.T

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

BALANCE SHEET

AS AT MARCH 31, 2016

ASSETS

	<u>2016</u>	<u>2015</u>
CURRENT		
Cash	\$ 33,573	\$ 56,472
Restricted Cash (Note 3)	148,676	136,914
Accounts receivable	50,884	41,615
Prepaid expenses	<u>400</u>	<u>1,511</u>
	233,533	236,512
INVESTMENT FUND ASSETS (Note 2c)	1,172,337	1,143,957
BDIC LOAN FUND ASSETS (Note 2d)	433,762	443,783
NWTCFA LOAN FUND ASSETS (Note 2e)	261,879	286,541
CAPITAL (Note 6)	<u>14,570</u>	<u>18,909</u>
	<u>\$2,116,081</u>	<u>\$2,129,702</u>

LIABILITIES

CURRENT		
Accounts Payable and Accrued Liabilities	\$ 25,558	\$ 27,756
Employee Severance Liability	<u>148,676</u>	<u>136,914</u>
	174,234	164,670
BDIC INVESTMENT FUND LIABILITY (Note 7)	432,207	454,477
NWTCFA INVESTMENT FUND LIABILITY (Note 8)	<u>285,000</u>	<u>285,000</u>
	<u>891,441</u>	<u>904,147</u>

EQUITY

OPERATING FUND SURPLUS	59,300	71,842
INVESTMENT IN CAPITAL ASSETS	14,570	18,909
INVESTMENT FUND	1,172,337	1,143,957
BDIC INVESTMENT FUND (DEFICIENCY) (Note 7)	1,554	(10,694)
NWTCFA INVESTMENT FUND (DEFICIENCY) (Note 8)	<u>(23,121)</u>	<u>1,541</u>
	<u>1,224,640</u>	<u>1,225,555</u>
	<u>\$2,116,081</u>	<u>\$2,129,702</u>

Approved on behalf of the
COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE DEHCHO:

_____ Director

_____ Director

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

STATEMENT OF EQUITY

FOR THE YEAR ENDED MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
OPERATING FUND		
SURPLUS, OPENING	\$ 71,842	\$ 87,428
Excess revenues for the year	(<u>12,542</u>)	(<u>15,586</u>)
SURPLUS, CLOSING	\$ <u>59,300</u>	\$ <u>71,842</u>

INVESTMENT IN CAPITAL ASSETS

BALANCE, OPENING	\$ 18,909	\$ 24,632
Additions to capital assets	-	-
Amortization	(<u>4,339</u>)	(<u>5,723</u>)
BALANCE, CLOSING	\$ <u>14,570</u>	\$ <u>18,909</u>

INVESTMENT FUND

BALANCE, OPENING	\$ 1,143,957	\$ 1,100,553
Capital Contribution	-	-
Loan Interest Income	62,889	52,759
Administration fees and other expenses	(18,367)	(15,637)
Loan Loss Recovery (Provision)	<u>(16,142)</u>	<u>6,282</u>
BALANCE, CLOSING	\$ <u>1,172,337</u>	\$ <u>1,143,957</u>

BDIC INVESTMENT FUND

BALANCE, OPENING	\$ (10,694)	\$ (682)
Loan Interest Income	11,650	10,078
Administration fees and other expenses	(9,402)	(10,090)
Loan Loss Recovery (Provision)	<u>10,000</u>	<u>(10,000)</u>
BALANCE (DEFICIENCY), CLOSING	\$ <u>1,554</u>	\$ (<u>10,694</u>)

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

STATEMENT OF EQUITY (cont.)

FOR THE YEAR ENDED MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
NWTCFA INVESTMENT FUND		
BALANCE, OPENING	\$ 1,541	\$ (185)
Loan Interest Income	2,254	4,848
Administration fees and other expenses	(328)	(120)
Loan Loss Provision (net)	<u>(26,588)</u>	<u>(3,000)</u>
BALANCE (DEFICIENCY), CLOSING	\$ (<u> 23,121</u>)	\$ <u> 1,541</u>

