

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

FINANCIAL STATEMENTS

MARCH 31, 2017

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

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MARCH 31, 2017

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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

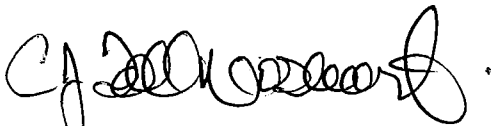
May 31, 2017

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 Box 2196
Accountant/ Yellowknife, N.W.T. X1A 2P6
Management Tel (867) 873-5595
Consultants 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, 2017, 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, 2017, 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 31, 2017
Yellowknife, N.W.T

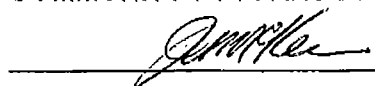
COMMUNITY FUTURES DEVELOPMENT CORPORATION OF THE DEHCHO
operating as Dehcho Business Development Centre

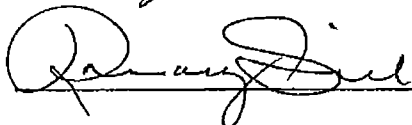
BALANCE SHEET

AS AT MARCH 31, 2017

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT		
Cash	\$ 24,899	\$ 33,573
Restricted Cash (Note 3)	160,854	148,676
Accounts receivable	42,158	50,884
Prepaid expenses	<u>400</u>	<u>400</u>
	228,311	233,533
INVESTMENT FUND ASSETS (Note 2c)	1,254,606	1,172,337
BDIC LOAN FUND ASSETS (Note 2d)	411,429	433,762
NWTCFA LOAN FUND ASSETS (Note 2e)	264,734	261,879
CAPITAL (Note 6)	<u>13,238</u>	<u>14,570</u>
	<u>\$2,172,318</u>	<u>\$2,116,081</u>
LIABILITIES		
CURRENT		
Accounts Payable and Accrued Liabilities	\$ 32,233	\$ 25,558
Employee Severance Liability	<u>160,854</u>	<u>148,676</u>
	193,087	174,234
BDIC INVESTMENT FUND LIABILITY (Note 8)	409,519	432,207
NWTCFA INVESTMENT FUND LIABILITY (Note 9)	<u>285,000</u>	<u>285,000</u>
	<u>887,606</u>	<u>891,441</u>
EQUITY		
OPERATING FUND SURPLUS	35,225	59,300
INVESTMENT IN CAPITAL ASSETS	13,238	14,570
INVESTMENT FUND	1,254,606	1,172,337
BDIC INVESTMENT FUND (DEFICIENCY) (Note 7)	1,909	1,554
NWTCFA INVESTMENT FUND (DEFICIENCY) (Note 8)	<u>(20,266)</u>	<u>(23,121)</u>
	<u>1,284,712</u>	<u>1,224,640</u>
	<u>\$2,172,318</u>	<u>\$2,116,081</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, 2017

	<u>2017</u>	<u>2016</u>
OPERATING FUND		
SURPLUS, OPENING	\$ 59,300	\$ 71,842
Excess revenues for the year	<u>(24,075)</u>	<u>(12,542)</u>
SURPLUS, CLOSING	\$ <u>35,225</u>	\$ <u>59,300</u>

INVESTMENT IN CAPITAL ASSETS

BALANCE, OPENING	\$ 14,570	\$ 18,909
Additions to capital assets	2,320	-
Amortization	<u>(3,652)</u>	<u>(4,339)</u>
BALANCE, CLOSING	\$ <u>13,238</u>	\$ <u>14,570</u>

INVESTMENT FUND

BALANCE, OPENING	\$ 1,172,337	\$ 1,143,957
Capital Contribution	-	-
Loan Interest Income	70,789	62,889
Administration fees and other expenses	<u>(14,506)</u>	<u>(18,367)</u>
Loan Loss Recovery (Provision)	<u>25,986</u>	<u>(16,142)</u>
BALANCE, CLOSING	\$ <u>1,254,606</u>	\$ <u>1,172,337</u>

BDIC INVESTMENT FUND

BALANCE (DEFICIENCY), OPENING	\$ 1,554	\$ (10,694)
Loan Interest Income	9,518	11,650
Administration fees and other expenses	<u>(9,163)</u>	<u>(9,402)</u>
Loan Loss Recovery (Provision)	<u>-</u>	<u>10,000</u>
BALANCE, CLOSING	\$ <u>1,909</u>	\$ <u>1,554</u>

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

STATEMENT OF EQUITY (cont.)

