

**NORTHWEST MANITOBA COMMUNITY FUTURES
DEVELOPMENT CORPORATION
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014**

**NORTHWEST MANITOBA COMMUNITY FUTURES DEVELOPMENT
CORPORATION INC.**

YEAR ENDED MARCH 31, 2014

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KENDALL & PANDYA

Chartered Accountants

300-31 Main St., P.O. Box 175, Flin Flon, MB R8A 1M7 (204) 687-8211 Fax 687-2957
118 Cree Road, Thompson, MB R8N 0C1 (204) 778-7312 Fax 778-7919

Partners.... David Kendall, FCA *
Manisha Pandya, CA *

* Operating as professional corporations

INDEPENDENT AUDITOR'S REPORT

To the Directors of Northwest Manitoba Community Futures Development Corporation Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Northwest Manitoba Community Futures Development Corporation Inc., which comprise the balance sheets as at March 31, 2014 and 2013, and the statements of operations, changes in net assets and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Northwest Manitoba Community Futures Development Corporation Inc. as at March 31, 2014 and 2013 and its operations and cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Flin Flon, Manitoba
July 8, 2014

Kendall & Pandya
CHARTERED ACCOUNTANTS

KENDALL & PANDYA

Chartered Accountants

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AUDITOR'S REPORT ON COMPLIANCE WITH AGREEMENT

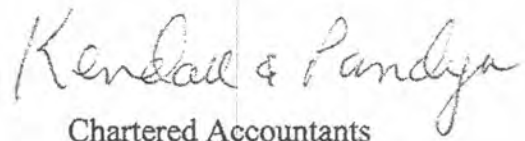
To Western Economic Diversification

We have audited the Northwest Manitoba Community Futures Development Corporation Inc. compliance as at March 31, 2014 with the criteria established in the Contribution Agreement between Western Economic Diversification and the CFDC. Compliance with the criteria established by the provisions of the agreement is the responsibility of the Board of Directors of the CFDC. Our responsibility is to express an opinion on this compliance based on our audit.

We conducted our audit in accordance with General Auditing Standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the CFDC complied with the criteria established by the provisions of the agreement referred to above. Such an audit includes examining, on a test basis, evidence supporting compliance, evaluating the overall compliance with the agreement, and where applicable, assessing the accounting principles used and significant estimates made by management.

In our opinion, the CFDC is in compliance, in all material respects, with the criteria established by the Contribution Agreement.

Flin Flon, MB
July 8, 2014


Chartered Accountants

NORTHWEST MANITOBA COMMUNITY FUTURES DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2014

	ASSETS				2014 Total	2013 Total
	General Admin Fund	General Investment Fund	Disabled Investment	Youth Funds		
Current assets						
Bank	50,960	29,318	-	-	80,278	45,674
Accounts receivable	20,990	-	-	-	20,990	21,834
Interfund receivable	-	156,565	167,574	279,417	603,556	664,915
Prepaid expenses	3,000	-	-	-	3,000	-
Inventory	-	-	-	-	-	4,990
	<u>74,950</u>	<u>185,883</u>	<u>167,574</u>	<u>279,417</u>	<u>707,824</u>	<u>737,413</u>
Capital assets (Note 4)	262,031	-	-	-	262,031	254,824
Investment loans (Note 7)	-	1,098,481	-	-	1,098,481	1,158,187
	<u>336,981</u>	<u>1,284,364</u>	<u>167,574</u>	<u>279,417</u>	<u>2,068,336</u>	<u>2,150,424</u>
	LIABILITIES AND FUND BALANCES					
Current Liabilities						
Accounts payable	25,592	2,124	-	-	27,716	26,194
Deferred Revenue	28,739	-	-	-	28,739	28,740
Interfund payable	156,565	446,991	-	-	603,556	664,915
Current Portion Of Debt	-	45,724	-	-	45,724	51,345
	<u>210,896</u>	<u>494,839</u>	<u>-</u>	<u>-</u>	<u>705,735</u>	<u>771,194</u>
Long term debt (Note 5)	-	108,914	-	-	108,914	154,638
	<u>210,896</u>	<u>603,753</u>	<u>-</u>	<u>-</u>	<u>814,649</u>	<u>925,832</u>
Fund Balances						
Capital Assets	262,031	-	-	-	262,031	254,824
Restricted Funds	-	900,717	200,000	200,000	1,300,717	1,300,717
Unrestricted Funds	(135,946)	(220,106)	(32,426)	79,417	(309,061)	(330,949)
	<u>(135,946)</u>	<u>680,611</u>	<u>167,574</u>	<u>279,417</u>	<u>991,656</u>	<u>969,768</u>
	<u>336,981</u>	<u>1,284,364</u>	<u>167,574</u>	<u>279,417</u>	<u>2,068,336</u>	<u>2,150,424</u>

