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**COMMUNITY FUTURES DEVELOPMENT  
CORPORATION OF SOUTH FRASER**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**MARCH 31, 2018**

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## **INDEPENDENT AUDITORS' REPORT**

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To the Members of:  
Community Futures Development Corporation of South Fraser

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Community Futures Development Corporation of South Fraser which comprise the balance sheet as at March 31, 2018, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and the related notes comprising 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 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 our 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, we consider 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 audit 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 Community Futures Development Corporation of South Fraser as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



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## **INDEPENDENT AUDITORS' REPORT**

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### **Report on Other Legal and Regulatory Requirements**

As required by the British Columbia Society Act, we report that, in our opinion, the Corporation's financial statements have been prepared following Canadian accounting standards for not-for-profit organizations applied on a consistent basis.

*Manning Elliott LLP*

Chartered Professional Accountants

Abbotsford, British Columbia

June 11, 2018



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## **Auditor's Report on Compliance with Agreement**

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To Western Economic Diversification

We have audited the Community Futures Development Corporation of South Fraser's ("Corporation") compliance as at March 31, 2018 with the criteria established in the Contribution Agreement (Project No.6014) between Western Economic Diversification (WD) and the Corporation dated March 24, 2016. Compliance with the criteria established by the provisions of the agreement is the responsibility of the Board of Directors of the Corporation. Our responsibility is to express an opinion on this compliance based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the Corporation complied with the criteria established by the provision 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 Corporation is in compliance, in all material respects, with the criteria established by the amended Contribution Agreement as at March 31, 2018.

*Manning Elliott LLP*

Manning Elliott Accountants & Business Advisors

Abbotsford, British Columbia

June 29, 2018

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**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SOUTH FRASER****BALANCE SHEET****AS AT MARCH 31, 2018**

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	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 803,171	\$ 804,993
Term deposits (Note 3)	12,209	11,937
Accounts receivable	43,164	49,955
Current portion of loans receivable (Note 4)	306,200	203,800
Prepaid expenses and deposits	2,895	2,086
	<hr/> 1,167,639	<hr/> 1,072,771
CAPITAL ASSETS (Note 6)	17,036	20,934
LOANS AND NOTES RECEIVABLE (Note 4)	1,713,003	1,426,037
	<hr/> \$ 2,897,678	<hr/> \$ 2,519,742

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**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SOUTH FRASER****BALANCE SHEET****AS AT MARCH 31, 2018**

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	<b>2018</b>	<b>2017</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 29,758	\$ 23,643
GST payable	8,128	8,129
Employee deductions payable	13,698	14,023
Deferred revenue	-	23,692
Due to Community Futures North Fraser (Note 7)	270,435	234,900
Due to Community Futures Central Island (Note 7)	71,292	88,229
Due to Community Futures Cowichan (Note 7)	71,292	88,229
Conditionally Repayable Disability Investment Fund Contribution (Note 8)	200,000	200,000
Conditionally Repayable General Investment Fund Contribution (Note 8)	1,255,000	1,255,000
Repayable CBL Investment Fund Contribution (Note 9)	150,000	150,000
Repayable CFBC Investment Fund Contribution (Note 10)	778,850	476,514
	<hr/> 2,848,453	<hr/> 2,562,359
LEASE COMMITMENTS (Note 11)		
<b>NET ASSETS</b>		
Operations fund (Note 12)	220,206	200,094
Restricted investment fund	(310,114)	(363,760)
SEP fund	139,133	121,049
	<hr/> 49,225	<hr/> (42,617)
	<hr/> \$ 2,897,678	<hr/> \$ 2,519,742

On behalf of the Board:

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Director

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Director

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**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SOUTH FRASER****STATEMENT OF CHANGES IN NET ASSETS****FOR THE YEAR ENDED MARCH 31, 2018**

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	Operations Fund	Restricted Investment Fund	SEP Fund	<b>2018 Total</b>	<b>2017 Total</b>
BALANCE, BEGINNING OF YEAR	\$ 200,094	\$ (363,760)	\$ 121,049	\$ (42,617)	\$ (132,889)
EXCESS OF REVENUES OVER EXPENSES	20,112	53,646	18,084	91,842	90,272
BALANCE, END OF YEAR	\$ 220,206	\$ (310,114)	\$ 139,133	\$ 49,225	\$ (42,617)