FOR THE YEAR ENDED MARCH 31, 2017

	<u>2017</u>	<u>2016</u>
NWTCFA INVESTMENT FUND		
BALANCE (DEFICIENCY), OPENING	\$ (23,121)	\$ 1,541
Loan Interest Income	4,780	2,254
Administration fees and other expenses	(825)	(328)
Loan Loss Provision (net)	<u>(1,100)</u>	<u>(26,588)</u>
BALANCE (DEFICIENCY), CLOSING	\$ (<u> 20,266</u>)	\$ (<u> 23,121</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, 2017

	<u>2017</u>		<u>2016</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUE	(Note 2i)		
Core			
Contributions –			
Industry, Tourism and Investment ("ITI"):			
Operating Contribution	\$ 203,630	\$ 203,630	\$ 203,630
Economic Development Officer	108,000	108,000	130,727
Admin fees	11,360	11,285	12,872
Other	-	-	-
Projects			
ECE - Additional Contracts	-	4,125	-
NACCA – Support & Training Fund	-	<u>5,263</u>	<u>8,789</u>
	<u>322,990</u>	<u>332,303</u>	<u>356,018</u>
 EXPENDITURES			
Advertising	3,000	1,063	1,026
Capital Purchases - core	2,000	2,320	-
Communication	7,440	5,969	7,337
Conferences and workshops	3,000	1,707	-
Employee severance expense	-	12,178	11,819
Fees, dues and credit checks	4,655	4,465	5,353
Insurance	2,575	2,867	4,956
Miscellaneous	-	-	-
Net Collection Costs	-	-	-
Office	3,900	3,426	4,228
Professional Fees	11,000	8,790	10,697
Project Costs	-	-	20,727
Rent and building overhead	58,185	58,727	58,252
Board Travel	6,400	6,734	2,487
Staff Travel	3,600	4,049	3,835
Training	2,000	-	3,514
Wages & Benefits	262,274	244,083	234,329
Workshops & Meetings	<u>525</u>	<u>-</u>	<u>-</u>
	<u>370,554</u>	<u>356,378</u>	<u>368,560</u>
 EXCESS REVENUE (EXPENDITURES)	 <u>\$ (47,564)</u>	 <u>\$ (24,075)</u>	 <u>\$ (12,542)</u>

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

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2017

	<u>2017</u>	<u>2016</u>
OPERATING FUND		
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING ACTIVITIES		
Excess revenues (expenditures) for the year	\$ (24,075)	\$ (12,542)
Net change in working capital balances relating to operations:		
Accounts receivable	8,726	(9,269)
Prepaid expenses	-	1,111
Accounts payable and accrued liabilities	6,675	(2,199)
Employee severance liability	<u>12,178</u>	<u>11,762</u>
INCREASE (DECREASE) IN CASH & EQUIVALENTS	3,504	(11,137)
CASH, OPENING	<u>182,249</u>	<u>193,386</u>
CASH, CLOSING	<u>\$ 185,753</u>	<u>\$ 182,249</u>

INVESTMENT FUND

FINANCING ACTIVITIES		
Capital contribution	\$ -	\$ -
Interest received (net of costs)	<u>56,283</u>	<u>44,523</u>
	<u>56,283</u>	<u>44,523</u>
INVESTING ACTIVITIES		
Accounts receivable	(4,875)	(15,625)
Admin fees due from/to Operating Fund	(11,730)	19,448
Loan repayments (disbursements) (net)	<u>225,669</u>	<u>(144,130)</u>
	<u>209,064</u>	<u>(140,307)</u>
INCREASE (DECREASE) IN CASH & EQUIVALENTS	265,347	(95,784)
CASH & EQUIVALENTS, OPENING	<u>192,848</u>	<u>288,632</u>
CASH & EQUIVALENTS, CLOSING	<u>\$ 458,195</u>	<u>\$ 192,848</u>