Approved by the Board:



See accompanying notes.

Director



Director

**NORTHWEST MANITOBA COMMUNITY FUTURES DEVELOPMENT
CORPORATION INC.**

**STATEMENT OF OPERATIONS
IN GENERAL ADMINISTRATION FUND BALANCE
YEAR ENDED MARCH 31, 2014**

	<u>2014</u>	<u>2013</u>
INCOME (Note 4)	\$ <u>388,421</u>	\$ <u>384,894</u>
OPERATING EXPENSES		
Advertising and promotion	6,689	3,517
Bank charges and interest	997	2,568
Capital equipment	-	598
Duke of Edinbough Project	1,064	-
Insurance	3,616	1,197
Meetings	3,584	678
Membership dues	3,366	345
Office	15,464	4,351
Professional fees	5,825	4,846
Property taxes	3,457	7,465
Regional tourism strategy	2,800	1,979
Repairs and maintenance	2,751	6,287
Telecommunications Project	1,541	6,138
Telephone	14,655	19,510
Training - board and staff	300	-
Travel - board	12,215	7,933
- staff	17,218	12,371
Utilities	13,208	13,042
Vehicle	4,989	1,120
Wages and benefits	<u>188,458</u>	<u>179,430</u>
	<u>302,197</u>	<u>273,375</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	\$ <u>86,224</u>	\$ <u>111,519</u>

See accompanying notes.

**NORTHWEST MANITOIA COMMUNITY FUTURES DEVELOPMENT
CORPORATION INC**

**STATEMENT OF OPERATIONS
INVESTMENT FUND
YEAR ENDED MARCH 31, 2014**

	<u>2014</u>	<u>2013</u>
INCOME		
Interest	\$ <u>-</u>	\$ <u>419</u>
OPERATING EXPENSES		
Accounting/Audit	-	1,000
Bad debts (Note 1)	56,900	-
Bank charges and interest	72	2,406
Administration - Tea Training	-	5,828
Interest on long-term debt	10,806	13,436
Professional fees	<u>1,000</u>	<u>-</u>
	<u>68,778</u>	<u>22,670</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	\$ <u>(68,778)</u>	\$ <u>(22,251)</u>

See accompanying notes.

**NORTHWEST MANITOBA COMMUNITY FUTURES DEVELOPMENT
CORPORATION INC.**

**STATEMENT OF CHANGES IN NET ASSETS
IN GENERAL ADMINISTRATION FUND BALANCE
YEAR ENDED MARCH 31, 2014**

	<u>2014</u>	<u>2013</u>
Unrestricted net assets at beginning of year	\$ (222,170)	\$ (313,528)
Add: Excess of revenue over expenses for the year	<u>86,224</u>	<u>111,519</u>
	(135,946)	(202,009)
Deduct: Prior years capital asset purchases	<u>-</u>	<u>20,161</u>
UNRESTRICTED NET ASSETS AT END OF YEAR	\$ <u>(135,946)</u>	\$ <u>(222,170)</u>

See accompanying notes.

**NORTHWEST MANITOIA COMMUNITY FUTURES DEVELOPMENT
CORPORATION INC**

**STATEMENT OF CHANGES IN NET ASSETS
INVESTMENT FUND
YEAR ENDED MARCH 31, 2014**

	<u>2014</u>	<u>2013</u>
Surplus assets at beginning of year - general	\$ 674,388	\$ 696,639
- youth	276,643	273,896
- disabled	240,911	239,264
Add: Excess of revenue over expenses		
for the year - general	(68,778)	(22,251)
- youth	2,774	2,747
- disabled	<u>1,664</u>	<u>1,647</u>
UNRESTRICTED NET ASSETS AT END OF YEAR	\$ <u>1,127,602</u>	\$ <u>1,191,942</u>

See accompanying notes.