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**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SOUTH FRASER**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**FOR THE YEAR ENDED MARCH 31, 2018**

	<b>2018</b>	<b>2017</b>
<b>REVENUES</b>		
OPERATIONS income statement	\$ 312,553	\$ 294,340
OTHER ACTIVITIES income statement	13,620	13,642
INVESTMENT FUND income statement	135,360	106,982
SEP income statement	354,698	362,792
	<b>816,231</b>	<b>777,756</b>
<b>EXPENSES</b>		
OPERATIONS income statement	306,061	337,235
INVESTMENT FUND income statement	81,714	25,536
SEP income statement	336,614	324,713
	<b>724,389</b>	<b>687,484</b>
<b>EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR</b>	<b>\$ 91,842</b>	<b>\$ 90,272</b>





**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SOUTH FRASER****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED MARCH 31, 2018**

	Operations Fund	Restricted Investment Fund	SEP Fund	2018 Total	2017 Total
<b>CASH FROM (USED IN):</b>					
<b>OPERATING ACTIVITIES</b>					
Excess (deficiency) of revenues over expenses	\$ 20,112	\$ 53,646	\$ 18,084	\$ 91,842	\$ 90,272
Items not affecting cash:					
Amortization of capital assets	3,898	-	-	3,898	6,000
Allowance for credit losses	-	39,136	-	39,136	6,552
	24,010	92,782	18,084	134,876	102,824
Changes in non-cash working capital:					
Accounts receivable	(4,312)	-	11,104	6,792	(8,399)
Prepaid expenses	639	-	(1,447)	(808)	2,770
GST payable	227	-	(227)	-	796
Accounts payable	(3,195)	-	8,982	5,787	3,455
Deferred revenue	(23,692)	-	-	(23,692)	23,692
	(6,323)	92,782	36,496	122,955	125,138
<b>INVESTING ACTIVITIES</b>					
Purchase of capital assets	-	-	-	-	(2,139)
Disbursement of loans receivable	-	(1,048,748)	-	(1,048,748)	(825,500)
Repayment of loans receivable	-	620,247	-	620,247	362,343
	-	(428,501)	-	(428,501)	(465,296)
<b>FINANCING ACTIVITIES</b>					
Advances from (repayment to) North Fraser	-	35,535	-	35,535	11,058
Advances from Cowichan	-	(16,937)	-	(16,937)	88,229
Advances from Central Island	-	(16,937)	-	(16,937)	88,229
Proceeds of long-term debt	-	451,955	-	451,955	-
Repayment of long-term debt	-	(149,620)	-	(149,620)	368,402
Advances from (to) related funds	1,260	-	(1,260)	-	-
	1,260	303,996	(1,260)	330,996	555,918
<b>INCREASE (DECREASE) IN CASH DURING THE YEAR</b>					
CASH, BEGINNING OF YEAR	(5,063)	(31,723)	35,236	(1,550)	215,760
	218,755	499,275	98,900	\$ 816,930	\$ 601,170
<b>CASH, END OF YEAR</b>	<b>\$ 213,692</b>	<b>\$ 467,552</b>	<b>\$ 134,136</b>	<b>\$ 815,380</b>	<b>\$ 816,930</b>
<b>CASH CONSISTS OF:</b>					
Cash	\$ 213,692	\$ 455,343	\$ 134,136	\$ 803,171	\$ 804,993
Term deposits	-	12,209	-	12,209	11,937
	\$ 213,692	\$ 467,552	\$ 134,136	\$ 815,380	\$ 816,930

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**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SOUTH FRASER**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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**NATURE OF OPERATIONS**

Community Futures Development Corporation of South Fraser (the "Corporation") is a non-profit organization incorporated under the federal business corporations act on March 24, 1997. It is exempt from income taxes under the Income Tax Act as a non-profit organization.