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

OPERATING FUND
STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2016

	<u>2016</u>		<u>2015</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(Note 2i)		
REVENUE			
Core			
Contributions –			
Industry, Tourism and Investment (“ITI”):			
Operating Contribution	\$ 203,630	\$ 203,630	\$ 203,630
Economic Development Officer	108,000	130,727	108,000
Admin fees	11,000	12,872	10,148
Other	-	-	-
Projects			
ECE - Additional Contracts	-	-	-
NACCA – Support & Training Fund	-	8,789	10,678
	<u>322,630</u>	<u>356,018</u>	<u>332,456</u>
 EXPENDITURES			
Advertising	3,000	1,026	3,489
Capital Purchases - core	2,000	-	-
Communication	6,600	7,337	6,352
Conferences and workshops	4,200	-	-
Employee severance expense	14,700	11,819	10,987
Fees, dues and credit checks	4,655	5,353	4,488
Insurance	8,100	4,956	7,502
Miscellaneous	-	-	100
Net Collection Costs	4,200	-	-
Office	3,925	4,228	3,914
Professional Fees	15,000	10,697	12,446
Project Costs	-	20,727	-
Rent and building overhead	56,280	58,252	54,040
Board Travel	9,600	2,487	-
Staff Travel	3,600	3,835	316
Training	2,000	3,514	10,678
Wages & Benefits	245,154	234,329	233,730
Workshops & Meetings	-	-	-
	<u>383,014</u>	<u>368,560</u>	<u>348,042</u>
 EXCESS REVENUE (EXPENDITURES)	 <u>\$(60,384)</u>	 <u>\$(12,542)</u>	 <u>\$(15,586)</u>

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

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
OPERATING FUND		
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING ACTIVITIES		
Excess revenues (expenditures) for the year	\$ (12,542)	\$ (15,586)
Net change in working capital balances relating to operations:		
Accounts receivable	(9,269)	(7,185)
Prepaid expenses	1,111	-
Accounts payable and accrued liabilities	(2,199)	(3,340)
Employee severance liability	<u>11,762</u>	<u>10,987</u>
INCREASE (DECREASE) IN CASH & EQUIVALENTS	(11,137)	(15,124)
CASH, OPENING	<u>193,386</u>	<u>208,510</u>
CASH, CLOSING	<u>\$ 182,249</u>	<u>\$ 193,386</u>
INVESTMENT FUND		
FINANCING ACTIVITIES		
Capital contribution	\$ -	\$ -
Interest received (net of costs)	<u>44,523</u>	<u>37,123</u>
	<u>44,523</u>	<u>37,123</u>
INVESTING ACTIVITIES		
Accounts receivable	(15,625)	-
Admin fees due from/to Operating Fund	19,448	9,091
Loan repayments (disbursements) (net)	<u>(144,130)</u>	<u>(32,363)</u>
	<u>(140,307)</u>	<u>(23,272)</u>
INCREASE (DECREASE) IN CASH & EQUIVALENTS	(95,784)	13,851
CASH & EQUIVALENTS, OPENING	<u>288,632</u>	<u>274,781</u>
CASH & EQUIVALENTS, CLOSING	<u>\$ 192,848</u>	<u>\$ 288,632</u>

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

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2016

BDIC INVESTMENT FUND

	<u>2016</u>	<u>2015</u>
FINANCING ACTIVITIES		
Loan contribution received (repaid)	\$(22,270)	\$(5,523)
Interest received (net of costs)	<u>2,248</u>	<u>(11)</u>
	<u>(20,022)</u>	<u>(5,534)</u>
INVESTING ACTIVITIES		
Admin fees due from/to Operating Fund	(5,736)	(546)
Loan repayments (disbursements) (net)	<u>55,777</u>	<u>84,842</u>
	<u>50,041</u>	<u>84,295</u>
INCREASE (DECREASE) IN CASH & EQUIVALENTS	30,019	78,761
CASH & EQUIVALENTS, OPENING	<u>347,823</u>	<u>269,062</u>
CASH & EQUIVALENTS, CLOSING	<u>\$ 377,842</u>	<u>\$ 347,823</u>

NWTCFA INVESTMENT FUND

FINANCING ACTIVITIES		
Loan contribution received	\$ -	\$ -
Interest received (net of costs)	<u>1,926</u>	<u>4,726</u>
	<u>1,926</u>	<u>4,726</u>
INVESTING ACTIVITIES		
Admin fees due from/to Operating Fund	230	19
Loan repayments (disbursements) (net)	<u>8,004</u>	<u>(22,447)</u>
	<u>8,234</u>	<u>(22,428)</u>
INCREASE (DECREASE) IN CASH & EQUIVALENTS	10,160	(17,702)
CASH & EQUIVALENTS, OPENING	<u>234,140</u>	<u>251,842</u>
CASH & EQUIVALENTS, CLOSING	<u>\$ 244,300</u>	<u>\$ 234,140</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

1. AUTHORITY AND SUBSEQUENT EVENTS

The COMMUNITY FUTURES 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").