**NORTHWEST MANITOBA COMMUNITY FUTURES DEVELOPMENT
CORPORATION INC.**

STATEMENT OF CASH FLOW

YEAR ENDED MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
FUNDS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Cash receipts from customers	\$ 323,468	\$ 357,423
Cash paid to suppliers and employees	(299,681)	(356,320)
Other cash received (paid)	<u>(1)</u>	<u>28,740</u>
Funds provided by operating activities	<u>23,786</u>	<u>29,843</u>
INCREASE IN FUNDS	23,786	29,843
Cash and cash equivalents at beginning of year	<u>27,174</u>	<u>(2,669)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u>50,960</u>	\$ <u>27,174</u>

Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

Cash	\$ <u>50,960</u>	\$ <u>27,174</u>
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See accompanying notes.

NORTHWEST MANITOBA COMMUNITY FUTURES DEVELOPMENT CORPORATION INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2014

1. PURPOSE OF THE ORGANIZATION

Northwest Manitoba Community Futures Development Corporation is a community based organization that provides loans and financial services to small businesses that are otherwise unable to obtain financing. The organization was formed by amalgamation of two non-profit organizations incorporated without share capital, and accordingly is non-taxable under Sec. 149 (1) (e) of the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

FUND ACCOUNTING

Northwest Manitoba Community Futures Development Corporation follows the restricted method of accounting for contributions.

The General Fund accounts for the organization's operating costs and general revenues. This fund reports unrestricted resources and restricted operating grants.

The Investment Funds report restricted resources that are to be used for assistance to small businesses and entrepreneurs in the form of loans, loan guarantees or equity participation. Loans from the Loan Investment Fund for the Disabled and the Loan Investment Fund for Youth are limited to businesses owned and operated by disabled and youth entrepreneurs respectively. The organization is restricted in the types of loans that can be made according to its agreement with the federal government.

PLANT AND EQUIPMENT

The organization capitalizes capital assets as acquired in the Capital Fund. Capital assets are expensed in the Administration Fund when the payment is made for the asset or when the capital asset loan principal repayments are made. The total expense in 2014 was \$7,206 (2013 - \$nil) for assets acquired. As amortization is not an allowable expense by the funding agency, no provision for amortization has been provided in these financial statements.

REVENUE RECOGNITION

The organization recognizes its receipts of revenue when received or receivable if the amount to be received can be reasonably estimated and collection if reasonably assured. Investment income is recognized as revenue when earned.

FINANCIAL INSTRUMENTS

i. The organization initially measures its financial assets and liabilities at fair value adjusted by, in the use of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The organization subsequently measures all its financial assets and liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statements of operations in the period incurred.

Financial assets measured at amortized cost include cash and term deposits.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

NORTHWEST MANITOBA COMMUNITY FUTURES DEVELOPMENT CORPORATION INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2014

ii. Impairment

At the end of each reporting period Northwest Manitoba Community Futures Development Corporation Inc. assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that come to the attention of the organization, including but not limited to the following events: significant financial difficulty of the issuer; a breach of contract such as a default or delinquency in interest or principal payments or bankruptcy or other financial reorganization proceedings.

When there is an indication of impairment, the organization determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset.

When the organization identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the asset to the highest of the following:

- i) the present value of the cash flow expected to be generated by holding the asset discounted using a current market rate of interest appropriate to the asset,
- ii) the amount that could be realized by selling the asset at the statement of financial position date and
- iii) the amount the organization expects to realize by exercising its rights to any collateral held to secure repayment of the asset net of all necessary to exercise those rights.

The carrying amount of the asset is reduced directly or through the use of an allowance amount. The amount of the reduction is recognized as an impairment loss in the statement of operations.

When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement directly or by adjusting the allowance account. The amount of the reversal is recognized in the statements of operations in the period the reversal occurs.

MANAGEMENT ESTIMATES

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

DEFERRED CONTRIBUTIONS

The organization uses the deferral method of accounting whereby restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred. Contributions received pertaining to depreciable assets are recorded on the balance sheet as "Deferred contributions" and are amortized using the same method and rate as the plant or equipment funded by the contribution.