The Corporation is charged with assisting with the development of initiatives and a strategic plan for the community economic development of the area in British Columbia bounded by the Fraser River to the north, the United States of America to the south, the Greater Vancouver Regional District to the west and the township of Hope to the east. The Corporation provides assistance in the development of business plans and proposals, small business advisory and loans to qualified applicants.

**1. SIGNIFICANT ACCOUNTING POLICIES**

**a) Basis of Presentation**

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

The corporation follows the restricted fund method of accounting for contributions. The corporation's financial statements are presented in the following funds:

**(i) Operations Fund**

The Operations Fund accounts for the Corporation's operating costs and general revenues. This fund reports unrestricted resources and restricted operating grants. The Operations Fund has been internally restricted into 2 funds:

- (a) Operations Fund** – the general operations of the Corporation funded by Western Economic Diversification (WD).
- (b) Other Activities** – a fund set up for the various non – WD programs and other activities of the Corporation.

**(ii) Project Fund**

The Project Fund accounts for the operating costs and general revenues of ongoing projects. There is one project that the Corporation is coordinating:

Self Employment Program (SEP) – the Corporation is a subcontractor for 3 employment centres that receive funding from the BC Ministry of Social Development and Social Innovation.



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**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SOUTH FRASER**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Basis of presentation (continued)

(iii) Investment Fund

The Investment Fund is comprised of three different funds with different specific requirements:

- (a) General Investment Fund (“General”) provides financial assistance to individuals or corporations starting up or expanding existing businesses. The loan disbursement limit was removed by the board of the Corporation with the approval of WD. A loan greater than \$150,000 is only permitted with board approval. Two or more local Community Futures organizations may collaborate. .
- (b) Disabled Entrepreneur Investment Fund (“Disabled”) provides financial assistance to disabled persons starting or expanding a business. A loan greater than \$150,000 is only permitted with board approval
- (c) Community Business Loan (formerly known as Forest Renewal B.C. Value Added Investment) Fund (“CBL”) provides matching loan funds to business sector enterprises starting or expanding a business. A loan greater than \$150,000 is only permitted with board approval.

Revenues and expenses related to the General Investment Fund, the Disabled Entrepreneur Investment Fund and the Community Business Loan Fund are reported in the applicable Investment Fund.

b) Cash and cash equivalents

Cash includes cash and term deposits. Cash equivalents are investments in term deposits and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than one year.

c) Capital Assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Computer equipment	30%	declining balance basis
Equipment	20%	declining balance basis
Leasehold improvements	20%	declining balance basis

The Corporation regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction to the cost of the capital asset.

The amortization expense is reported in the Operations Fund.



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**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SOUTH FRASER**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Loans and notes receivable

Loans are carried at the unpaid principal plus accrued interest, less allowances for doubtful loans. Loans are written-off if considered uncollectible. Recoveries on loans previously written-off are taken into income.

e) Revenue recognition

The Corporation follows the restricted fund method of accounting for contributions.

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue in the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest on loans is recorded as income on an accrual basis except for loans which are considered impaired. When a loan becomes impaired, recognition of interest income ceases when the carrying amount of the loan (including accrued interest) exceeds the estimated realizable amount of the loan and underlying security.

f) Contributed services

Volunteers contribute many hours per year to assist the Corporation in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

g) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Significant areas requiring the use of management estimates relate to the determination of the collectability of accounts receivable and loans and notes receivable, amounts recorded as accrued liabilities and the recognition of revenue.



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**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SOUTH FRASER**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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**2. FINANCIAL INSTRUMENTS**

The Corporation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Corporation's risk exposure and concentration as of March 31, 2018.

**Measurement**

The Corporation's financial instruments consist of cash, term deposits, accounts receivable, loans and notes receivable, accounts payable, conditionally repayable fund contributions and repayable fund contributions. The Corporation initially measures all of its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Corporation subsequently measures all of its financial assets and liabilities at amortized cost.

**Impairment**

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of any write-down that is determined is recognized in the statements of revenues and expenditures. A previously recognized impairment loss may be reversed to the extent of any improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of revenues and expenditures in the period in which it is determined.