2. SIGNIFICANT ACCOUNTING POLICIES

a) General

The accounting policies of the Centre are as prescribed for non-profit organizations utilizing fund accounting.

b) 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.

c) 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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

c) Investment Fund (cont.)

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:

	<u>2016</u>	<u>2015</u>
Cash	\$ 192,848	\$ 288,632
Accounts Receivable	15,625	-
Accounts Payable	(29,986)	(10,539)
Loans Receivable (notes 2h & 4)	<u>1,242,422</u>	<u>1,103,152</u>
	1,420,909	1,381,245
Allowance for Doubtful Loans (notes 2h & 4)	<u>(248,572)</u>	<u>(237,288)</u>
	<u>\$ 1,172,337</u>	<u>\$ 1,143,957</u>

d) 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:

	<u>2016</u>	<u>2015</u>
Cash	\$ 377,842	\$ 347,823
Accounts Payable	(383)	(6,119)
Loans Receivable (note 2h and 5)	<u>56,303</u>	<u>112,079</u>
	433,762	453,783
Allowance for Doubtful Loans (note 2h and 5)	<u>-</u>	<u>(10,000)</u>
	<u>\$ 433,762</u>	<u>\$ 443,783</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

e) NWT Community Futures Association ("NWTCFA") Investment Fund

All payments received from the NWTCFA in respect of the NWTCFA Investment Fund are credited to the Centre's NWTCFA Investment Fund. All revenues from loans and other NWTCFA Investment Fund activities, all revenue from ancillary investments out of the NWTCFA Investment Fund, and all repayments on account of principle in respect of the NWTCFA Investment Fund activities are credited to the NWTCFA Investment Fund. Funds required to be credited to the NWTCFA Investment Fund under the Loan Agreement shall not be used for purposes other than NWTCFA Investment Fund activities without prior written approval of the NWTCFA. 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 NWTCFA. Such amounts are not accrued in the accounts until notice is given. The NWTCFA Investment Fund is comprised as follows:

	<u>2016</u>	<u>2015</u>
Cash	\$ 244,300	\$ 234,140
Accounts Payable	(276)	(47)
Loans Receivable (notes 2h and 6)	<u>47,444</u>	<u>55,448</u>
	291,468	289,541
Allowance for Doubtful Loans	<u>(29,589)</u>	<u>(3,000)</u>
	<u>\$ 261,879</u>	<u>\$ 286,541</u>

f) 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.

g) 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 6. In the year of acquisition amortization is calculated at one half of the rates set out in Note 6.

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE DEHCHO
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

h) 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 NWT CFA 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.

i) Budget

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

j) Income Taxes

The Centre is a non-taxable organization as defined under Section 149(1) of the Income Tax Act.

k) 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. RESTRICTED FUNDS

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

	<u>2016</u>	<u>2015</u>
Operating Fund -		
Employee Severance Liability	\$ <u>148,676</u>	\$ <u>136,914</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

4. GENERAL INVESTMENT LOAN PORTFOLIO CONTINUITY

	<u>2016</u>	<u>2015</u>
Loans Receivable		
Opening Balance	\$ 1,103,152	\$ 1,070,788
Loans disbursed	784,933	744,890
Principal repayments	(640,804)	(712,526)
Loans written off	<u>(4,859)</u>	<u>-</u>
Closing Balance	<u>1,242,422</u>	<u>1,103,152</u>
 Doubtful Accounts		
Opening Balance	237,288	243,570
Allowances (recoveries) (net)	16,143	(6,282)
Loans written off	<u>(4,859)</u>	<u>-</u>
Closing Balance	<u>248,572</u>	<u>237,288</u>
 Net Loans Receivable	 \$ <u>993,850</u>	 \$ <u>865,864</u>

5. NWT BDIC LOAN PORTFOLIO CONTINUITY

	<u>2016</u>	<u>2015</u>
Loans Receivable		
Opening Balance	\$ 112,079	\$ 196,921
Loans disbursed	-	9,000
Principal repayments	(55,776)	(93,842)
Loans written off	<u>(-)</u>	<u>(-)</u>
Closing Balance	<u>56,303</u>	<u>112,079</u>
 Doubtful Accounts		
Opening Balance	10,000	-
Allowances (recoveries) (net)	(10,000)	10,000
Loans written off	<u>-</u>	<u>-</u>
Closing Balance	<u>-</u>	<u>10,000</u>
 Net Loans Receivable	 \$ <u>56,303</u>	 \$ <u>102,079</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

