

NORTHWEST MANITOBA COMMUNITY FUTURES

DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

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

YEAR ENDED MARCH 31, 2015

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KENDALL & PANDYA

Chartered Accountants

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

* Operating as professional corporations

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 9, 2015



Chartered Accountants

KENDALL & PANDYA

Chartered Accountants

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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, 2015 and 2014, 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, 2015 and 2014 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 9, 2015

Kendall & Pandya
CHARTERED ACCOUNTANTS

NORTHWEST MANITOBA COMMUNITY FUTURES DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2015

	ASSETS				2015 Total	2014 Total
	General Admin Fund	General Investment Fund	Disabled Investment	Youth Funds		
Current assets						
Bank	3,195	68,747	-	-	71,942	80,278
Accounts receivable	17,237	-	-	-	17,237	20,990
Interfund receivable	-	71,081	168,411	280,813	520,305	603,556
Prepaid expenses	2,833	-	-	-	2,833	3,000
Inventory	-	-	-	-	-	-
	<u>23,265</u>	<u>139,828</u>	<u>168,411</u>	<u>280,813</u>	<u>612,317</u>	<u>707,824</u>
Capital assets (Note 4)	262,031	-	-	-	262,031	262,031
	<u>-</u>	<u>1,032,609</u>	<u>-</u>	<u>-</u>	<u>1,032,609</u>	<u>1,098,481</u>
Investment loans (Note 7)	285,296	1,172,437	168,411	280,813	1,906,957	2,068,336
	<u>285,296</u>	<u>1,172,437</u>	<u>168,411</u>	<u>280,813</u>	<u>1,906,957</u>	<u>2,068,336</u>
	LIABILITIES AND FUND BALANCES					
Current Liabilities						
Accounts payable	12,410	1,122	-	-	13,532	27,716
Deferred Revenue	-	-	-	-	-	28,739
Interfund payable	71,081	449,224	-	-	520,305	603,556
Current Portion Of Debt	-	47,350	-	-	47,350	45,724
	<u>83,491</u>	<u>497,696</u>	<u>-</u>	<u>-</u>	<u>581,187</u>	<u>705,735</u>
Long term debt (Note 5)	-	61,564	-	-	61,564	108,914
	<u>83,491</u>	<u>559,260</u>	<u>-</u>	<u>-</u>	<u>642,751</u>	<u>814,649</u>
Fund Balances						
Capital Assets	262,031	-	-	-	262,031	262,031
Restricted Funds	-	900,717	200,000	200,000	1,300,717	1,300,717
Unrestricted Funds	(60,226)	(287,540)	(31,589)	80,813	(298,542)	(309,061)
	<u>(60,226)</u>	<u>613,177</u>	<u>168,411</u>	<u>280,813</u>	<u>1,002,175</u>	<u>991,656</u>
	<u>285,296</u>	<u>1,172,437</u>	<u>168,411</u>	<u>280,813</u>	<u>1,906,957</u>	<u>2,068,336</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, 2015**

	<u>2015</u>	<u>2014</u>
INCOME (Note 5)	\$ <u>384,979</u>	\$ <u>388,421</u>
OPERATING EXPENSES		
Advertising and promotion	1,705	6,689
Bank charges and interest	419	996
Capital equipment	5,000	1,064
Duke of Edinbough Project	846	-
Insurance	930	3,616
Meetings	7,711	3,584
Membership dues	3,416	3,366
Office	5,847	15,464
Professional fees	6,836	5,825
Property taxes	3,565	3,457
Regional tourism strategy	6,639	5,881
Repairs and maintenance	1,813	2,751
Telecommunications Project	(815)	(1,541)
Telephone	11,198	14,655
Training - board and staff	-	300
Travel - board	10,987	12,215
- staff	23,156	17,218
Utilities	9,740	13,208
Vehicle	453	4,989
Wages and benefits	209,707	188,458
Supplies	<u>106</u>	<u>-</u>
	<u>309,259</u>	<u>302,195</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	\$ <u>75,720</u>	\$ <u>86,226</u>

See accompanying notes.