In management's opinion, the Corporation is not exposed to significant currency, credit, liquidity, interest rate or other market risks except as explained below. In addition, the Corporation is not exposed to any material concentrations of risk and there has been no change in the risk exposures from the prior year.

**Credit risk**

Credit risk arises from the potential that a client will fail to perform its obligations. The Corporation is exposed to credit risk from loan clients. In order to reduce its credit risk, the Corporation reviews a loan client's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for credit loss is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Corporation has a significant number of customers which minimizes concentration of credit risk.

**Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Corporation manages exposure through its normal operating and financing activities. The Corporation is exposed to interest rate risk primarily through its loans and notes receivable.

**3. TERM DEPOSITS**

The Corporation has \$12,209 (2017 - \$11,937) in short term investments in the Investment Fund. The interest rates on the investment is 0.65% (2017 - 2.40%). The investment is a cashable term deposit maturing June 29, 2019.



**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SOUTH FRASER**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

4. LOANS AND NOTES RECEIVABLE

There were a total of 30 loans receivable at March 31, 2018 (2017 – 28). They are paid monthly, including interest at rates varying from 6.2% to 10.0% per annum, with monthly blended principal and interest repayments amortized for terms between 18 and 120 months, or as revolving demand loans. Security is taken on these loans as appropriate to the situation and include personal guarantees, general security agreements covering business assets and mortgages on land and buildings.

	<b>2018</b>	<b>2017</b>
<b>Loans and notes receivable</b>		
General loans	\$ 1,987,289	\$ 1,553,215
Equity investment	125,000	125,000
Loans for the disabled	22,837	-
CBL loans	133,105	169,213
Less: current portion	(306,200)	(203,800)
	<u>1,962,031</u>	<u>1,643,628</u>
<b>Allowance for credit loss</b>		
General loan & equity investment	(166,057)	(145,759)
Loans for the disabled	(22,837)	-
CBL loans	(60,134)	(71,832)
	<u>(249,028)</u>	<u>(217,591)</u>
	<u>\$ 1,713,003</u>	<u>\$ 1,426,037</u>

The Corporation owns voting shares in an unrelated corporation totaling \$125,000 (2017 - \$125,000). An agreement has been signed stating the terms of the share ownership and the restrictions on the future sales of the shares. In 2009, the Corporation made a 100% loss provision against the value of these shares to reduce the carrying value of shares to their estimated realizable value of \$Nil.

The Corporation maintains allowances for credit loss that reduce the carrying value of loans identified as impaired to their estimated realizable amounts. Loans are considered impaired if, based on expected loan default rates and review of each individual loan in the loans portfolio, in management's view, collection is unlikely.



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**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SOUTH FRASER**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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5. INTER FUND TRANSFERS

CBL Administrative Fee

The Corporation is permitted, as per the CBL contract, to charge an administrative fee from the CBL Loan Investment Fund to the Operations Fund. The administrative fee relates to promotion and administrative costs charged by the Operations Fund to the CBL loan portfolio.

During the year, an administrative fee of \$Nil (2017 - \$Nil) was paid from the CBL Loan Investment Fund to the Operations Fund.

Investment Fund

The Investment Fund owed the Operations Fund \$Nil at March 31, 2018 (2017 - \$Nil).

The Corporation does not charge interest on the amount owed by the Investment Fund to the Corporation.

SEP Fund

The Operations Fund owed the SEP Fund \$1,260 as at March 31, 2018 (2017 - \$Nil).

The SEP Fund does not charge interest on the amount owed by the Corporation.

6. CAPITAL ASSETS

			<b>2018</b>		<b>2017</b>
	Cost	Accumulated Amortization	Net Book Value		Net Book Value
Computer equipment	\$ 12,174	\$ 10,955	\$ 1,219	\$	1,468
Equipment	110,301	99,596	10,705		13,399
Leasehold improvements	41,459	36,347	5,112		6,067
	<u>\$ 163,934</u>	<u>\$ 146,898</u>	<u>\$ 17,036</u>	<u>\$</u>	<u>20,934</u>



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**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SOUTH FRASER**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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7. SYNDICATED LOAN BALANCES

The Corporation and other Community Futures organizations have agreed to syndicate certain loans in which one organization will be the lead lender and one or more other organizations will be the secondary lenders and provide a portion of the funds.