6. NWTCA LOAN PORTFOLIO CONTINUITY

	<u>2016</u>	<u>2015</u>
Loans Receivable		
Opening Balance	\$ 55,448	\$ 33,000
Loans disbursed	8,668	91,415
Principal repayments	(16,672)	(68,967)
Loans written off	(-)	(-)
Closing Balance	<u>47,444</u>	<u>55,448</u>
 Doubtful Accounts		
Opening Balance	3,000	-
Allowances (recoveries) (net)	26,589	3,000
Loans written off	-	-
Closing Balance	<u>29,589</u>	<u>3,000</u>
 Net Loans Receivable	 \$ <u>17,855</u>	 \$ <u>52,448</u>

7. CAPITAL ASSETS

		2016			2015
Rate	Cost	Accumulated Depreciation	Net Book Value	Net Book Value	
Furniture & equip.	20%	\$ 39,456	\$ 35,492	\$ 3,964	\$ 4,954
Computer equipment	30%	28,923	25,020	3,903	5,576
Leasehold improv.	20%	25,842	19,850	5,992	7,490
Library materials	20%	<u>19,162</u>	<u>18,451</u>	<u>711</u>	<u>889</u>
		<u>\$113,383</u>	<u>\$ 98,813</u>	<u>\$ 14,570</u>	<u>\$ 18,909</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

8. 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 uncollectable 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.

9. 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 \$285,000, 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.

10. COMMITMENTS

The Centre has current commitments as follows:

- a) lease of office accommodations to September 30, 2016 \$58,000 annually.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

11. CONTINGENT LIABILITIES

a) Letter of Credit and Loan Guarantees

There are no Loan Guarantees outstanding on behalf of clients at year end (2015 - NIL). There are no Irrevocable Letter of Credits outstanding at year end.

b) 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 fulfill 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 judgements 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.

DEH CHO BUSINESS DEVELOPMENT CENTRE

SCHEDULE OF PROJECT REVENUE AND EXPENDITURES

FOR THE YEAR ENDING MARCH 31, 2016

	<u>Operations</u>	<u>EDO Project</u>	<u>NACCA S & T Projects</u>	<u>ITI Bookkeeping Seminar</u>	<u>Total</u>
REVENUE:					
4022 Operating Funds	\$203,630				\$203,630
4028 EDO Contract		\$108,000			108,000
4029 ITI-Other Contracts and Contributions				\$22,727	22,727
4225 NACCA Support - Bd.& Staff Training			\$3,515		3,515
4228 NACCA - S&T Other	2,129		3,146		5,275
4244 Other Contributions					0
4246 Admin. Fees from Loan Fund	10,952				10,952
4250 Miscellaneous	1,919				1,919
	<u>218,631</u>	<u>108,000</u>	<u>6,660</u>	<u>22,727</u>	<u>356,018</u>
EXPENDITURE:					
5410 Wages and Benefits	131,462	102,923			234,385
5460 Other Employee Benefits	6,507	5,256			11,762
5605 Legal Costs - Loan Security	1,041				1,041
5610 Accounting and Legal	4,107	2,520	3,029		9,656
5612 Net Collection Costs	0				0
5615 Advertising and Promotions	1,026				1,026
5620 Bad Debts					0
5630 Board Travel	2,487				2,487
5635 Copier Lease and Charges	658	439			1,097
5645 Conferences					0
5660 Fees, Dues and Credit Checks	5,353				5,353
5670 Insurance	1,425				1,425
5675 General Liability Insurance	1,111				1,111
5679 Loan Life Insurance	2,421				2,421
5700 Office Expense	1,476	984			2,459
5710 Postage and Freight	174				174
5740 Meeting Costs	497				497
5750 Capital Asset Purchases					0
5760 Rent & Building Overhead	34,951	23,301			58,252
5780 Telephone and Internet	4,560	2,777			7,337
5785 Seminars and Workshops					0
5787 Training Board & Staff			3,515		3,515
5790 Staff Travel	3,835				3,835
5795 Miscellaneous					0
5797 Project Costs				20,727	20,727
5798 Adjustment Acct/Admin Fee	-2,000			2,000	0
	<u>201,091</u>	<u>138,199</u>	<u>6,543</u>	<u>22,727</u>	<u>368,560</u>
Excess Revenues (Expenditures)	<u>\$17,540</u>	<u>-\$30,199</u>	<u>\$117</u>	<u>\$0</u>	<u>-\$12,542</u>