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

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2017

BDIC INVESTMENT FUND		
	<u>2017</u>	<u>2016</u>
FINANCING ACTIVITIES		
Loan contribution received (repaid)	\$(22,688)	\$(22,270)
Interest received (net of costs)	<u>356</u>	<u>2,248</u>
	<u>(22,332)</u>	<u>(20,022)</u>
INVESTING ACTIVITIES		
Admin fees due from/to Operating Fund	21,109	(5,736)
Loan repayments (disbursements) (net)	<u>(57,869)</u>	<u>55,777</u>
	<u>(36,760)</u>	<u>50,041</u>
INCREASE (DECREASE) IN CASH & EQUIVALENTS	(59,092)	30,019
CASH & EQUIVALENTS, OPENING	<u>377,842</u>	<u>347,823</u>
CASH & EQUIVALENTS, CLOSING	<u>\$ 318,750</u>	<u>\$ 377,842</u>

NWTCFA INVESTMENT FUND		
FINANCING ACTIVITIES		
Loan contribution received	\$ -	\$ -
Interest received (net of costs)	<u>3,954</u>	<u>1,926</u>
	<u>3,954</u>	<u>1,926</u>
INVESTING ACTIVITIES		
Admin fees due from/to Operating Fund	625	230
Loan repayments (disbursements) (net)	<u>(65,810)</u>	<u>8,004</u>
	<u>(65,185)</u>	<u>8,234</u>
INCREASE (DECREASE) IN CASH & EQUIVALENTS	(61,231)	10,160
CASH & EQUIVALENTS, OPENING	<u>244,300</u>	<u>234,140</u>
CASH & EQUIVALENTS, CLOSING	<u>\$ 183,069</u>	<u>\$ 244,300</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, 2017

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, 2017

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>2017</u>	<u>2016</u>
Cash	\$ 458,195	\$ 192,848
Accounts Receivable	20,500	15,625
Accounts Payable	(18,256)	(29,986)
Loans Receivable (notes 2h & 4)	<u>1,031,754</u>	<u>1,242,422</u>
	1,492,193	1,420,909
Allowance for Doubtful Loans (notes 2h & 4)	<u>(237,587)</u>	<u>(248,572)</u>
	<u>\$ 1,254,606</u>	<u>\$ 1,172,337</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>2017</u>	<u>2016</u>
Cash	\$ 318,750	\$ 377,842
Accounts Payable	(21,492)	(383)
Loans Receivable (note 2h and 5)	<u>114,171</u>	<u>56,303</u>
	411,429	433,762
Allowance for Doubtful Loans (note 2h and 5)	-	-
	<u>\$ 411,429</u>	<u>\$ 433,762</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, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

- e) 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:

	<u>2017</u>	<u>2016</u>
Cash	\$ 183,069	\$ 244,300
Accounts Payable	(901)	(276)
Loans Receivable (notes 2h and 6)	<u>113,254</u>	<u>47,444</u>
	295,422	291,468
Allowance for Doubtful Loans	<u>(30,688)</u>	<u>(29,589)</u>
	<u>\$ 264,734</u>	<u>\$ 261,879</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 7. In the year of acquisition amortization is calculated at one half of the rates set out in Note 7.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

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)l 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>2017</u>	<u>2016</u>
Operating Fund - Employee Severance Liability	\$ <u>160,854</u>	\$ <u>148,676</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, 2017

4. GENERAL INVESTMENT LOAN PORTFOLIO CONTINUITY

	<u>2017</u>	<u>2016</u>
Loans Receivable		
Opening Balance	\$ 1,242,422	\$ 1,103,152
Loans disbursed	546,212	784,933
Principal repayments	(756,880)	(640,804)
Loans written off	<u>(-)</u>	<u>(4,859)</u>
Closing Balance	<u>1,031,754</u>	<u>1,242,422</u>
 Doubtful Accounts		
Opening Balance	248,572	237,288
Allowances (recoveries) (net)	(10,985)	16,143
Loans written off	<u>(-)</u>	<u>(4,859)</u>
Closing Balance	<u>237,587</u>	<u>248,572</u>
 Net Loans Receivable	 <u>\$ 794,167</u>	 <u>\$ 993,850</u>