For loans where the Corporation is the lead lender the full amount of the loan is recognized as a loan receivable. The portion that is provided by other organizations is recognized as an amount due to that organization. The Corporation is responsible for assessing the loan applicant, obtaining legal documents, and collection of the full value of the loan. Upon receipt of the loan payments, the Corporation will forward the agreed upon amount of the loan principal and interest to the secondary lender.

As at March 31, 2018 the Corporation was the lead lender on five (2017 - three) loans with a cumulative outstanding balance of \$998,833 (2017 - \$719,287). Community Futures North Fraser is the secondary lender on four of the loans. Community Futures North Fraser, Community Futures Central Island and Community Futures Cowichan are secondary lenders on the remaining loan.

For loans where the Corporation is the secondary lender only the Corporation's portion of the loan is recognized as a loan receivable. As of March 31, 2018 the Corporation is the secondary lender on one (2017 - four) loan for which the Corporation's outstanding portion is \$72,970 (2017 - \$313,213).

8. CONDITIONALLY REPAYABLE WD INVESTMENT FUND CONTRIBUTIONS

	<b>2018</b>	<b>2017</b>
Conditionally Repayable General Investment Fund Contribution	\$ 1,255,000	\$ 1,255,000
Conditionally Repayable Disability Investment Fund Contribution	200,000	200,000
	<b>\$ 1,455,000</b>	<b>\$ 1,455,000</b>

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**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SOUTH FRASER**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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8. **CONDITIONALLY REPAYABLE WD INVESTMENT FUND CONTRIBUTIONS (Continued)**

As per the signed agreement with WD entered into on March 6, 2018, the Repayable Investment Fund Contribution from WD is conditionally repayable if:

- (a) the agreement is terminated by either WD or the Corporation,
- (b) the Corporation is in default of its agreement with WD, or
- (c) the Corporation is notified by WD.

Per attachment B of the signed agreement, if any of the listed conditions occur, WD is entitled to take any or all of the following steps:

Conditions:

- (a) fund is not administered as per the agreement,
- (b) it is determined that the Investment Fund is not providing a satisfactory benefit of employment creation, development of community owned or controlled businesses and strengthening the western Canadian economy, or
- (c) Fund is no longer relevant to the development of the western Canadian economy.

Steps:

Upon notice by WD, the Corporation agrees to immediately repay the lesser of:

- (a) the uncommitted cash balance of the Conditionally Repayable Investment Fund, and
- (b) the amount paid by WD to the Corporation for establishment and maintenance of the fund.

Upon notice by WD, the Corporation agrees to immediately give possession to WD all documentation evidencing investments made by the Corporation with the Conditionally Repayable Investment Fund and take immediate steps to assign all of its interest in all debts owing to it to WD.

Upon notice by WD, the Corporation agrees to liquidate all debts owing to it via sale to a third party satisfactory to WD, or via other means satisfactory to WD, and to remit the proceeds of liquidation to WD.

If WD had terminated the agreement and completed conditions a, b and c, the estimated amount repayable would be \$1,455,000 (2017 - \$1,455,000).

WD has not given notice to terminate the agreement with the Corporation.



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**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SOUTH FRASER**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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9. COMMUNITY BUSINESS LOAN PROGRAM CONTRIBUTION

During the year ended March 31, 1991 Forest Renewal B.C. (FRBC) contributed \$150,000 to the Corporation which was to be used as matching loan funds to enterprises in the forest sector. The investment fund is repayable to FRBC upon mutual agreement of FRBC and the Corporation, either party giving 90 day written notice or if the Corporation defaults as per the terms of their agreement.

Upon termination of the agreement, the Corporation is to pay FRBC any funds which have not been disbursed and interest on this balance from the date written notice is received until the payment is made. The principal and interest paid to the Corporation on the loans disbursed from the FRBC's investment fund are to be repaid to FRBC. The loan repayment is to be net of all reasonable collection and legal costs, to a maximum of 15% of the value of the balance of the Fund as at the date of termination.