**NORTHWEST MANITOBA COMMUNITY FUTURES DEVELOPMENT
CORPORATION INC.**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2014

3. PLANT AND EQUIPMENT

	<u>2014</u>	<u>2013</u>
Furniture and equipment	\$ 116,640	\$ 109,434
Computer hardware	88,397	88,397
Land and building	<u>56,994</u>	<u>56,994</u>
	<u>\$ 262,031</u>	<u>\$ 254,825</u>

4. LONG-TERM DEBT

	<u>2014</u>	<u>2013</u>
Loan payable - Wheat Belt CFDC, monthly installments of \$2,657 including interest at 10.000%, Due 2013.	\$ -	\$ 7,191
Loan payable - Community Futures Investment Fund, monthly installments of \$4,201 including interest at prime plus 3.500%. Due 2017.	<u>154,638</u>	<u>198,792</u>
	154,638	205,983
Less portion due within one year	<u>45,724</u>	<u>51,345</u>
	<u>\$ 108,914</u>	<u>\$ 154,638</u>

Portion amounts are due \$45,724 in 2015; \$47,350 in 2016; \$49,035 in 2017 and \$12,529 in 2018.

5. INCOME

	<u>2014</u>	<u>2013</u>
Grant - Western Economic Diversification		
CF Program	\$ 344,871	\$ 344,871
Manitoba Education and Training	43,550	38,033
Other	<u>-</u>	<u>1,990</u>
	<u>\$ 388,421</u>	<u>\$ 384,894</u>

6. INVESTMENT LOANS

	<u>2014</u>	<u>2013</u>
- principal	\$ 1,138,052	\$ 1,140,858
- equity	<u>209,769</u>	<u>209,769</u>
	1,347,821	1,350,627
Less doubtful investments	<u>249,340</u>	<u>192,440</u>
	<u>\$ 1,098,481</u>	<u>\$ 1,158,187</u>

All loans are currently non-performing loans, \$249,340 has been set-up as an allowance for uncollectibles. Management feels that the remaining loans will be collectible, as collection proceedings have commenced.

NORTHWEST MANITOBA COMMUNITY FUTURES DEVELOPMENT CORPORATION INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2014

7. ECONOMIC DEPENDENCE

The organization derives 100.00% of its revenues from the Western Economic Diversification and Province of Manitoba Training Program (2013 - 99.48%).

8. OPERATING AND FUNDING

To March 31, 2010, Western Economic Diversification has provided repayable funding as follows:

Youth Investment Fund	200,000
Disabled Investment Fund	200,000
Investment Fund	107,363

These amounts have no specific date for repayment and repayment will not include interest.

\$156,565 (2013 - \$222,362) is payable to the Investment Fund from the General Administration fund. Monthly installments of \$5,100 will be made to the Investment Fund until the balance is paid in full.

9. FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash, term deposits and accrued liabilities.

Fair value of financial instruments

The fair value of cash, term deposits and accrued liabilities approximate their carrying value due to their nature or capacity for prompt liquidation.

Currency, interest rate and market risk

An organization is potentially exposed to currency risk, interest rate risk, and market risk. The organization is not exposed to currency risk (the risk the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates) as it does not conduct in or hold foreign currency. Interest rate risk is the risk the fair value of a financial instrument will fluctuate due to changes in market interest rates. The organization does not hold any interest bearing liabilities. Market risk is the risk the fair value of a financial instrument will fluctuate because of changes in market prices caused by factors specific to the instrument or its issuer or factors affecting all instruments traded in the market. The organization is not exposed to market risk because the term deposits held are guaranteed.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss or if there is a concentration of transactions carried out with the same party. The organization is not involved in instances exposing itself to credit risk.

Liquidity risk

Liquidity risk is the risk an entity will encounter difficulty in meeting a demand for cash or to fund its obligations as they come due or to liquidate assets in a timely manner at a reasonable price. Since the organization has more than adequate current assets to cover current liabilities, liquidity risk is minimal.

Other price risk

Other price risk includes the risk future cash flows associated with a monetary financial instrument will fluctuate in amount. Since the financial instruments are primarily short term, other price risk is low.