5. NWT BDIC LOAN PORTFOLIO CONTINUITY

	<u>2017</u>	<u>2016</u>
Loans Receivable		
Opening Balance	\$ 56,303	\$ 112,079
Loans disbursed	125,561	-
Principal repayments	(67,693)	(55,776)
Loans written off	<u>(-)</u>	<u>(-)</u>
Closing Balance	<u>114,171</u>	<u>56,303</u>
 Doubtful Accounts		
Opening Balance	-	10,000
Allowances (recoveries) (net)	-	(10,000)
Loans written off	<u>-</u>	<u>-</u>
Closing Balance	<u>-</u>	<u>-</u>
 Net Loans Receivable	 <u>\$ 114,171</u>	 <u>\$ 56,303</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, 2017

6. NWTCA LOAN PORTFOLIO CONTINUITY

	<u>2017</u>	<u>2016</u>
Loans Receivable		
Opening Balance	\$ 47,444	\$ 55,448
Loans disbursed	91,262	8,668
Principal repayments	(25,452)	(16,672)
Loans written off	(-)	(-)
Closing Balance	<u>113,254</u>	<u>47,444</u>
 Doubtful Accounts		
Opening Balance	29,589	3,000
Allowances (recoveries) (net)	1,100	26,589
Loans written off	-	-
Closing Balance	<u>30,689</u>	<u>29,589</u>
 Net Loans Receivable	 <u>\$ 82,565</u>	 <u>\$ 17,855</u>

7. CAPITAL ASSETS

		<u>2017</u>			<u>2016</u>
	Rate	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Furniture & equip.	20%	\$ 39,456	\$ 36,285	\$ 3,171	\$ 3,964
Computer equipment	30%	26,243	21,539	4,704	3,903
Leasehold improv.	20%	25,842	21,048	4,794	5,992
Library materials	20%	<u>19,162</u>	<u>18,593</u>	<u>569</u>	<u>711</u>
		<u>\$110,703</u>	<u>\$ 97,465</u>	<u>\$ 13,238</u>	<u>\$ 14,570</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, 2017

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, 2019 \$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, 2017**

11. CONTINGENT LIABILITIES

a) Letter of Credit and Loan Guarantees

There are no Loan Guarantees outstanding on behalf of clients at year end (2016 - 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, 2017

	<u>Operations</u>	<u>EDO Project</u>	<u>SEO Program</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				0
4225 NACCA Support - Bd.& Staff Training				0
4228 NACCA - S&T Other	5,263			5,263
4244 Other Contributions			\$4,125	4,125
4246 Admin. Fees from Loan Fund	11,284			11,285
4250 Miscellaneous				0
	<u>220,178</u>	<u>108,000</u>	<u>4,125</u>	<u>332,303</u>
EXPENDITURE:				
5410 Wages and Benefits	135,199	105,352		240,551
5460 Other Employee Benefits	8,276	7,434		15,710
5605 Legal Costs - Loan Security	300			300
5610 Accounting and Legal	4,646	3,844		8,490
5612 Net Collection Costs				0
5615 Advertising and Promotions	1,063			1,063
5620 Bad Debts				0
5630 Board Travel	6,734			6,734
5635 Copier Lease and Charges	633	288		921
5645 Conferences	1,707			1,707
5660 Fees, Dues and Credit Checks	4,465			4,465
5670 Insurance	1,425			1,425
5675 General Liability Insurance	958	484		1,442
5679 Loan Life Insurance				0
5700 Office Expense	1,090	973		2,063
5710 Postage and Freight	264			264
5740 Meeting Costs	177			177
5750 Capital Asset Purchases	2,320			2,320
5760 Rent & Building Overhead	35,236	23,491		58,727
5780 Telephone and Internet	3,732	2,237		5,969
5785 Seminars and Workshops				0
5787 Training Board & Staff				0
5790 Staff Travel	4,049			4,049
5795 Miscellaneous				0
5797 Project Costs				0
5798 Adjustment Acct/Admin Fee				0
	<u>212,276</u>	<u>144,103</u>	<u>0</u>	<u>356,378</u>
Excess Revenues (Expenditures)	<u>\$7,902</u>	<u>-\$36,103</u>	<u>\$4,125</u>	<u>-\$24,075</u>