As per an amending agreement from October 15, 2010, the agreement is now the Community Business Loan (CBL) Program Contribution Agreement. FRBC has been replaced by the Ministry of Community and Rural Development (CRD).

These loans are permitted to be disbursed to a variety of businesses, in addition to the forestry sector, such as aquiculture, manufacturing, tourism, developing clean/renewable energy and other technology, exporting goods/services from BC, etc.

CRD has not given notice to terminate the agreement with the Corporation.



**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SOUTH FRASER**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

10. REPAYABLE CFBC INVESTMENT FUND CONTRIBUTION

	<b>2018</b>	<b>2017</b>
Community Futures Development Association of BC loan, repayable in blended monthly payments of \$4,404, bearing interest at 2.20%, maturing April 30, 2018	\$ 4,910	\$ 56,696
Community Futures Development Association of BC loan, repayable in blended monthly payments of \$4,366, bearing interest at 1.85%, maturing March 31, 2021	152,764	201,831
Community Futures Development Association of BC loan, repayable in blended monthly payments of \$4,366, bearing interest at 1.85%, maturing July 31, 2021	169,221	217,987
Community Futures Development Association of BC loan, repayable in blended monthly payments of \$4,366, bearing interest at 1.85%, maturing May 31, 2022	209,921	-
Community Futures Development Association of BC loan, repayable in blended monthly payments of \$4,366, bearing interest at 1.85%, maturing January 31, 2023	242,034	-
	<b>\$ 778,850</b>	<b>\$ 476,514</b>

These funds have been used to lend monies to loan clients.

Estimated principal repayments over the next five years are anticipated to be as follows:

2019	\$ 104,080
2020	101,414
2021	103,452
2022	17,662
2023	17,662
	<b>\$ 344,270</b>

11. LEASE COMMITMENTS

The Corporation leases its Abbotsford location under a long-term lease, expiring April 2019.

The Corporation leases its Chilliwack location under a long-term lease, expiring July 2019.

The lease commitments for the next two years are:

2019	\$ 38,335
2020	8,610
	<b>\$ 46,945</b>



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**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SOUTH FRASER**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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12. OPERATIONS FUND

Note 1 describes the activities of the internally restricted general funds of the Corporation. The description of the transactions in the net assets of the fund is as follows:

	2017	Excess (deficiency) of revenue over expenses	Interfund transfers	2018
Operations Fund	\$ 200,094	\$ 6,492	\$ 13,620	\$ 220,206
Other Activities	-	13,620	(13,620)	-
	<u>\$ 200,094</u>	<u>\$ 20,112</u>	<u>\$ -</u>	<u>\$ 220,206</u>

13. COMMITMENT - WD OPERATIONS FUNDING

On March 6, 2018, WD contract was renewed. WD committed to contribute the following amounts to the core operations of the Corporation:

April 1, 2018 to March 31, 2019	\$284,306 (WD contribution)
April 1, 2019 to March 31, 2020	\$284,306 (WD contribution)
April 1, 2020 to March 31, 2021	\$284,306 (WD contribution)

Under this agreement, this commitment shall continue until March 31, 2021 or until terminated:

- (a) By the Minister on 60 day written notice
- (b) If an event of default occurs
- (c) If the Corporation is dissolved or ceases to operate



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**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SOUTH FRASER**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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14. COMMITMENT - SEP

During 2012, the BC Ministry of Social Development and Social Innovation changed the method of delivering the SEP programs.

Three other organizations have signed agreements with the BC Ministry of Social Development and Social Innovation. Then, during 2012, the Corporation signed 3 agreements to be a partner and/or subcontractor to those 3 other organizations instead of signing an agreement directly with the BC Ministry.

SEP - Langley

The Corporation has committed to be a subcontractor to March 31, 2019 to deliver the SEP program in Langley.

The Corporation will be compensated with fees less an administrative fee for services rendered which will vary depending on how many clients are served and the complexity of each client.

SEP - Abbotsford

The Corporation has committed to be a subcontractor from April 2, 2012 to March 31, 2019 to deliver the SEP program in Abbotsford.