**NORTHWEST MANITOBA COMMUNITY FUTURES DEVELOPMENT
CORPORATION INC**

**STATEMENT OF OPERATIONS
INVESTMENT FUND
YEAR ENDED MARCH 31, 2015**

	<u>2015</u>	<u>2014</u>
INCOME		
OPERATING EXPENSES		
Bad debts (Note 1)	\$ 57,000	\$ 56,900
Bank charges and interest	72	72
Administration - Tea Training	446	-
Interest on long-term debt	6,916	10,806
Professional fees	<u>3,000</u>	<u>1,000</u>
	<u>67,434</u>	<u>68,778</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ (67,434)</u>	<u>\$ (68,778)</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, 2015**

	<u>2015</u>	<u>2014</u>
Unrestricted net assets at beginning of year	\$ (135,946)	\$ (202,011)
Add: Excess of revenue over expenses for the year	<u>75,720</u>	<u>86,226</u>
	(60,226)	(115,785)
Deduct: Prior years capital asset purchases	<u>-</u>	<u>20,161</u>
UNRESTRICTED NET ASSETS AT END OF YEAR	\$ <u>(60,226)</u>	\$ <u>(135,946)</u>

See accompanying notes.

**NORTHWEST MANITOBA COMMUNITY FUTURES DEVELOPMENT
CORPORATION INC**

**STATEMENT OF CHANGES IN NET ASSETS
INVESTMENT FUND
YEAR ENDED MARCH 31, 2015**

	<u>2015</u>	<u>2014</u>
Surplus assets at beginning of year - general	\$ 605,610	\$ 674,388
- youth	279,417	276,643
- disabled	242,575	240,911
Add: Excess of revenue over expenses		
for the year - general	(67,434)	(68,778)
- youth	1,396	2,774
- disabled	<u>837</u>	<u>1,664</u>
UNRESTRICTED NET ASSETS AT END OF YEAR	\$ <u>1,062,401</u>	\$ <u>1,127,602</u>

See accompanying notes.

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

STATEMENT OF CASH FLOW

YEAR ENDED MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
FUNDS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Cash receipts from customers	\$ 303,249	\$ 323,465
Cash paid to suppliers and employees	(322,275)	(299,678)
Other cash paid	<u>(28,739)</u>	<u>(1)</u>
Funds provided by (used in) operating activities	<u>(47,765)</u>	<u>23,786</u>
INCREASE (DECREASE) IN FUNDS	(47,765)	23,786
Cash and cash equivalents at beginning of year	<u>50,960</u>	<u>27,174</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u>3,195</u>	\$ <u>50,960</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>3,195</u>	\$ <u>50,960</u>
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See accompanying notes.

NORTHWEST MANITOBA COMMUNITY FUTURES DEVELOPMENT CORPORATION INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

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 2015 was \$nil (2014 - \$7,206) 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, 2015

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, 2015

3. PLANT AND EQUIPMENT

	<u>2015</u>	<u>2014</u>
Furniture and equipment	\$ 116,640	\$ 116,640
Computer hardware	88,397	88,397
Land and building	<u>56,994</u>	<u>56,994</u>
	<u>\$ 262,031</u>	<u>\$ 262,031</u>

4. LONG-TERM DEBT

	<u>2015</u>	<u>2014</u>
Loan payable - Community Futures Investment Fund, monthly installments of \$4,201 including interest at prime plus 3.500%. Due 2017.	<u>\$ 108,914</u>	<u>\$ 154,638</u>
Less portion due within one year	<u>47,350</u>	<u>45,724</u>
	<u>\$ 61,564</u>	<u>\$ 108,914</u>

Portion amounts are due \$47,350 in 2016; \$49,035 in 2017 and \$12,214 in 2018.

5. INCOME

	<u>2015</u>	<u>2014</u>
Grant - Western Economic Diversification CF Program	\$ 344,871	\$ 344,871
Manitoba Education and Training	<u>40,108</u>	<u>43,550</u>
	<u>\$ 384,979</u>	<u>\$ 388,421</u>

6. INVESTMENT LOANS

	<u>2015</u>	<u>2014</u>
- principal	\$ 1,129,180	\$ 1,138,052
- equity	<u>209,769</u>	<u>209,769</u>
	1,338,949	1,347,821
Less doubtful investments	<u>306,340</u>	<u>249,340</u>
	<u>\$ 1,032,609</u>	<u>\$ 1,098,481</u>

All loans are currently non-performing loans, \$306,340 has been set-up as an allowance for uncollectibles. Management feels that the remaining loans will be collectible, as collection proceedings have commenced.

7. ECONOMIC DEPENDENCE

The organization derives 100.00% of its revenues from the Western Economic Diversification and Province of Manitoba Training Program (2014 - 100.00%).

NORTHWEST MANITOBA COMMUNITY FUTURES DEVELOPMENT CORPORATION INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

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.

\$71,081 (2014 - \$156,565) 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.