The Corporation will be compensated with fees that will vary depending on how many clients are served and the complexity of each client. In addition, the Corporation will receive a base amount of approximately of \$18,000 per year for fixed operating costs.

SEP - Chilliwack

The Corporation has committed to be a subcontractor from March 1, 2012 to March 31, 2019 to deliver the SEP program in Chilliwack. The contract effectively began April 1, 2012.

The Corporation will collect a base fee of approximately \$6,400 per month until March 31, 2019. In addition, the Corporation will be compensated with additional fees that will vary depending on how many clients are served and the complexity of each client.

15. ECONOMIC DEPENDENCE

The Corporation receives 35% (2017 - 38%) of its revenues from WD and is economically dependent on the funding.

The SEP contract with the three employment centres expires March 31, 2019.

Any disruption of funding by either contract would have a negative effect on the economic viability of the Corporation.



**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SOUTH FRASER**  
**OPERATIONS – BALANCE SHEET**  
**AS AT MARCH 31, 2018**

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 213,692	\$ 218,755
Accounts receivable	5,533	1,221
Prepaid expenses	1,447	2,086
GST recoverable	2,928	3,155
	<b>222,340</b>	<b>225,217</b>
<b>CAPITAL ASSETS</b>		
	17,036	20,934
	<b>\$ 240,636</b>	<b>\$ 246,151</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 12,040	\$ 14,612
Employee deductions payable	7,130	7,753
Deferred revenue	0	23,692
Due to SEP fund	1,260	-
	<b>20,430</b>	<b>46,057</b>
<b>NET ASSETS</b>		
Internally restricted Operations fund balance opening	200,094	229,347
Net income (loss)	20,112	(29,253)
	<b>220,206</b>	<b>200,094</b>
	<b>\$ 240,636</b>	<b>\$ 246,151</b>

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**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SOUTH FRASER****OPERATIONS – INCOME STATEMENT****YEAR ENDED MARCH 31, 2018**

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	<b>2018</b>	<b>2017</b>
<b>REVENUE</b>		
Contract revenue	\$ 284,306	\$ 284,307
Loan administrative revenue	28,427	8,427
Bank interest	-	1,606
	<hr/> 312,553	<hr/> 294,340
<b>EXPENSES</b>		
Advertising and promotion	3,768	1,393
Amortization	3,898	6,000
Computer expense	4,400	11,100
Insurance	5,469	4,576
Interest and bank charges	1,845	1,669
Meetings expense	1,327	2,754
Memberships	250	2,045
Office	11,535	7,014
Professional fees	11,159	13,722
Rent – Abbotsford/Chilliwack	22,741	22,473
Salaries and wages	219,380	244,400
Telephone	5,511	6,859
Training	7,173	8,373
Travel	7,605	4,857
	<hr/> 306,061	<hr/> 337,235
<b>INCOME FROM OPERATIONS</b>	<hr/> \$ 6,492	<hr/> \$ (42,895)

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**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SOUTH FRASER**  
**OTHER ACTIVITIES – INCOME STATEMENT**  
**YEAR ENDED MARCH 31, 2018**

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	<b>2018</b>	<b>2017</b>
<b>REVENUE</b>		
Other project revenue	\$ 13,620	\$ 13,642
<b>EXPENSES</b>		
Other project expenses	-	-
<b>INCOME FROM OTHER ACTIVITIES</b>	<b>\$ 13,620</b>	<b>\$ 13,642</b>

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**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SOUTH FRASER****INVESTMENT FUND – BALANCE SHEET****AS AT MARCH 31, 2018**

	General Investment Fund	Disabled Investment Fund	CBL Investment Fund	2018 Total	2017 Total
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash	\$ 157,564	\$ 173,651	\$ 124,128	\$ 455,343	\$ 487,338
Term deposit	12,209	-	-	12,209	11,937
Current portion of loan receivables	281,100	-	25,100	306,200	203,800
Due (to) from other funds	943	(1,946)	1,003	-	-
	381,216	171,705	150,230	773,752	703,075
LOANS AND NOTES RECEIVABLE	1,876,788	22,838	108,005	1,837,032	1,518,628
EQUITY INVESTMENTS	125,000	-	-	125,000	125,000
ALLOWANCE FOR LOSS	(166,057)	(22,838)	(60,135)	(249,029)	(217,590)
	\$ 2,116,948	\$ 171,706	\$ 198,101	\$ 2,486,755	\$ 2,129,113
<b>LIABILITIES</b>					
Due to Community Futures North Fraser	\$ 270,435	\$ -	\$ -	\$ 370,434	234,900
Due to Community Futures Central Island	71,292	-	-	71,292	88,229
Due to Community Futures Cowichan	71,292	-	-	71,292	88,229
Conditionally Repayable General Investment Fund Contribution	1,255,000	-	-	1,255,000	1,255,000
Conditionally Repayable Disability Fund Contribution	-	200,000	-	200,000	200,000
Repayable CBL Investment Fund Contribution	-	-	150,000	150,000	150,000
Repayable CFBC Investment Fund Contribution	778,850	-	-	778,850	476,515
	2,446,869	200,000	150,000	2,796,869	2,492,873
<b>NET ASSETS</b>					
Restricted Investment Fund Opening	(391,323)	(9,903)	37,466	(363,760)	(445,206)
Net income	61,402	(18,391)	10,635	53,646	81,446
Restricted Investment Fund Ending	(329,921)	(28,294)	48,101	(310,114)	(363,760)
	\$ 2,116,948	\$ 171,706	\$ 198,101	\$ 2,486,755	\$ 2,129,113

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**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SOUTH FRASER****INVESTMENT FUND – INCOME STATEMENT****YEAR ENDED MARCH 31, 2018**

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	General Investment Fund	Disabled Investment Fund	CBL Investment Fund	<b>2018 Total</b>	<b>2017 Total</b>
<b>REVENUE</b>					
Loan interest	\$ 94,936	\$ 1,692	\$ 5,206	\$ 101,834	\$ 82,355
Loan fees	25,722	500	-	26,222	19,039
Bank interest	3,621	2,254	1,429	7,304	5,588
	124,279	4,446	6,635	135,360	106,982
<b>EXPENSES</b>					
Allowance (recovery) for credit losses	20,299	22,837	(4,000)	39,136	6,552
Administrative fees	29,059	-	-	29,059	8,039
Interest on long-term debt	12,288	-	-	12,288	8,427
Legal fees	1,231	-	-	1,231	2,518
	62,877	22,837	(4,000)	81,714	25,536
<b>INCOME FROM INVESTMENT FUND</b>	\$ 61,402	\$ (18,391)	\$ 10,635	\$ 53,646	\$ 81,446

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**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SOUTH FRASER****SEP – BALANCE SHEET****AS AT MARCH 31, 2018**

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	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 134,136	\$ 98,900
Accounts receivable	37,630	48,734
Prepaid expense	1,447	-
Due from Operations fund	1,260	-
	<b>\$ 174,473</b>	<b>\$ 147,634</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 17,717	\$ 9,031
Employee deductions payable	6,567	6,271
GST payable	11,056	11,283
	<b>35,340</b>	<b>26,585</b>
<b>NET ASSETS</b>		
Internally restricted SEP fund balance opening	121,049	82,970
Net income	18,084	38,079
	<b>139,133</b>	<b>121,049</b>
	<b>\$ 174,473</b>	<b>\$ 147,634</b>

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**COMMUNITY FUTURES DEVELOPMENT CORPORATION OF SOUTH FRASER****SEP – INCOME STATEMENT****YEAR ENDED MARCH 31, 2018**

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	<b>2018</b>	<b>2017</b>
<b>REVENUE</b>	\$ 354,698	\$ 362,792
<b>ADMINISTRATIVE EXPENSES</b>		
Advertising and promotion	7,644	7,402
Capital costs	1,438	251
Office	15,343	18,483
Professional fees	63,168	54,098
Rent – Abbotsford/Chilliwack	20,750	20,575
Salaries and wages	218,537	215,595
Telephone	3,737	3,617
Travel	5,997	4,692
	336,614	324,713
<b>INCOME FROM SEP</b>	\$ 18,084	\$ 38,079

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